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94th Congress }
2d Session }

HOUSE OF REPRESENTATIVES {

{ REPORT
No. 94-848

INTERNATIONAL SECURITY ASSISTANCE ACT OF 1976



REPORT

OF THE

COMMITTEE ON INTERNATIONAL
RELATIONS

TOGETHER WITH

SUPPLEMENTAL, ADDITIONAL, AND
DISSENTING VIEWS

ON

H.R. 11963

TO AMEND THE FOREIGN ASSISTANCE ACT OF 1961 AND
THE FOREIGN MILITARY SALES ACT, TO AUTHORIZE IN-
TERNATIONAL SECURITY ASSISTANCE FOR FISCAL YEAR
1976, TO PROVIDE FOR THE TERMINATION OF GRANT MILI-
TARY ASSISTANCE PROGRAMS AT THE END OF FISCAL
YEAR 1977, AND FOR OTHER PURPOSES



FEBRUARY 24, 1976.—Committed to the Committee of the Whole House
on the State of the Union and ordered to be printed

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WASHINGTON : 1976

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INTERNATIONAL SECURITY ASSISTANCE ACT OF 1976

FEBRUARY 24, 1976.—Committed to the Committee of the Whole House
on the State of the Union and ordered to be printed

Mr. MORGAN, from the Committee on International Relations,
submitted the following

REPORT

together with

**SUPPLEMENTAL, ADDITIONAL, AND
DISSENTING VIEWS**

The Committee on International Relations, to whom was referred the bill (H.R. 11963) to amend the Foreign Assistance Act of 1961 and the Foreign Military Sales Act, to authorize international security assistance for fiscal year 1976, to provide for the termination of grant military assistance programs at the end of fiscal year 1977, and for other purposes, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

BACKGROUND

On May 19, 1975, the President sent to the Congress a foreign aid message (H. Doc. 94-158) accompanied by a draft bill. The bill as submitted contained specific funding proposals for development assistance, international food aid and related programs but did not include specific amounts for grant military assistance, foreign military credit sales, security supporting assistance or the Middle East Special Requirements Fund.

In this message the President indicated his intention to return to the Congress with specific funding proposals for the security assistance programs as soon as possible.

In the meantime, the committee made the decision to consider separately the proposals which related to development assistance, food aid to poor nations and disaster assistance. On July 30, 1976, it favorably reported H.R. 9005 which became Public Law 94-161 on December 20, 1975.

On October 30, 1975, the President transmitted a revised message to the Congress (H. Doc. 94-290) which contained specific funding proposals for international security assistance programs for fiscal year 1976 and for such sums as may be necessary for fiscal year 1977.

On November 6, 1975, Chairman Morgan and the ranking minority member, Mr. Broomfield, introduced the President's proposal by request. That bill, H.R. 10594, was referred to the Committee on International Relations.

COMMITTEE ACTION

Five days of hearings on the international security assistance program for fiscal years 1976 and 1977 were held on November 6, 7, 10, 11, and 12. The leadoff witness was Hon. Henry A. Kissinger, Secretary of State. Testimony was also heard from the following executive branch witnesses and Members of the Congress: Hon. William B. Clements, Deputy Secretary of Defense; Hon. William Colby, Director of the Central Intelligence Agency; Hon. Carlyle E. Maw, Under Secretary of State for Security Assistance; Hon. Robert Ellsworth, Assistant Secretary of Defense, International Security Affairs; Hon. Alfred L. Atherton, Assistant Secretary of State for Near East and South Asia Affairs; Hon. Robert H. Nooter, Assistant Administrator, Agency for International Development, Near-East Region; Lt. Gen. H. M. Fish, U.S. Air Force, Director of the Defense Security Assistance Agency; Hon. Patricia Schroeder, Member of Congress from the State of Colorado; Hon. Lawrence P. McDonald, Member of Congress from the State of Georgia. Testimony was also heard from witnesses representing the American Hellenic Educational Progressive Association (AHEPA), the Hellenic Institute Public Affairs Committee and the American-Israel Public Affairs Committee.

In addition, the committee received several statements from Members of Congress and private citizens which have been made part of the record.

When markup began on November 13, 1975, there were two proposals before the committee. First, there was H.R. 10594, containing the President's requests and introduced by Chairman Thomas E. Morgan and Representative William S. Broomfield. Second, there was a copy of a draft bill which combined the provisions of the President's request together with a number of amendments which originated in the Subcommittee on Oversight as a result of studies which the staff, the General Accounting Office, and the Congressional Research Service had conducted for that subcommittee under the direction of Chairman Morgan.

The draft bill became the basic document for the 21 markup meetings which continued through February 18, 1976. Upon conclusion of the markup meetings, Chairman Morgan introduced the draft bill, as amended by the committee, as a clean bill on February 18, 1976.

The measure, designated H.R. 11963, was ordered favorably reported by the committee, on February 19, 1976, by voice vote.

(4)

PRINCIPAL PURPOSE OF THE BILL: AUTHORIZATIONS

The principal purpose of the bill is to authorize appropriations totaling \$3,459,950,000 for fiscal year 1976 and such sums as may be necessary but not to exceed one-fourth of the amount authorized for fiscal year 1976 for the interim quarter, July 1, 1976 through September 30, 1976. The fiscal 1976 new obligation authority will finance an overall program of \$4,787,200,000 for grant military assistance, military assistance administrative expenses, grant military training and education, foreign military sales credits and guaranties, security supporting assistance, Middle East Special Requirements Fund, contingency fund, and international narcotics control assistance.

The following table compares the amounts appropriated for these programs in fiscal year 1975, the amounts requested by the executive branch for fiscal year 1976, and the amounts recommended by the committee:

SECURITY ASSISTANCE AUTHORIZATIONS RECOMMENDED BY THE COMMITTEE ON INTERNATIONAL RELATIONS
(In thousands of dollars)

Activity	Fiscal year 1975—appropriation	Fiscal year 1976 ¹				Budget authority difference
		Request		Committee recommendation		
		Budget authority	Program	Budget authority	Program	
Military assistance:						
Military assistance program.....	475,000	394,500	422,800	366,000	394,300	-28,500
Education and training.....	(2)	30,000	30,000	28,150	28,150	-1,850
Foreign military sales credits.....	300,000	1,065,000	2,374,700	1,065,000	2,374,700	0
Total military assistance.....	775,000	1,489,500	2,827,500	1,459,150	2,797,150	-30,350
Economic assistance:						
Supporting assistance.....	660,000	1,873,300	1,882,550	1,883,300	1,892,550	10,000
Middle East Special Requirements Fund.....	100,000	50,000	50,000	50,000	50,000	0
Aid to Cypriot refugees.....				20,000		20,000
Total economic assistance.....	760,000	1,923,300	1,932,550	1,953,300	1,942,550	30,000
Other assistance:						
Contingency fund.....	1,800	10,000	10,000	5,000	5,000	-5,000
Narcotics control.....	32,900	42,500	42,500	42,500	42,500	0
Total other assistance.....	34,700	52,500	52,500	47,500	47,500	-5,000
Total all programs.....	1,569,700	3,465,300	4,812,550	3,459,950	4,787,200	-5,350

¹ The bill also authorizes, for the interim quarter (July 1 through Sept. 30, 1976), such sums as may be necessary but not to exceed ¼ of the amounts authorized for each program and activity in the bill for fiscal year 1976.

² Included in military assistance program funds in 1975.

³ Does not include \$323,900,000 for reimbursement to the Department of Defense for use of the drawdown authority in fiscal year 1974 and 1975.

⁴ Includes \$32,000,000 for administrative expenses.

⁵ This authorization is in addition to the fiscal year 1976 \$30,000,000 authorization for aid to Cypriot refugees contained in H.R. 9005 (Public Law 94-161).

The committee continues to be concerned over the situation in the Middle East and strongly endorses continued efforts by the United States to find a peaceful solution to the Arab-Israeli dispute. Funds

(5)

for the fiscal year 1976 programs for the Middle East which are intended to assist in moving toward a durable peace in the area have been authorized at the level requested by the executive branch. In the case of Israel, the committee earmarked \$15 million more than the \$740 million originally requested by the executive branch. Subsequently, the administration submitted a budget amendment to increase the level of security supporting assistance for Israel by \$15 million.

The amended executive branch request follows:

PROGRAM AND FUNDING AUTHORIZATION REQUEST FOR THE MIDDLE EAST, FISCAL YEAR 1976
(In millions of dollars)

	Special requirements fund	Grant military assistance	FMS credit		Supporting assistance		Total	
			Program	Budget authority	Program	Budget authority	Program	Budget authority
Israel.....			1,500.0	825.0	755.0	755.0	2,270.0	1,595.0
Egypt.....					750.0	750.0	750.0	750.0
Jordan.....		70.0	75.0	7.5	77.5	77.5	222.5	155.0
Syria.....					90.0	90.0	90.0	90.0
Special Requirements Fund.....	50.0						50.0	50.0
Total Middle East.....	50.0	70.0	1,575.0	832.5	1,672.5	1,682.5	3,382.5	2,640.0

¹ Repayment of \$750,000,000 to be forgiven.

SUMMARY OF MAJOR POLICY PROVISIONS OF THE BILL

A. GRANT MILITARY ASSISTANCE

The bill makes substantial changes in U.S. policy with respect to the grant military assistance program (MAP). For the first time since the inception of such programs in the days immediately following the Second World War, the committee has taken positive action to phase out grant MAP. To accomplish this the bill—

(1) Terminates the authority to furnish grant military assistance effective September 30, 1977, unless specifically authorized by the Congress in specific amounts and for specified countries (*sec. 107*);

(2) Provides for the termination of military assistance advisory groups, military missions or other organizations of U.S. military personnel performing similar duties under the Foreign Assistance Act effective October 1, 1977, unless specifically authorized by the Congress (*sec. 106*); and

(3) Establishes grant military education and training as a separate authority (*sec. 108*).

The bill also prohibits the furnishing of security assistance to any foreign government which engages in a consistent pattern of gross violations of internationally recognized human rights, except in exceptional circumstances justified to the Congress (*sec. 101*).

B. FOREIGN MILITARY SALES

Enactment of this bill will also restructure U.S. arms sales policies to provide for increased congressional supervision and review of all aspects of the foreign military sales program. Specifically, the bill—

(1) Places an annual ceiling of \$9 billion on the aggregate value of defense articles and defense services which may be sold by the U.S. Government or by commercial entities in the United States and limits the value of combat equipment sold to 40 percent of the aggregate ceiling (*sec. 310*);

(2) Restricts the sale of major defense equipment to government-to-government transactions. To accomplish this the bill defines "major defense equipment" and prohibits the issuance of a license to export major defense equipment to a foreign country under a sales contract in the amount of \$25 million or more except in connection with sales under the Foreign Military Sales Act (*sec. 410*);

(3) Requires an annual report estimating the level of arms sales, Government and commercial, for each 2-year period, and providing detailed explanation of the policy purposes behind the sales and the impact of the sales on the balance of power and arms competition in the region to which such sales are made (*sec. 309*);

(4) Provides for congressional disapproval through concurrent resolution of Presidential consent to a request to transfer defense articles furnished through the military assistance or foreign military sales program, from one country to another (*sec. 302*);

(5) Requires the President to include, in quarterly reports to Congress on commercial and governmental exports of defense articles and services, the name of any sales agent or other person receiving a fee or commission in conjunction with the sale of a defense article or defense service to a foreign country or international organization (*sec. 306*); and

(6) Requires a comprehensive study of U.S. arms sales policies and practices, both government-to-government and commercial, and requires the President to report the findings of this study not later than 1 year after enactment of the act (*sec. 307*).

C. MISCELLANEOUS POLICY PROVISIONS

The bill, moreover, contains provisions establishing several requirements and limitations which must be taken into consideration before arms transfers are approved. Among them are provisions which—

(1) Prohibit the furnishing of assistance to any nation or group for the purpose of promoting or augmenting the military capacity of the recipient to conduct military or paramilitary operations in Angola, unless such assistance is specifically authorized by subsequent legislation (*sec. 405*);

(2) Require the President, except in extraordinary circumstances, to terminate all assistance authorized under the Foreign Assistance Act to any government which grants sanctuary from prosecution to any individual or group that committed an act of international terrorism (*sec. 408*);

(3) Establish U.S. policy that no security assistance should be furnished to any foreign country if the laws, regulations, official policies or governmental practices of such country discriminate against any U.S. citizen and prevent him or her from participating in the furnishing or sale of such defense articles and defense services because of the race, religion, national origin, or sex of such U.S. citizen (*sec. 411*);

(4) Require the President to transmit to the Congress a report which (a) reviews the progress made by Korea to modernize its armed forces; (b) reports on the role of the United States in mutual security efforts in Korea; and (c) reports on the prospects for, or implementation of, a phased reduction of U.S. Armed Forces assigned to Korea (*sec. 406*);

(5) Express the sense of the Congress that the President should enter into negotiations with the Soviet Union in an effort to limit the deployment of United States and Soviet naval, air, and land forces in the Indian Ocean region (*sec. 407*); and

(6) Express the sense of the Congress that the joint resolution relating to U.S. technicians in the Sinai (Public Law 94-110) and the authorizations in this bill do not constitute congressional approval of any commitment, understanding, assurance, promise, or agreement which might have been made by any official of the U.S. Government to any government in the Middle East, other than

the U.S. proposal for an early-warning system in the Sinai (*sec. 201*).

D. CONGRESSIONAL DISAPPROVAL OF PRESIDENTIAL REPORTS

The bill strengthens or, in some cases, imposes new requirements that the President justify to the Congress his proposed actions with respect to the furnishing of assistance or the transfer of defense articles and services to foreign countries. Some of these provisions would also enable the Congress to “veto” the proposed actions through the passage of a concurrent resolution.

Included in this group are the following:

1. Section 101—Human Rights

This section would amend the Foreign Assistance Act by prohibiting security assistance to any foreign government which engages in a consistent pattern of gross violations of internationally recognized human rights unless the President reports to the Congress that extraordinary circumstances exist which necessitate continuation of such assistance. Within 90 calendar days of continuous session, the Congress could then adopt a concurrent resolution disapproving the report and terminating, restricting, or restoring security assistance to any country for which a report has been submitted.

2. Section 302—Approval for Transfer of Defense Articles

This section would amend the Foreign Assistance and Foreign Military Sales Act by prohibiting the President from giving his consent to a transfer of U.S.-origin defense articles from one country to another until he submits a report to the Congress giving the details of the proposed transfer. The Congress would then have 30 calendar days to veto the proposed transfer by the passage of a concurrent resolution.

3. Section 408—Prohibition Against Furnishing Assistance to Countries Which Grant Sanctuary to International Terrorists

This section would amend the Foreign Assistance Act by prohibiting assistance under that Act to any government which grants sanctuary from prosecution to any individual or group that has committed an act of international terrorism. Under “extraordinary circumstances,” the President would be empowered to continue the assistance provided (a) he reported to the Congress and (b) the Congress did not adopt a concurrent resolution within 30 calendar days stating that it does not find that extraordinary circumstances exist which justify the furnishing of assistance to such government; and

4. Section 409—Prohibition Against Security Assistance to Chile

This section prohibits the furnishing or delivery of military and security supporting assistance to Chile, and the extension of foreign military sales credits or guaranties for the purchase of defense articles or defense services by Chile. This prohibition may be waived after September 30, 1976, if the President determines that substantial progress has been made in promoting the recognition and enforcement of internationally recognized human rights in Chile. This determination shall not become effective until 30 calendar days after its submission and then only if the Congress does not adopt a concurrent resolution rejecting it.

COMMITTEE COMMENT

Most of the policy provisions of H.R. 11963 resulted from the initiative of the Committee on International Relations. They reflect the committee's strong desire to provide for increased congressional participation in the formulation of U.S. military assistance and sales policies and programs.

H.R. 11963 is a reform measure. It makes substantial changes in existing law. Its provisions are based upon extended studies and analyses of the arms transfer policies which this country has been pursuing since the end of the Second World War.

Since that date, the United States has furnished over \$67 billion in security assistance to friendly foreign countries and international organizations. The purpose of such assistance has been to enable the recipient countries to maintain their internal and external security, and to provide for collective security.

In the early stages, the military assistance programs were widely supported by the American people and by the Congress. In recent years, however, this support has been eroding. Our involvement in the Indochina war, serious economic problems at home, and frequent balance-of-payments deficits have combined to convince many Americans that the United States should curtail its involvement in the security arrangements of other countries.

Military assistance has also been criticized on the grounds that it has contributed to the seizure and maintenance of power by undemocratic regimes, and to the violation of internationally recognized human rights by certain of such regimes.

Questions have also been raised about the military effectiveness of these programs. Of particular concern has been the fact in spite of extensive outlays in some countries—including South Vietnam—the U.S. military aid effort was not effective in achieving the desired results.

Moreover, during the past several years, it has become apparent that the recipients of grant military assistance are increasingly in a position to provide for their defense needs from their own resources through cash and credit purchases.

In view of the widespread differences of opinion over the need for and effectiveness of security assistance, the chairman of the Committee on International Relations initiated an in-depth study of the arms transfer policies of the United States.

The results of the study led to a number of conclusions which are reflected in the bill. Among the more important are:

(1) The military assistance programs of the United States are based upon policies and concepts which should be adjusted to conform to current realities. Grant aid, and its administrative structure abroad, should be phased out as a general concept and, after 1977, continued only on a case-by-case basis;

(2) The significant increase in government-to-government military sales, both cash and credit (from about \$1 billion in 1969 to

over \$9.5 billion in 1975), reveals a need for increased congressional oversight of and participation in the sales policies of the United States;

(3) The sale of defense articles through commercial channels is increasing each year. If the United States is to develop a rational arms sales policy, it is essential that the totality of U.S. arms exports be considered.

(4) Military training is an effective and productive form of security assistance and should be continued under separate authority as the grant materiel program is phased out; and

(5) If grant military assistance programs are terminated, it is essential that former recipients of that assistance be afforded access to U.S. defense articles and defense services on a basis that will maintain a credible military capability while facilitating a smooth transition from grants to sales. The most equitable way to provide this access is through the foreign military sales credit program.

The provisions of this bill are intended to translate the above conclusions into effective legislation.

In taking this action to reorient the security assistance policies of the United States, the committee recognizes that there continue to be many valid security and foreign policy reasons for providing defense articles and defense services to friendly nations.

As long as the United States lives in an interdependent world and maintains global interests, it is in the national interest to insure that allies and other friendly countries have the military capability to meet internal subversion and external aggression.

Every nation, large or small, is concerned with its ability to defend itself. If weapons must be obtained from abroad, nations will take the necessary steps to get them. The United States cannot stand aside from this process. It should be willing to help, so long as its assistance is consistent with our own security and foreign policy interests.

At the same time, however, arms transfers cannot become an automatic, unregulated process. Each case must be carefully judged on its own merits. Approval should come only after the application of a set of criteria designed to insure that a grant or a sale of defense articles will be in the national interests of the United States.

It was pointed out to the committee by Secretary of State Kissinger that the executive branch does consider a number of factors before approving arms transfers. The Secretary told the committee on November 6, 1975, that—

There are many factors which must be considered in a foreign transfer of American defense services and equipment, whether by cash, credit, or grant. Each arms transfer case must be assessed on its own merits, but there are a number of basic questions which must be answered in all cases:

What is the nature and extent of the threat to the security of the recipient nation? Do we agree on the nature of the threat? Involved here is the role that country plays in its region and in the world; its capacity to maintain its stability, and its will to defend its own interests.

What is the U.S. interest in helping to preserve that security? What interests does the recipient have in common with

us, and where do our interests diverge? What potential influence for restraint or positive conduct is involved?

What other nations are involved in military transfers to the recipient—now or potentially? What options has the recipient? Will a refusal lead it to turn to another source of supply, perhaps altering a presently desirable international relationship?

And what are the consequences for us if we fail to respond? What are the disadvantages of refusing to sell to a government with which we enjoy good relations? Will regional or even global military balances be affected? What will be the impact on our own readiness?

While these questions go to the point and need to be asked, they are no substitute for consultation with the Congress. Too often in the past decisions have been made with respect to security assistance without the knowledge or concurrence of the Congress. Because of the importance which arms transfers have for our own national security, such decisions should be understood by, and have the support of, the Congress and the American people. Consequently, this legislation is intended to establish procedures which will help insure congressional oversight of arms transfers, without unduly interfering with the day-to-day operations of those executive branch agencies involved.

SECTION-BY-SECTION ANALYSIS

Section 1

Section 1 cites the short title of this Act as the "International Security Assistance Act of 1976."

TITLE I—MILITARY ASSISTANCE GRANT PROGRAMS

Section 101—Human Rights

This section amends section 502B of the Foreign Assistance Act to provide as follows:

Section 502B(a)—Prohibition on Security Assistance

This subsection prohibits the furnishing of security assistance to any foreign government which engages in a consistent pattern of gross violations of internationally recognized human rights. This prohibition may be waived only as provided in subsection 502B(c)(3).

Section 502B(b)—Annual Human Rights Statements on Security Assistance Recipients

This subsection requires the President to include in the presentation materials for security assistance for each fiscal year, a statement on the status of internationally recognized human rights in each country proposed to receive security assistance.

Section 502B(c)—Additional Human Rights Reports on Individual Countries

This subsection requires the President, upon the request of the House International Relations Committee or the Senate Foreign Relations Committee, to transmit to such committee, within 30 days after each such request is made, a further report on the designated country which contains all available information about observance of and respect for human rights and fundamental freedom in such country.

Each requested report must also contain a statement that such information either—

(1) Does not clearly raise a serious question that there is a consistent pattern of gross violations of internationally recognized human rights in such country;

(2) Does raise such a question, in which case no new obligation for security assistance shall be made to such government during the then current fiscal year except under such conditions as Congress may impose under subsection 502B(d)(2); or

(3) Does raise such a question but states that (a) extraordinary circumstances exist which necessitate a continuation of security assistance; (b) it is in the national interest of the United

States to provide the proposed security assistance; (c) all appropriate steps are being taken to disassociate the United States and the proposed security assistance from the actions and circumstances giving rise to the serious question; and that (d) substantial steps are being taken by the United States to promote respect for and observance of human rights in that country.

Section 502B(d)—Congressional Review of Human Rights Reports

This subsection provides that—

(1) If a report is requested by an appropriate committee pursuant to subsection 502B(c) but not transmitted by the executive branch, after 30 days from the date of such request, no security assistance shall be furnished for the remainder of the then current fiscal year to the country designated in the request;

(2) If a report is transmitted under subsection 502B(c), Congress may, within the first 90 calendar days of continuous session after receiving the report, adopt a concurrent resolution which disapproves such report and terminates, restricts, or restores security assistance to the government designated in the report. Thereafter, security assistance may be furnished to such government only as provided in such concurrent resolution.

For the purposes of this subsection, the continuity of a session is broken only by a sine die adjournment of Congress, and the adjournment of either House of more than 3 days to a day certain is excluded in the computation of the 90-day period.

Section 502B(e)—Standards for Prohibiting Security Assistance

This subsection states that, in determining whether security assistance for a government should be denied or restricted, consideration shall be given to—

(1) The relevant findings of appropriate international organizations such as the International Committee of the Red Cross, and other organizations acting under the authority of the United Nations; the Organization of American States; the Council of Europe, or other appropriate regional organizations of states; and

(2) The extent of cooperation by such government in permitting an unimpeded investigation by any such organization of alleged violations of internationally recognized human rights.

Section 502B(f)—Definitions

For the purposes of this section, the following definition of terms applies:

(1) "Gross violations of internationally recognized human rights" includes torture or cruel, inhuman, or degrading treatment or punishment, prolonged detention without charges and trial, and other flagrant denial of the right to life, liberty, and the security of person;

(2) "Security assistance" means: (a) Assistance under chapter 2 or chapter 4 of part II or under part VI of the act; (b) sales of

defense articles or services, extensions of credits, and guaranties of loans under the Foreign Military Sales Act; (c) any license with respect to the transportation of arms, ammunitions, or implements of war and related technical data to the government concerned under section 414 of the Mutual Security Act of 1954; (d) assistance for public safety under any act; and (e) military education and training furnished under chapter 5 of part II of the act.

The Foreign Assistance Act of 1974 added a human rights provision to the basic act (section 502B) which expressed the sense of Congress that, except in extraordinary circumstances, the President shall substantially reduce or terminate security assistance to foreign governments which engage in a consistent pattern of gross violations of internationally recognized human rights. Section 502B further provides that, if the President decides to furnish security assistance to such governments, he must advise the Congress of the extraordinary circumstances necessitating such assistance.

Unfortunately, the executive branch response to the existing human rights provision has not been satisfactory. The only report submitted by the President to Congress under section 502B contained little indication that the current security assistance requests for specific countries gave any weight to the human rights factor. In fact, increased levels of security assistance were requested for a number of countries where serious human rights problems exist.

Consequently, the committee approved the above amendment to section 502B which makes it binding that the President include human rights considerations in the process in determining levels and kinds of assistance for recipient countries.

Section 102—Impact of Military Assistance on U.S. Military Capacity

Section 102 amends section 657 (a) of the Foreign Assistance Act by adding a new paragraph (5) which requires the President to include in his Annual Foreign Assistance Report to Congress a statement showing the impact of the delivery during such fiscal year of defense articles and services furnished under the Foreign Assistance Act or sold under the Foreign Military Sales Act, on the readiness of U.S. Armed Forces, and on their capacity to protect the security of the United States and to fulfill mutual defense commitments approved by the Congress.

The committee added this requirement as a result of its review of studies performed by the Department of Defense, the General Accounting Office, and the committee staff. These studies revealed information which indicated that past large-scale deliveries of defense articles to recipients in Southeast Asia and the Middle East temporarily impaired the readiness of active and reserve components of U.S. Armed Forces and their capacity to fulfill certain mutual defense commitments.

The new reporting requirement set forth in this section will provide a timely source of information needed by the Congress in order to establish priorities in the balancing of security assistance with the readiness requirements of U.S. forces in the formulation of our national security policy.

Section 103—Authorization of Appropriations

This section amends section 504 of the Foreign Assistance Act to provide as follows:

Section 504(a)(1)—Allocation of Funds

This subsection authorizes the appropriation of \$334 million for fiscal year 1976 for grant military assistance programs. Not more than the following amounts of funds available for military assistance may be allocated or otherwise obligated for each of the following countries for fiscal year 1976:

Republic of Korea	\$65,000,000
Thailand	25,000,000
Jordan	70,000,000
Philippines	19,600,000
Indonesia	19,400,000
Ethiopia	10,000,000
Greece	50,000,000
Turkey	50,000,000

This subsection also limits any increase in the amounts specified for the above countries in fiscal year 1976 to not more than 10 percent if such an increase is deemed necessary by the President.

The fiscal year 1976 military assistance program of \$334 million, combined with the proposed authorization of \$32 million in section 504(a)(5) for administrative expenses relating to the furnishing of military assistance, represents a reduction in the executive branch request and in comparison with the amounts authorized and appropriated for fiscal year 1975. The total amount recommended by the committee is \$28.5 million below the executive branch request, \$234 million under the fiscal year 1975 authorization, and \$109 million lower than the actual appropriation for fiscal year 1975.

The country-by-country grant military assistance program proposed by the executive branch, based on new obligational authority, recoveries, and reimbursements, was presented to the committee as follows:

MILITARY ASSISTANCE PROGRAM

[In thousands of dollars]

Country	Fiscal year 1974 (actual)	Fiscal year 1975 (actual)	Fiscal year 1976 (proposed)
East Asia and Pacific:			
China (Taiwan)	32,753	2,712	900
Indonesia	14,010	15,850	19,400
Khmer Republic	414,315	254,525	
Korea	94,017	82,600	74,000
Laos		20,704	
Malaysia	180	283	
Philippines	15,710	21,010	19,600
Thailand	32,498	30,126	28,300
Regional costs	219	364	
Regional total	603,702	428,174	142,200

MILITARY ASSISTANCE PROGRAM—Continued

[In thousands of dollars]

Country	Fiscal year 1974 (actual)	Fiscal year 1975 (actual)	Fiscal year 1976 (proposed)
Near East and South Asia:			
Afghanistan	150	212	
India	215	54	
Iran	2		
Jordan	40,704	69,852	100,000
Lebanon	171	131	
Morocco	627	852	
Nepal	25	32	
Pakistan	230	277	
Saudi Arabia	173	38	
Sri Lanka	12		
Tunisia	1,831	2,200	200
Yemen			1,500
Regional costs	53	52	
Regional total	44,193	73,700	101,700
Europe:			
Austria	25	9	
Finland	15	15	
Greece			50,000
Portugal	778	447	300
Spain	2,859	2,609	1,200
Turkey	78,093	16,253	75,000
Regional costs	14	23	
Regional total	81,784	19,356	125,500
Africa:			
Ethiopia	12,401	12,514	11,700
Ghana	45	70	
Kenya		32	
Liberia	112	89	
Senegal	7	35	
Zaire	378	299	
Regional costs	45	43	
Regional total	12,988	13,082	11,700
Latin America:			
Argentina	499	100	
Bolivia	3,136	3,137	2,200
Brazil	936	901	
Chile	1,030	656	
Colombia	556	737	
Dominican Republic	818	1,067	200
Ecuador	1	400	
El Salvador	564	1,161	300
Guatemala	887	645	200
Haiti		28	
Honduras	667	1,210	300
Mexico	30	109	
Nicaragua	945	1,081	200
Panama	436	571	200
Paraguay	1,090	1,026	400
Peru	967	852	
Uruguay	1,018	1,486	600
Venezuela	900	731	
Regional costs	344	350	
Regional total	14,824	16,248	4,600
General costs and MAPSAD	27,411	33,558	37,100
Worldwide total	784,902	584,118	2422,800

¹ The amounts for Spain reflect requirements for continuation of prior years' programs. Separate request to be submitted subsequently to reflect results of negotiations.

² Of this total \$394,500,000 is new obligational authority.

Section 504(a)(2)—Limitation on Funds for Other MAP Recipients

This subsection stipulates that not to exceed \$25 million of the funds appropriated under subsection 504(a)(1) for fiscal year 1976 may be used to furnish military assistance to international organizations and to countries not designated in that subsection.

Section 504(a)(3)—Ceiling on Recipient Countries

This subsection establishes a ceiling of 17 on the number of countries (including the 8 countries designated in subsection 504(a)(1)) which may be furnished grant military assistance in fiscal year 1976. This represents a reduction of nearly one-half from the 31-country ceiling which was in effect in fiscal year 1975. The new ceiling does not apply to costs incurred under the authority of section 516(b).

Section 504(a)(4)—Limitation on Use of Certain Waiver Authorities

This subsection prohibits the use of the transfer authorities contained in sections 610(a) and 614(a) of the act to increase the amounts specified in subsections 504(a)(1) and (2) or to waive the 17-country ceiling in subsection 504(a)(3). The limitations contained in subsections 504(a)(2) and (3), however, shall not apply to emergency assistance furnished under section 506(a) of the act relating to the drawdown of Department of Defense stocks and services.

Section 504(a)(5)—Administrative Expenses

This subsection authorizes an appropriation of \$32 million for administrative expenses incurred in carrying out grant military assistance programs in fiscal year 1976.

Section 504(a)(6)—Prohibition on the Furnishing of Sophisticated Weapons Systems

This subsection is a restatement of existing law and prohibits the use of funds appropriated under the authority of section 504 to furnish sophisticated weapons systems to any less developed country unless the President determines that the furnishing of such a weapons system is important to the national security of the United States and reports within 30 days each such determination to Congress.

Section 504(a)(7)—Availability of Funds

This subsection authorizes the amounts appropriated under section 504 to remain available until expended.

Section 504(a)(8)—Positions Taken in International Organizations by Potential Security Assistance Recipients

This subsection requires the President, in determining the level of security assistance requests for individual countries, to take into ac-

count the positions taken by such countries in international organizations which affect important U.S. interests. The committee intends that these considerations should also be taken into account in determining the level of foreign military sales credit requests.

Section 104—Special Drawdown Authority

This section amends section 506(a) of the Foreign Assistance Act to permit the President to order defense articles and services from the stocks of the Department of Defense for the military assistance program if he determines that an emergency exists which requires such action and that such action is in the security interests of the United States. The drawdown is subject to reimbursement from subsequent appropriations available for military assistance. This section stipulates that the sum of the value of such defense articles and the costs of such defense services ordered in any fiscal year may not exceed \$50 million. This section also provides that the authority contained herein shall be effective in any fiscal year only to the extent provided in an appropriation act. This provision conforms to the requirements of the Congressional Budget and Impoundment Control Act of 1974.

Section 105—Stockpiling of Defense Articles for Foreign Countries

This section amends section 514 of the Foreign Assistance Act which now prohibits the use of Department of Defense funds to create new, or to maintain and store existing stockpiles of defense articles or war reserve materiel if such articles and materiel are set aside or in any way intended for future use by any foreign country. Section 514 also prohibits the transfer of such stockpiles to a foreign country, additions to such stockpiles or creation of new stockpiles, unless the value of such transfer, addition or new stockpile, is charged against funds authorized in security assistance legislation for the year in question.

This section removes the prohibitions in section 514 relating to the use of DOD funds to store and maintain existing stockpiles and eliminates the requirement that the value of additions to existing stockpiles or new security stockpiles be charged against funds authorized in security assistance legislation. The requirement that the transfer of defense articles from such stockpiles to any foreign country be charged against funds authorized in security assistance legislation for the fiscal year in which the articles are transferred, or against limitations specified in such legislation, is retained.

This section also limits, in each fiscal year, the value of additions to such stockpiles located in foreign countries, other than for NATO purposes, to an amount specified in security assistance authorizing legislation for that fiscal year. For fiscal year 1976, the value of such additions to stockpiles in foreign countries is limited to \$150 million and to not more than one-fourth of that amount for the transition quarter.

Finally, this section requires the President to promptly report to the Congress each new stockpile, or addition to an existing stockpile of defense articles valued in excess of \$10 million in any fiscal year.

Section 106—Termination of Military Assistance Advisory Groups and Missions

This section amends section 515 of the Foreign Assistance Act to require the termination by October 1, 1977, of all military assistance

advisory groups, missions, and other U.S. military organizations abroad performing similar military advisory functions under the act unless specifically authorized by the Congress.

This section also authorizes the President, after September 30, 1977, to assign not more than three members of the U.S. Armed Forces to the Chief of each U.S. Diplomatic Mission to perform such functions as such Chief of Mission determines necessary for security assistance purposes under this act or the Foreign Military Sales Act.

This section authorizes the appropriation of not to exceed \$2,500,000 for fiscal year 1978 and each subsequent fiscal year to pay or to reimburse the appropriations, funds, or accounts used to pay the salaries, allowances, and other administrative expenses incurred for such personnel. The amounts so appropriated cannot be increased under the authority of sections 610(a) or 614(a) of the act.

The recommendation that military assistance advisory groups and missions be terminated is based on the committee's indepth review of the role of such organizations in security assistance programs. The committee's studies suggested that—

- (1) These organizations, as presently constituted, no longer perform the functions for which they were originally intended under the act; and
- (2) They can be abolished without causing an adverse impact on host countries receiving security assistance.

Section 107—Termination of Authority To Furnish Grant Military Assistance

This section adds a new section 516 to the Foreign Assistance Act which terminates the grant military assistance program on September 30, 1977. After that date, no new grant military aid may be provided unless specifically authorized by Congress on a country-by-country basis. (This section does not terminate the military education and training program as set forth in section 108 of this act.) The authorities contained in sections 506, 514, and 515(b)(2) of the act, relating to the drawdown authority, stockpiling of defense articles for future use of foreign countries, and military personnel authorized to perform security assistance functions, are exempted from the termination date. This section further provides that to the extent necessary to carry out obligations incurred prior to September 30, 1977, the authorities for the grant military assistance program shall remain available until September 30, 1980.

Section 107 also authorizes the use of funds available for grant military assistance for the phasing out of existing grant military assistance programs, including payment of the costs of packing, crating, handling, and transporting defense articles furnished under chapter 2, part II, of the act and of related administrative costs. Such funds may also be used to pay costs incurred under section 503(c) of the act with respect to defense articles on loan to countries no longer eligible for military assistance under section 504(a) of the act.

The committee recognizes that there may be a limited number of countries with respect to which, for reasons of their particular importance to the national security of the United States or U.S. treaty obligations, it may be necessary and desirable to maintain grant military assistance programs. Subsection (a) takes this into account by

providing that subsequent grant military assistance may be authorized by Congress for specific countries and in specific amounts on a case-by-case basis.

Section 108—International Military Education and Training

This section adds a new chapter 5, providing specific authority for grant international military education and training, to part II of the act. The military education and training programs authorized in the new chapter are currently carried out under authorities governing grant military assistance program.

Subsection (a) of section 108 establishes three new sections in chapter 5 of the act. The new section 541 authorizes the President to provide military education and training to military and related civilian personnel from foreign countries on such terms and conditions as he shall determine. This new section also provides that, whenever feasible, military education and training shall be on a reimbursable basis, that is, under the Foreign Military Sales Act, and describes the kind of activities authorized under this chapter. They are:

- (1) Attendance at military educational and training facilities in the United States—other than the service academies—and abroad;
- (2) Attendance in special courses of instruction at schools and institutions of learning or research in the United States and abroad; and
- (3) Observation and orientation visits to military facilities and related activities in the United States and abroad.

The new section 542 authorizes the appropriation of \$28,150,000 for fiscal year 1976 to carry out the military education and training program, a reduction of \$1,850,000 in the President's budget request. The purpose of the reduction is to delete proposed grant military education and training programs for Venezuela and Brazil.

In the case of Venezuela, the committee noted that Venezuela, a member of the Organization of Petroleum Exporting Countries, has \$8 billion in foreign exchange reserves and can, therefore, afford to pay for such programs rather than continue to receive them on a grant basis.

With respect to Brazil, the committee agreed that, like Venezuela, Brazil is now in a position to pay for such programs. The committee is also concerned that the continuation of the grant military education and training programs for Brazil would be incompatible with the increased emphasis on human rights mandated by section 101 of the bill.

It is the committee's intent that the termination of grant military education and training for Venezuela and Brazil apply only to new starts and not to individuals currently engaged in training. Moreover, it is not the committee's intent to preclude the use of training funds in connection with regional activities in which Brazil or Venezuela may take part.

New section 543 states that the purposes of the grant military education and training programs are to encourage effective and mutually beneficial relationships and increased understanding between the United States and foreign countries in furtherance of the goals of in-

international peace and security; and to improve the ability of participating foreign countries to utilize their resources, including defense articles and defense services obtained by them from the United States.

Subsection (b) of section 108 repeals section 510 of the act relating to restrictions on training foreign military students and makes a number of conforming amendments to the Foreign Assistance Act to reflect the addition of a separate chapter for military education and training programs. Section 510 of the act states that the number of foreign military students trained in the United States in any fiscal year may not exceed the number of foreign civilian students trained in the United States under the Mutual Educational and Cultural Exchange Act of 1961 in the preceding fiscal year. The committee's recommendation that this restriction be repealed is based on the value to the United States of the military education and training program as discussed later in this part. The committee notes that the number of foreign civilian students brought to the United States in fiscal year 1975 was 4,107, well above the number of foreign military students—3,809—programed for training in the United States in fiscal year 1976.

This subsection also makes a number of technical amendments to the administrative authorities in the act.

Subsections (c) and (d) of section 108 provide for an orderly transition from the current authority for military education and training programs to the separate authority contained in this bill.

The committee's indepth review of security assistance programs concluded that the record of the international military education and training program demonstrates that such programs are the most effective form of grant security assistance and should be retained. In addition to enabling recipient countries to utilize more efficiently defense articles and services provided by the United States, the program affords officers from the individual countries the opportunity to visit the United States and to gain an appreciation of our system of government. The program also provides such individuals an opportunity to meet U.S. military personnel and to form durable relationships with them. This aspect of the program is invaluable to U.S. security interests.

For fiscal year 1976, the United States plans training programs for 6,124 trainees from 45 countries. The program as submitted to the Congress is as follows:

FOREIGN MILITARY TRAINING PROGRAM
[In thousands of dollars]

Country	Fiscal year 1974 ¹ (actual)	Fiscal year 1975 ¹ (actual)	Fiscal year 1976 (proposed)
East Asia and Pacific:			
China (Taiwan).....	392	412	500
Indonesia.....	1,663	2,784	2,000
Khmer Republic.....	5,318	3,220	
Korea.....	1,521	1,407	2,700
Laos.....		1,321	
Malaysia.....	180	283	300
Philippines.....	558	471	750
Thailand.....	1,502	1,801	1,750
Regional costs.....	219	364	
Regional total.....	11,353	12,063	8,000

FOREIGN MILITARY TRAINING PROGRAM—Continued

[In thousands of dollars]

Country	Fiscal year 1974 ¹ (actual)	Fiscal year 1975 ¹ (actual)	Fiscal year 1976 (proposed)
Near East and South Asia:			
Afghanistan.....	150	212	200
India.....	187	54	200
Jordan.....	628	1,011	800
Lebanon.....	139	131	200
Morocco.....	627	852	800
Nepal.....	25	32	35
Pakistan.....	230	277	350
Saudi Arabia.....	173	38	
Sri Lanka.....			15
Tunisia.....	331	391	400
Yemen.....			500
Regional costs.....	53	52	
Regional total.....	2,543	3,050	3,500
Europe:			
Austria.....	25	9	25
Finland.....	15	15	25
Greece.....			800
Portugal.....	272	337	1,025
Spain.....	335	1,599	725
Turkey.....	3,086	541	1,800
Regional costs.....	14	23	
Regional total.....	3,747	2,524	4,400
Africa:			
Ethiopia.....	832	776	900
Ghana.....	45	70	100
Kenya.....		32	365
Liberia.....	99	89	100
Senegal.....	7	35	35
Zaire.....	378	299	400
Regional costs.....	45	43	
Regional total.....	1,406	1,344	2,500
Latin America:			
Argentina.....	496	100	320
Bolivia.....	463	667	720
Brazil.....	693	901	1,120
Chile.....	1,030	656	
Colombia.....	547	737	750
Dominican Republic.....	491	516	670
Ecuador.....		400	970
El Salvador.....	446	505	840
Guatemala.....	504	414	430
Haiti.....		28	200
Honduras.....	515	849	840
Mexico.....	30	109	100
Nicaragua.....	435	661	840
Panama.....	261	330	380
Paraguay.....	191	313	410
Peru.....	958	852	940
Uruguay.....	306	401	520
Venezuela.....	900	731	750
Regional costs.....	344	350	
Regional total.....	8,610	9,520	11,400
General costs.....	871	204	200
Worldwide total.....	28,530	28,705	30,000

¹ Training included in MAP total. Shown here for purposes of comparability.

Source: Department of Defense.

TITLE II—MIDDLE EAST PEACE AND SECURITY SUPPORTING ASSISTANCE

Section 201—Middle East Position Statement

This section amends section 901 of the Foreign Assistance Act by adding to the existing statement of policy a new paragraph which

expresses the sense of Congress with respect to congressional approval of executive branch undertakings to governments in the Middle East.

Specifically, this section states that the United States will maintain full flexibility to determine its Middle East policy as circumstances may require. In order to maintain such flexibility, section 201 stipulates that neither the authority contained in the joint resolution to implement the U.S. proposal for the early warning system in the Sinai—Public Law 94-110—nor the authorizations contained in this bill, constitute congressional approval, acceptance, or endorsement of any undertaking by any U.S. official to any government in the Middle East, other than the U.S. proposal for such an early warning system.

Section 202—Security Supporting Assistance

This section amends section 532 of the Foreign Assistance Act to provide as follows:

Section 532(a)—Authorization

Subsection (a) authorizes the appropriation of \$1,883,300,000 for security supporting assistance for fiscal year 1976, \$10 million more than requested by the executive branch. Not less than \$90 million of the total amount authorized in this subsection is earmarked for Greece. The committee's recommendation of \$90 million for Greece is \$25 million higher than the executive branch request. The committee believes this modest increase will promote the development of political and economic stability in Greece. It is the committee's hope that such stability will improve the prospects for settlement of the conflict on Cyprus.

Section 532(b)—Regional and Country Allocations

Subsection (b) allocates not to exceed \$1,657,500,000 of the amount authorized to be appropriated in subsection (a) for furnishing security supporting assistance to Israel, Egypt, and other countries in the Middle East region in support of efforts to bring peace, stability, and economic progress to that region. Subsection (b) also earmarks not less than \$755 million of this allocation for Israel and not less than \$750 million for Egypt.

The committee recommends that the bulk of the fiscal year 1976 authorization for security supporting assistance be devoted to the Middle East region because it fully supports the Israeli-Egyptian Sinai accords and continuing efforts to bring a lasting peace to the Middle East, a region of vital importance to the United States. The special earmarking of funds for Israel and Egypt is recommended on the grounds that both countries are crucial to the effort to bring peace to the area.

In the case of Israel, the committee has earmarked a sum which is \$15 million more than the amount originally requested by the executive branch. The increase was made because of an error in the executive branch's computation of the total fiscal year 1976 economic assistance program contemplated for Israel. The original request assumed the inclusion of \$15 million under Public Law 480—the food-for-peace program—a program outside the scope of economic assistance. This error was acknowledged by the executive branch during the com-

mittee's hearings and a corresponding amendment to the administration's budget request was submitted.

With respect to Egypt, the committee's recommended authorization is the same as the executive branch request. It should be noted that the amount authorized for Egypt in this section represents the only assistance for that country in this bill. Further, this bill contains no military assistance for Egypt.

The following table shows the actual fiscal year 1975 security supporting assistance program and the fiscal year 1976 executive branch request.

[In millions of dollars]

Country	Fiscal year 1975 (actual)	Fiscal year 1976 (administration request)
Israel.....	324.5	755.0
Egypt.....	251.2	750.0
Jordan.....	77.5	77.5
Syria.....	(1)	90.0
Portugal.....	(2)	55.0
Greece.....	(3)	65.0
Cyprus.....	(4)	25.0
UNFICYP.....	9.6	9.6
Zaire.....	(5)	22.8
Malta.....	9.5	9.5
Bahrain.....		.6
Operating expenses.....	2.2	22.6
Total program.....	677.7	1,882.6
Less financing.....	-17.7	-9.3
Budget authority.....	660.0	1,873.3

¹ \$83,000,000 financed from Middle East Special Requirements Fund.

² \$15,000,000 financed from special assistance accounts for Portugal and its colonies.

³ \$25,000,000 financed from Famine and Disaster Relief Funds.

⁴ Funded in International Development and Food Assistance Act in 1976.

⁵ \$1,600,000 financed from development assistance.

⁶ Prior to 1976, operating expenses for supporting assistance were funded in other accounts.

Section 203—Middle East Special Requirements Fund

This section amends section 903 of the Foreign Assistance Act by authorizing the appropriation of \$50 million for the Middle East Special Requirements Fund for fiscal year 1976, the full amount requested by the executive branch.

Paragraph (2) of section 203 further amends section 903 of the act by authorizing the executive branch to use the fund to assist Egypt and Israel to carry out the Sinai agreement of October 10, 1975, and to pay the costs of the early warning system in the Sinai. Moreover, such funds may be obligated without regard to subsection (b) of section 903 insofar as the obligation has been justified to the Congress prior to the enactment of this bill.

Paragraph (2) also amends section 903 of the act by allocating \$12 million of the amount authorized for the fund for fiscal year 1976 for a contribution by the United States to the settlement of the deficit of the United Nations Relief and Works Agency for Palestine Refugees in the Middle East (UNRWA), provided that other nations contribute a fair share toward the settlement. This amendment represents a continuation of a similar provision in the Foreign Assistance Act of 1974 which earmarked \$6 million of the Middle East Special Requirements Fund for the same purpose.

The original justification of the earmarking for UNRWA still pertains; the committee believes that, because of UNRWA's contribution

to prospects for peace and stability in the Middle East, it is advisable to help diminish that organization's deficit, provided a fair contribution is made by other interested countries. In that light, it should be noted that the U.S. contribution to UNRWA in fiscal year 1976, including the amount earmarked here, will represent less than 30 percent of the UNRWA budget as compared to a U.S. contribution of 35.5 percent in fiscal year 1975. This reduction is due to a doubling of the contributions of the Common Market countries and increased contributions from the Arab Oil States.

TITLE III—FOREIGN MILITARY SALES

Section 301—Foreign Military Sales Policy

This section removes the last sentence from section 1 of the Foreign Military Sales Act which directs the U.S. Government to reduce its sales, credits, and guaranties of defense articles and defense services in order to reduce the role of this Government in the furnishing of defense articles and defense services and return such transactions to commercial channels.

Section 410 of this bill prohibits the export of major defense equipment unless such equipment was sold under the authority of the Foreign Military Sales Act.

The language being stricken from the act is inconsistent not only with the requirements of section 410 but with the entire thrust of this bill which seeks to insure that the sale of defense articles and defense services is retained under Government control to the maximum extent possible.

Section 302—Approval for Transfer of Defense Articles

This section amends section 3 of the Foreign Military Sales Act by adding a new subsection (e).

The new subsection prohibits the President from giving his consent to the transfer of defense articles sold under the Foreign Military Sales Act or furnished on a grant basis under the authority of sections 505(a)(1) and 505(a)(4) of the Foreign Assistance Act from one country to another unless the President submits to the Congress on the same day, a written report giving the name of the country or international organization proposing to make the transfer, a description of the defense article to be transferred including the original acquisition cost of such defense articles, the name of the proposed recipient, the reasons for the proposed transfer and the date on which the transfer is proposed to be made.

The President may give his consent to the proposed transfer only if the Congress does not adopt a concurrent resolution disapproving the transfer within the first 30 calendar days of continuous session of the Congress after the date on which the report is submitted by the President. However, the President may proceed immediately to approve the transfer if he certifies in his report that an emergency exists which requires such transfer in the national security interests of the United States. For purposes of this section, the continuity of a session of Congress is broken only by an adjournment sine die, and the days on which either House is not in session because of adjournment of more than 3 days to a day certain shall be excluded in the computation of the 30-day period.

If the President receives information that any defense article has been transferred without his consent in violation of sales or assistance agreements under section 3 of the Foreign Military Sales Act or section 505 of the Foreign Assistance Act, respectively, he shall report such information immediately to the Congress.

This section repeals the second sentence of section 3 of the Foreign Military Sales Act and the first sentence of section 505(e) of the Foreign Military Sales Act as having been suspended by the requirements imposed as a result of this amendment.

Section 303—Extension of Payment Period for Credit Sales

This section amends paragraph 1 of section 23 of the Foreign Military Sales Act and extends the repayment period for military credits from 10 years to 12 years effective on the date of enactment. The provisions of this section are not retroactive and do not apply to agreements concluded prior to the date of enactment of this section.

The increase from 10 to 12 years is to enable former recipients of grant military assistance to make the transition from grant programs to a sales program as rapidly and as easily as possible.

There have been proposals in the past that during such a transition, the executive branch be authorized to make sales at concessionary rates of interest. This is not considered advisable since the military sales program should be conducted insofar as possible at no cost to the U.S. Government. Lengthening the repayment period an additional 2 years will ease the repayment burden, lessening the need to resort to concessionary rates of interest.

Section 304—Foreign Military Sales

Section 304(a)(1)—Authorization for Foreign Military Credits and Guaranties

Subsection (a)(1) of section 304 amends section 31(a) of the Foreign Military Sales Act by authorizing the appropriations of \$1,065 million to finance an overall foreign military sales credit and guaranty program of \$2,374.7 million, the amount requested by the executive branch. This authorization compares with an appropriation of \$300 million which financed aggregate sales of \$850.3 million in fiscal year 1975.

FOREIGN MILITARY CREDIT SALES SUMMARY

(In millions of dollars)

	1974	1975	1976 request	Committee recommendation
East Asia and Pacific.....	147.5	170.7	298.2	298.2
Near East and South Asia.....	\$ 2,488.1	\$ 349.0	\$ 1,625.0	1,625.0
Europe.....	127.5	161.0	240.0	240.0
Africa.....	14.5	35.3	31.5	31.5
Latin America.....	118.2	134.3	180.0	180.0
Total obligational authority.....	\$ 2,895.9	\$ 850.3	\$ 2,374.7	2,374.7
Private financing.....	-517.7	-616.2	-1,455.2	-1,455.2
DOD financed.....	878.2	234.2	169.5	169.5
Guarantee at private financing.....	129.5	61.5	145.5	145.5
Unobligated.....		4.3		
Total new obligational authority.....	\$ 2,525.0	300.0	1,065.0	1,065.0

¹ Includes \$1,500,000,000 in sales to Israel for which the contractual liability to repay was forgiven.

² Includes \$300,000,000 in sales to Israel for which the contractual liability to repay \$100,000,000 was forgiven.

³ Includes \$1,500,000,000 in sales to Israel for which 1/2 of the contractual liability will be forgiven.

Section 304(a)(2)—Aggregate Ceiling on Military Credit Sales

This subsection amends section 31(b) of the Foreign Military Sales Act and sets a ceiling of \$2,347.7 million on the aggregate total of foreign military sales credits or participations in credits, extended under section 23 of the act, and of the principal amounts of loans guaranteed under section 24, during fiscal year 1976.

This is an increase of \$1,502.2 million over the 1976 aggregate ceiling of \$872.5 million. The increase is due primarily to two factors:

(1) The credit sales program for Israel is being increased from \$300 million in fiscal year 1975 to \$1,500 million in fiscal year 1976.

The committee endorses this increase in the Israel program in order to insure that Israel has the ability to finance the procurement of the defense articles and defense services necessary for its defense. It has specifically earmarked not less than \$1,500 million of the total ceiling for that country for this purpose in fiscal year 1976.

(2) The credit and guaranty program for the rest of the world is being increased from \$572.5 million in fiscal year 1975 to \$874.7 million in fiscal year 1976, an increase of \$302.2 million.

Section 505(c) of the Foreign Assistance Act calls on the President to terminate grant military assistance for any country having sufficient wealth to enable it to maintain and equip its own military forces without undue burden to its economy.

Consistent with this provision of law, the size of the grant program has been gradually reduced over the past several years in both funding levels and in the number of countries benefiting from such assistance.

At the same time, the volume of military sales has increased as former beneficiaries have acquired the capability to pay for defense articles and services needed to equip and maintain their armed forces.

This trend should continue into the foreseeable future. The armed forces of friendly foreign countries have been equipped with, and trained in the use of, U.S. military equipment. They want and need access to those defense articles and defense services which can only be obtained from the United States. If some countries were forced to seek other sources of defense articles for their armed forces, the cost would be more than they could reasonably afford.

For these reasons, it is the judgment of this committee that an increase in the aggregate ceiling for fiscal year 1976 is justified.

The purpose of the ceiling on the credit and guaranty program is to place a limitation on the total amount of sales of defense articles and defense services that can be financed during the fiscal year by the U.S. Government either directly through credits or indirectly through loan repayment guaranties, as well as to insure congressional oversight over the level of those sales.

The provisions of this subsection accomplishes both of those objectives while insuring that eligible countries will have access to the quantities of defense articles they need.

Details of the proposed fiscal year 1976 credit and guaranty program are as follows:

FOREIGN MILITARY SALES CREDIT PROGRAM

[In thousands of dollars]

Country	Fiscal year 1974 (actual)	Fiscal year 1975 (actual)	Fiscal year 1976 (proposed)
East Asia and Pacific:			
China (Taiwan).....	60,000	80,000	80,000
Indonesia.....	3,500	5,000	23,100
Korea.....	56,683	59,000	126,000
Malaysia.....	18,750	4,700	15,000
Philippines.....	8,600	14,000	17,400
Thailand.....		8,000	36,700
Regional total.....	147,533	170,700	298,200
Near East and South Asia:			
Israel.....	¹ 2,482,664	² 300,000	³ 1,500,000
Jordan.....		30,000	75,000
Lebanon.....			5,000
Morocco.....	3,000	14,000	30,000
Tunisia.....	2,500	5,000	15,000
Regional total.....	2,488,164	349,000	1,625,000
Europe:			
Greece.....	52,500	86,000	110,000
Turkey.....	75,000	75,000	130,000
Regional total.....	127,500	161,000	240,000
Africa:			
Ethiopia.....	11,000	25,000	10,000
Kenya.....		5,000	2,000
Liberia.....		1,800	500
Zaire.....	3,500	3,500	19,000
Regional total.....	14,500	35,300	31,500
Latin America:			
Argentina.....	22,500	30,000	34,000
Bolivia.....	4,000	4,000	6,000
Brazil.....	51,743	60,000	60,000
Chile.....	15,000		16,000
Colombia.....		500	1,000
Dominican Republic.....			10,000
Ecuador.....		500	2,500
El Salvador.....	500	3,000	1,500
Guatemala.....		2,300	1,500
Honduras.....		3,000	2,500
Mexico.....			5,000
Nicaragua.....		3,000	2,500
Paraguay.....		500	500
Peru.....	15,000	20,500	20,000
Uruguay.....	2,000	7,500	2,500
Venezuela.....	7,500		16,000
Regional total.....	118,243	134,300	180,000
Worldwide total (TOA).....	2,895,940	850,300	2,374,700

¹ Includes \$1,500,000,000 of nonreimbursable financing pursuant to the Emergency Security Assistance Act of 1973 (Public Law 93-199).

² Includes \$100,000,000 of nonreimbursable financing pursuant to sec. 31(b) of the Foreign Military Sales Act, as amended by the Foreign Assistance Act of 1974 (Public Law 93-659, dated Dec. 30, 1974).

³ \$750,000,000 to be nonreimbursable financing.

Section 304(a)(3)—Assistance and Sales to Israel

Subsection (a)(3) adds a new subsection (c) to section 31 of the Foreign Military Sales Act to authorize favorable terms and conditions with respect to credits and guaranties for Israel. The new subsection (c) exempts fiscal year 1976 credits for Israel from the limitations on minimum interest rates and maximum repayment period contained in section 23 of the act, and directs the President to relieve Israel from one-half of the contractual liability to repay the U.S. Government for such credits.

Section 23 now requires repayment for defense articles and defense services purchased on credit from the United States within 10 years and prohibits sales from being made at concessionary rates of interest unless the President certifies to the Congress that the national interest requires a lesser rate of interest.

The new subsection also provides the authority for long term guaranties for Israel, as a way to finance the \$750 million which is not authorized to be forgiven—that is, one-half of the \$1,500 million in credit assistance earmarked for Israel in this bill.

Prior to the 1973 Middle East War, Israel was able to provide almost all of its defense needs from its own resources. Losses suffered by Israel during that war, domestic and worldwide inflation, increases in petroleum prices, continued need for partial mobilization and defense preparedness, and the increased dependence upon imported oil as a result of the recently concluded Sinai agreements, have combined to help create serious economic problems for Israel which emphasizes the need for outside assistance.

Forgiveness of the contractual liability to repay \$750 million will help Israel maintain an effective military force capable of protecting its territorial integrity.

Forty percent of Israel's national budget goes for defense and 20 percent for debt servicing. To meet its economic problems and to insure an adequate defense establishment, Israel is making substantial sacrifices and has had an austerity budget for some time. This program calls for reduced imports and increased taxes. Any increase in taxation will be particularly difficult since the Israeli people are already among the most heavily taxed in the world.

In the judgment of the committee, peace and stability in the Middle East are in the best interest of the United States and world peace. The United States continues to express strong support for Israel's right to exist as an independent nation. An economically and militarily strong Israel is necessary to meet that requirement and to provide an environment in which progress toward a negotiated settlement of the Arab-Israeli conflict will become possible.

Israel is using its human and financial resources effectively and efficiently. It is determined and able to carry the main burden of its own defense, but is facing states with increasing quantities of sophisticated arms financed by large oil revenues flowing to the Arab world. Our continued commitment to Israel's security and survival gives reason for our assisting Israel as best we can to preserve its defense position and meet its defense requirements.

Section 304(b)(1)—Excess Defense Articles

This subsection adds a new subsection (d) to section 31 of the Foreign Military Sales Act. The new subsection establishes a ceiling of \$100 million on the aggregate acquisition cost of excess defense articles that can be ordered by the President for grants under the Foreign Assistance Act or sales under the Foreign Military Sales Act in any fiscal year beginning in fiscal year 1977.

Excess defense articles can and should be used in lieu of new procurement of defense articles whenever possible, as provided by section 502A of the Foreign Assistance Act.

Their use should not be unrestricted, however, and this ceiling insures an opportunity for continued congressional oversight.

Excess defense articles originally were valued for purposes of the grant military assistance program by charging only the costs of repairing, rehabilitating, and transporting the article. Under this system it was possible to furnish large quantities of excess defense articles to military assistance recipient countries to augment the grant military assistance program far in excess of what the Congress had intended.

To improve control over the use of excess items, the Congress enacted section 8 of the Foreign Military Sales Act Amendments of 1971 (Public Law 91-672) requiring that any excess defense article ordered for military assistance purposes be valued at not less than one-third of the acquisition costs and that if the total amount granted exceeded a specified ceiling, that it be charged to the military assistance account.

Section 8 has been amended from time to time, with the result that the provisions of that section have come to discourage the use of excess defense articles in the military assistance program. The requirement that excess defense articles, regardless of utility and condition, be valued at not less than one-third of the acquisition cost and, if found within the United States, deducted from the military assistance account, has resulted in frequent rejection of excess items which might have been useful to foreign countries.

Enactment of the proposed section should eliminate this problem. It will enable the President to order excess defense articles for grant or sale to a foreign country without charge to the military assistance account while assuring congressional control over this aspect of the overall military assistance and sales program by the establishment of an annual ceiling. Congress will be able to review the annual ceiling in its consideration of security assistance presentation materials each year.

Subsection 304(b)(2) repeals subsections (a), (b), (c), and (e) of section 8 of the Foreign Military Sales Act Amendments 1971 to conform to section 304 with respect to excess defense articles.

Section 305—Removal of Regional Ceilings

This section repeals section 33 of the Foreign Military Sales Act removing the \$40 million annual ceiling on military assistance, credits, and guaranties to African countries.

Section 306—Fees of Military Sales Agents

This section amends section 36 of the Foreign Military Sales Act and section 414(e) of the Mutual Security Act of 1954 to require the President to include in his periodic report to Congress under those statutes on commercial and governmental military exports the name of any sales agent or other person receiving a fee or commission in conjunction with the sale of a defense article or service to a foreign country or international organization and the amount of such fee or commission. Persons who are bona fide employees of the manufacturer or contractor involved are excepted.

Under existing law the President is required to submit to the Congress quarterly reports which identify the quantity, kinds, dollar amount and destination by country of defense articles or defense services sold by the United States and to report promptly on commercial exports of more than \$100,000 in value. There is no requirement to list the names of the sales agents involved or the fee or commission which might be paid in conjunction with the governmental or commercial sales of defense articles or defense services.

The committee believes this is a serious omission. Recent investigations and hearings by the Subcommittee on Foreign Economic Policy on bribes being paid to foreign officials disclosed that:

(1) Fees paid to sales agents have been a source of extensive bribery of foreign public officials dealing the arm's traffic on behalf of their governments.

(2) Massive bribes have been paid out of corporate funds held abroad without any accountability to American stockholders of the companies involved.

(3) Slush funds set up abroad for the purpose of bribing foreign officials have been the source of moneys returned to the United States for Presidential campaign use in violation of U.S. election laws which forbid the use of corporate treasury funds for political contributions.

(4) The keeping of such secret funds has resulted in tax losses to the American Treasury.

Furthermore, bribes being paid to foreign officials by United States corporations have embarrassed the United States and threatens the stability of some friendly foreign governments.

In addition to eliminating the above practices it is expected that adoption of this section will also protect American interests by providing more complete accountability for corporate funds paid to foreign arms sales agents and help restore confidence in the integrity of the entire American arms industry.

The reports required by this section should be unclassified to the maximum extent possible. The committee recognizes, however, that measures may be necessary to protect the confidentiality of legitimate business secrets the disclosure of which would unnecessarily damage the competitive position of a U.S. firm.

Section 307—Arms Sales Impact Statement

This section amends section 36(b) of the Foreign Military Sales Act and requires additional information to be included in the reports to the Congress already required by section 36(b) with respect to the issuance of letters of offers for the sale of defense articles and defense services to a foreign country.

Reporting requirements are as follows:

(1) A detailed description of the defense articles or services offered;

(2) The reasons why the foreign country or international organization to which the sale is proposed to be made needs the defense articles or services which are the subject of such sale and a description of how such country or organization intends to use such defense articles or services;

(3) An analysis by the President of the impact of the proposed sale on the military stocks and the military preparedness of the United States;

(4) The reasons why the proposed sale is in the national interest of the United States;

(5) An analysis by the President of the impact of the proposed sale on the military capabilities of the foreign country or international organization to which such sale would be made;

(6) An analysis by the President of how the proposed sale would affect the relative military strengths of countries in the region to which the defense articles or services which are the subject of such sale would be delivered and whether other countries in the region have comparable kinds and amounts of defense articles or services;

(7) An estimate of the levels of trained personnel and maintenance facilities of the foreign country or international organization to which the sale would be made which are needed and available to utilize effectively the defense articles or services proposed to be sold;

(8) An estimate of the number of officers and employees of the United States and civilian contract personnel whose presence would be required in such foreign country to carry out the proposed sale;

(9) An analysis of the extent to which comparable kinds and amounts of defense articles or services are available from other countries; and

(10) An analysis of the impact of the proposed sale on U.S. relations with the countries in the region to which the defense articles or services which are the subject of such sale would be delivered.

Section 36(b) of the Foreign Military Sales Act, which is modified in this bill, requires that any letter of offer to sell defense articles or defense services to any foreign country valued at \$25 million or more shall be reported to the Congress 20 calendar days (section 308(a)(1) of this bill extends this period to 30 calendar days) before the letter of offer can be issued to that country. If the Congress does not disapprove the issuance of the letter of offer within those 20 days by concurrent resolution, the letter of offer can then be issued to the purchasing country.

Experience has demonstrated that the information in the reports does not contain the data needed by the Congress to judge the foreign policy and security ramifications of impending arms sales.

Heretofore, the reports have only included the name of the foreign country involved, a short description of the defense article or defense service to be sold, and the dollar amount of the sale. Too often the reports have been classified.

The additional information which will be provided as a result of the requirements of this section will insure that the Congress has access to adequate information concerning the proposed sale.

Section 308—Congressional Review of Foreign Military Sales

This section amends section 36(b) of the Foreign Military Sales Act in three ways.

Section 308(a)(1)—Extension of Congressional Review Period

Subsection (a)(1) extends the period during which proposed letters of offer valued at \$25 million or more may be disapproved by concurrent resolution from 20 calendar days to 30 calendar days. This will give the Congress more time to evaluate and take action on any concurrent resolution which might be offered disapproving the issuance of the letter of offer in question.

Section 308(a)(2)—Effective Date of Review Period

Subsection (a) (2) provides that this extension shall become effective upon date of enactment thus making clear that it is not intended to apply to reports on letters of offer submitted prior to the date of enactment.

Section 308(b)—Privileged Status of Concurrent Resolution

Subsection (b) states that for the purpose of expediting the consideration and adoption of concurrent resolutions under this section, a motion to proceed to the consideration of any such resolution after it has been reported by the appropriate committee shall be treated as highly privileged in the House of Representatives and as privileged in the Senate.

Section 309—Annual Arms Sales Estimates

This section amends section 36 of the Foreign Military Sales Act by adding a new subsection (c).

Paragraph (1) of new subsection (c) requires the President to transmit to the Congress not later than February 15 of each year estimates of future sales of defense articles and defense services to foreign countries or international organizations, whether on a government-to-government basis under the Foreign Military Sales Act or commercially by persons doing business in the United States.

Each estimate shall cover 2 fiscal years and shall include for each country the total amount of all sales to be made in each of the fiscal years covered in the reporting period. In the event the sale involves major defense equipment or a major defense service, the estimate shall also include a full and complete description of the major defense equipment and major defense services.

Section 312 of the bill defines major defense equipment and major defense services which trigger the reporting requirements of this section with respect to such equipment and services as follows:

Major weapons system means a weapons system which costs, over the life of its development or production in research, development, testing, and engineering in excess of \$50 million, or procurement in excess of \$200 million, while a major defense service means any defense service which materially increases the military capability of the country or international organization to which it is rendered.

If the Committee on International Relations or the Committee on Foreign Relations requests additional information with respect to the estimates, the President is directed to respond within 30 days after any such request has been made.

Paragraph (2) of new subsection (c) requires that each estimate shall be accompanied by an explanation and justification for the overall sales program, for the arms sales program for each country or international organization and for each sales transaction whether through government or commercial channels if such sale involves major defense equipment or a major defense service.

Each estimate shall also include an explanation of the extent to which each arms sale will support the foreign policy objectives of the United States, strengthen the security of the United States, promote world peace, and impact on—

(1) Balances of power and arms races in each region to which the sale is to be made (this appraisal is to be made in consultation with the Director of the Arms Control and Disarmament Agency);

(2) International negotiations and efforts directed at the achievement of arms control (again in consultation with the Director of the Arms Control and Disarmament Agency);

(3) The defense production capability of the United States; and

(4) The military stocks and military preparedness of the United States.

Paragraph (3) of new subsection (c) directs the President to make every effort to submit all of the information wholly in unclassified form. In the event classified information is submitted, the President is directed to submit simultaneously an unclassified detailed summary of the classified portion of such information. The committee has been somewhat concerned that over 20 percent of the reports that have been submitted to the Congress pursuant to section 36(b) have been classified for reasons which are not evident. If the Congress is to be able to participate effectively in and support U.S. arms sales policies, it is essential that as much information as possible be made available in an unclassified form.

Section 310—Annual Ceilings on Arms Sales

This section adds a new section 38 to the Foreign Military Sales Act.

New Section 38(a)—Scope and Terms of Ceiling

Subsection 38(a) places an annual aggregate ceiling of \$9 billion in constant 1975 dollars on the value of contracts for the sale of defense articles or defense services which can be entered into during any one year. This ceiling applies to contracts entered into under the authority of the Foreign Military Sales Act as well as to commercial contracts which provide for the export of defense articles produced in the United States to any foreign country or international organization.

This section also limits the value of combat equipment sold; that is, defense articles which are weapons, weapons systems, munitions, combat aircraft, combat vehicles, combat vessels or boats or other implements of war, to not more than 40 percent of the worldwide aggregate ceiling.

The term "defense article" as used in this section with respect to commercial sales is not intended to include items which are not on the United States Munitions List. Further, the 40-percent ceiling is not intended to apply to items which might be incorporated into defense articles or weapons systems but which are not in fact lethal end items themselves.

The President may waive the limitations of section 38 under emergency conditions if he determines and certifies to the Congress that the national security interests of the United States require the furnishing of defense articles and defense services over and above the ceiling.

New Section 38(b)—Penalties

Subsection (b) prohibits any company doing business in the United States from entering into any contract to export defense articles or

defense services unless such contract has been reported to the Secretary of Defense and the Secretary has notified the company that such contract is consistent with the quotas which have been allocated with respect to any country or region. Any person who willfully fails to submit such a contract to the Secretary of Defense shall be fined not more than \$25,000 or imprisoned for not more than 2 years, or both.

New Section 38(c)—Regional and Country Quotas

Within the \$9 billion aggregate ceiling the President may, subject to such requirements as the Congress may by law prescribe, establish such arms sales quotas for countries and regions, and for sales under the Foreign Military Sales Act and commercial sales, as he deems appropriate.

New Section 38(d)—Definition of "Value"

Subsection (d), for purposes of this section, defines the term "value" with respect to defense articles or defense services sold under the Foreign Military Sales Act as it is defined in section 644(m) of the Foreign Assistance Act; and with respect to defense articles or defense services sold commercially, as the contract price for such defense articles or defense services.

New Section 38(e)—Policy Statement

The first sentence of a policy statement at the end of the new section 38 sums up succinctly the concerns of the committee with respect to the increasing volume of arms transfers worldwide. This statement explains at least in part why the committee has established an annual ceiling on the level of U.S. arms sales and sets forth some principles which should guide U.S. arms transfer policies. The new section 38(e) reads as follows:

The United States is concerned with the increasing volume of international arms transfers and, in particular, with the diversion of scarce world resources from urgent humanitarian, economic, and social development purposes, and the potential increase in the likelihood and ferocity of armed conflict which result from such transfers. Recognizing that no one nation alone can limit the world arms traffic, it shall be the policy of the United States with respect to arms transfers—

- (1) to pursue vigorously policies aimed at obtaining effective international controls, on a worldwide or regional basis, on such transfers; and
- (2) by our own policies, to exercise a moderating influence—
 - (A) on the overall level of international arms transfers,
 - (B) on the military destabilizing impact of such transfers, and
 - (C) on the degree of harmful and damaging effects of weapons transferred.

As stated above, no one nation alone can limit the world's arms transfers. The United States, which exports more than 50 percent of all the defense articles and defense services sold or otherwise transferred around the world, can, however, take the first step.

There is little doubt, even allowing for inflation, that total arms sales from the United States have escalated sharply over the past few years. Those sales were only \$4.7 billion in 1973; they reached \$11.3 billion in 1974, \$10.1 billion in 1975 and are expected to reach over \$12 billion in fiscal year 1976.

There is a clear need for restraints if there is to be any chance of stopping the proliferation of arms around the world. Enactment of this provision should provide the impetus for the executive branch to approach the governments of other arms exporting countries with the objective of reaching an international agreement to limit and control arms transfers.

Section 311—Review of Arms Sales Policies

This section adds a new section 48 to the Foreign Military Sales Act. It directs the President to conduct a comprehensive study of the arms sales policies of the U.S. Government, including policies and practices with respect to commercial arms sales, in order to determine if those practices and policies should be changed.

The study is to examine the rationale for arms sales to foreign countries, the benefits to the United States, the risks to world peace as a result of such arms sales and trends in arms sales by the United States and other countries, and steps which might be taken by the United States to provide for limitations on arms sales.

The study shall also include an evaluation of the impact of U.S. arms sales policies on the economic and social development of foreign countries and consideration of steps which might be taken by the United States to encourage maximum use of resources by the developing countries for economic and social purposes.

The results of this study shall be reported to the Congress not later than 1 year after enactment of this section. The report shall set forth in detail (1) the findings made and conclusions reached together with such recommendations for legislation as the President deems appropriate, (2) the efforts made by the United States during the preceeding 5 years to initiate and otherwise encourage arms sales limitations, and (3) the efforts being taken by the United States at the time of submission of the report to initiate and otherwise encourage arms sales limitations.

It is the judgment of the committee that burgeoning arms sales have made a study of this kind imperative if the Congress is to have a better perspective of why those sales are growing, what the trends are and what efforts are being made to limit or to control such sales.

Section 312—Definitions

This section amends section 47 of the Foreign Military Sales Act to define "defense articles", "defense service", "training", "major defense equipment", and "major defense service".

Three of the definitions, "defense article," "defense service" and "training", are practically identical to the definitions of those terms which are contained in section 644 of the Foreign Assistance Act of

1961. The purpose of adding these definitions to the Foreign Military Sales Act is to make clear as a matter of law that the same definitions apply to sales under the Foreign Military Sales Act as to grant assistance. Heretofore, the definitions in the Foreign Assistance Act have been followed as a matter of administrative practice in the implementation of the Foreign Military Sales Act.

The definitions of "major defense equipment" and "major defense services" are included in this bill in order to clarify the type of information that would be included in the new reports which are required under the provisions of section 309 of this bill.

TITLE IV—MISCELLANEOUS PROVISIONS

Section 401—Contingency Fund

This section amends chapter 5 of part I of the Foreign Assistance Act by changing the existing title from "Disaster Relief" to "contingency fund."

This section also amends section 451 of the Foreign Assistance Act to authorize \$5 million for fiscal year 1976 for such contingency fund which may be used by the President for any emergency purpose in accordance with applicable provisions of part I of the act.

Section 402—International Narcotics Control

This section amends section 482 of the Foreign Assistance Act by authorizing the appropriation of \$42.5 million for assistance to foreign countries in an effort to stop the illegal production of and trafficking in narcotics and other dangerous drugs.

This section stipulates that no part of these funds may be obligated for or on behalf of any country where illegal traffic in opiates has been a significant problem unless and until the President determines and certifies to the Congress that assistance furnished to any such country for narcotics control purposes is significantly reducing the amount of illegal opiates entering the international market.

Details of the International Narcotics Control Program for fiscal year 1976 are compared with the fiscal year 1974 and 1975 programs in the following table:

INTERNATIONAL NARCOTICS CONTROL PROGRAM; FISCAL SUMMARY

[In thousands of dollars]

	Fiscal year 1974 (actual)	Fiscal year 1975 (planned)	Fiscal year 1976 (requested)
I. Country programs:			
Latin America—total.....	(6,902)	(14,724)	(8,848)
Argentina.....	347	120	80
Bolivia.....	57	577	445
Brazil.....	184	244	190
Chile.....	70	41	170
Colombia.....	257	561	800
Costa Rica.....			57
Ecuador.....	292	527	370
Jamaica.....	323	750	150
Mexico.....	5,001	11,605	6,500
Panama.....	26		
Paraguay.....	21	16	
Peru.....	248	200	86
Uruguay.....	24	27	
Venezuela.....	52	56	
East Asia—total.....	(13,128)	(6,799)	(17,425)

INTERNATIONAL NARCOTICS CONTROL PROGRAM; FISCAL SUMMARY—Continued

[In thousands of dollars]

	Fiscal year 1974 (actual)	Fiscal year 1975 (planned)	Fiscal year 1976 (requested)
Burma.....	4,800	623	13,315
Indonesia.....	80	74	60
Laos.....	1,614	924	249
Philippines.....	352	356	110
Thailand.....	6,186	4,822	3,691
Vietnam.....	96		
Near East and South Asia—total.....	(895)	(290)	(3,372)
Jordan.....		162	
Lebanon.....	2	5	
Pakistan.....	893	123	3,272
NEA regional.....			100
Total country program.....	20,925	21,813	29,645
II. International organizations:			
U.N. Fund for Drug Abuse Control.....	2,000	5,000	5,000
CENTO.....	16	8	
Colombo plan.....		159	100
Interpol.....		135	
Total international organizations.....	2,016	5,302	5,100
III. Interregional programs:			
Treatment and rehabilitation.....			500
Training.....	3,729	4,945	6,300
Total interregional.....	3,729	4,945	6,800
IV. Program support and development.....	454	816	955
Program total.....	27,124	32,876	42,500

Section 403—Repeal of Indochina Assistance

Section 403(a)—Repeal of Existing Authorities

Subsection (a) of section 403 repeals part V of the Foreign Assistance Act of 1961 and sections 34 through 40 of the Foreign Assistance Act of 1974 relating to assistance to Indochina. Events in Cambodia, Laos and South Vietnam over the past several months have made these provisions of law unnecessary.

Section 403(b)—Assumption of Contract Obligations

Subsection (b) authorizes, but does not require, the President to adopt and assume the liabilities of the South Vietnamese, Cambodian or Laotian Governments under any contract of such government which was financed or approved for financing by the Agency for International Development before the end of fiscal year 1975. This will permit the Agency for International Development to provide compensation to contractors who have rendered performance or incurred costs in carrying out AID projects under the act or the Foreign Assistance Act of 1974, but have not been paid because of the termination of assistance programs in Indochina.

Section 403(c)—Availability of Funds

Subsection (c) authorizes funds appropriated for economic assistance in Indochina to remain available for purposes of subsection (b) and for meeting other costs arising from the termination of the programs for which the funds were appropriated. This subsection does

not authorize the appropriation of any additional funds for these purposes.

Section 404—Interim Quarter Authorization

This section authorizes the appropriation of such sums as may be necessary for the period July 1, 1976, through September 30, 1976, but places a ceiling on the amount that can be appropriated of not more than one-fourth of the amount authorized in this bill for each program and activity in fiscal year 1976.

The substantive authorities applicable to the conduct of security assistance programs during fiscal year 1976 are continued by this section during the interim quarter. The committee expects the executive branch, in carrying out programs during the interim quarter, to observe the limitations of authority that were applicable during fiscal year 1976 in a manner consistent with the purposes of those limitations, considering the brief duration of the interim quarter. The allocation of funds under each program is not determined by this section, but is expected, in the absence of extraordinary circumstances to be compatible with the allocations that were applicable during fiscal year 1976.

Section 405—Policy on Angola

This section sets forth U.S. policy toward the conflict in Angola and establishes a prohibition on U.S. assistance with respect to Angola.

Section 405(a)—Policy Provisions

Subsection (a) of section 405 states that the involvement of external forces in Angola constitutes a threat to international peace and calls on the President to—

- (1) Seek an agreement to end the conflict there and to support efforts of the Organization of African Unity to that end;
- (2) Observe a policy of nonintervention in the affairs of Angola; and
- (3) Report to Congress on the implementation of this subsection within 60 days after the enactment of this act and every 30 days thereafter. Such reports may be terminated only if both the House International Relations Committee and the Senate Foreign Relations Committee adopt resolutions stating that such reports are no longer necessary.

Section 405(b)(1)—Prohibition on U.S. Assistance With Respect to Angola

Subsection (b)(1) of section 405 prohibits U.S. assistance of any kind which would have the effect of promoting or augmenting, directly or indirectly, the capacity of any nation, group, organization, movement, or individual to conduct military or paramilitary operations in Angola unless such assistance is authorized by law enacted subsequent to the enactment of this bill. It is not the committee's intent that this prohibition preclude any assistance program with any country where such program does not serve as a conduit for support of military or paramilitary activities in Angola.

Section 405(b)(2)—Report to Congress

Subsection (b)(2) stipulates that if the President determines that assistance prohibited in subsection (b)(1) should be furnished, he

must, in requesting such authority, submit a report to the Congress which contains:

- (1) A statement that efforts to obtain a peaceful agreement in Angola have not been successful;
- (2) A description of the amounts and categories of assistance to be furnished and the recipients; and
- (3) A certification that he has determined that such assistance is important to the national security interests of the United States along with a detailed, unclassified explanation of such determination.

Section 405(c)—Humanitarian Assistance

Subsection (c) exempts the furnishing of humanitarian assistance to recipients in Angola from the prohibition contained in subsection (b)(1).

Section 405(d)—Waiver Authorities Barred

Subsection (d) states that the provisions of section 405 may not be waived under any other provision of law.

Section 406—Report on Korea

This section adds a new section 668 to the Foreign Assistance Act. The new section requires the President to transmit to the Speaker of the House and to the Senate Committees on Foreign Relations and Armed Services a report with respect to the Republic of Korea which:

- (1) Reviews the progress of the Republic of Korea's Armed Forces modernization program;
- (2) Reports on the U.S. role in mutual security efforts in Korea; and
- (3) Reports on prospects for or implementation of a phased reduction of U.S. Armed Forces in the Republic of Korea, in coordination with that Government's timetable for military self-sufficiency.

Such report must be submitted within 90 days after enactment of this section, and at least once during each of the next 5 years.

It is the committee's intention that such reports should also address such matters as: (1) an evaluation of the military forces of both the Republic of Korea and the Democratic People's Republic of Korea at present and as projected upon completion of the modernization program in the Republic of Korea; (2) an evaluation of the deployment of U.S. forces in relation to their mission in Korea; (3) an examination of the prospects for a nuclear weapon free zone in the context of more durable arrangements for peace and security on the Korean Peninsula; and (4) such other issues as the President may deem relevant. The President may transmit amendments to such report when in his judgment action by the Democratic People's Republic of Korea significantly alters the military balance in a manner which impairs the defense capability of the Republic of Korea.

Section 407—Control of Military Forces in the Indian Ocean

Section 407(a)—U.S.-U.S.S.R. Negotiations

Subsection (a) of section 407 expresses the sense of Congress that the President should undertake to enter into negotiations with the

Soviet Union, to achieve an agreement limiting the deployment of naval, air, and land forces of the Soviet Union and the United States in the Indian Ocean and littoral countries. This subsection further states that negotiations should be convened as soon as possible and should consider, among other things, limitations with respect to—

- (1) The establishment or use of facilities for naval, air, or land forces in the Indian Ocean and littoral countries;
- (2) The number of naval vessels which may be deployed in the Indian Ocean, or the number of "shipdays" allowed therein; and
- (3) The type and number of military forces and facilities allowed therein.

Section 407(b)—Report on Negotiation Efforts

Subsection (b) of section 407 requires the President, not later than December 1, 1976, to transmit a report to the Speaker of the House of Representatives and the Committee on Foreign Relations of the Senate detailing the steps he has taken to carry out the provisions of subsection (a).

Section 408—Prohibition Against Furnishing Assistance to Countries Granting Sanctuary to International Terrorists

Section 408 adds a new section 620 to the Foreign Assistance Act of 1961. The new section requires, except under extraordinary circumstances, the termination of all assistance to any government which grants sanctuary from prosecution to any individual or group that has committed an act of international terrorism. Such assistance may not be resumed until 1 year has elapsed. If during that year such country gives sanctuary to any other individual or group that has committed an act of international terrorism, the period of ineligibility shall be extended for an additional year for each such individual or group.

If the President determines that extraordinary circumstances exist which would justify continuation of assistance, he may report such circumstances to the Congress. He may furnish the assistance in question unless the Congress, within 30 calendar days of receiving such a report, passes a concurrent resolution of disapproval.

Section 409—Prohibition Against Military Assistance and Sales Credits to Chile

Section 409(a)—Scope of Prohibition

Subsection (a) of section 409 prohibits the furnishing of any grant military assistance or security supporting assistance under the Foreign Assistance Act, and the extension of any credit or the guarantee of any loan under the Foreign Military Sales Act, with respect to the purchase of defense articles and services by Chile. This provision includes the delivery of any military or security supporting assistance currently in the pipeline, and would preclude the conclusion of any new credit agreement or the issuance of any new loan guaranty under the Foreign Military Sales Act. The prohibition does not extend to cash sales under the Foreign Military Sales Act or to commercial sales of military equipment to Chile. This section thus terminates all U.S. financial support for the Chilean military, but does not jeopardize regional stability by depriving Chile of access to defense articles and defense services needed for its defense and paid for with its own resources. Any cash

sales to Chile will, of course, be subject to congressional review under section 36(b) of the Foreign Military Sales Act and under the new section 502B of the Foreign Assistance Act contained in section 101 of this bill.

Section 409(b)—Effective Date of Prohibition

Subsection (b) of section 409 provides that no deliveries of any assistance described in subsection (a) may be made to Chile on and after the date of enactment of this bill. This would prohibit deliveries of military and security supporting assistance. Since foreign military sales credits and guaranties are not in a strict sense "delivered", this subsection would preclude entry into any new credit agreement or the issuance of any new guaranty. This provision, which will make the above prohibitions permanent law, replaces a similar provision in the Foreign Assistance Act of 1974 which applied to fiscal year 1975 only.

Section 409(c)—Presidential Waiver

Subsection (c) of section 409 permits the President to waive the prohibitions set forth in subsection (a) after September 30, 1976 if he determines that the Chilean Government has made substantial progress in promoting the recognition and enforcement within Chile of internationally recognized human rights. Such determination shall take into account the extent of the Chilean Government's cooperation in permitting an unimpeded investigation of alleged violations of internationally recognized human rights by appropriate international organizations, including the International Committee of the Red Cross, or affiliates of the United Nations or the Organization of American States. Any such determination must be submitted within 10 days to the Speaker of the House and to the chairman of the Senate Committee on Foreign Relations.

Subsection (c) further provides that such determination shall not become effective until 30 calendar days after its submission and shall become effective if, during such 30-day period, Congress does not reject the determination by adoption of a concurrent resolution. This provision conforms to the congressional review process set forth in section 101 of this bill relating to human rights.

The committee notes that no grant military assistance, security supporting assistance, foreign military sales credits, or loan guaranties are programed for Chile by the executive branch in fiscal year 1976. Therefore, in the event that the President submits such a determination as described in subsection (c), the funds for any such new security assistance would require further authorization and appropriation or the reallocation of funds programed for other recipients subject to existing requirements of law.

Section 410—Munitions Control

This section adds three new subsections to section 414 of the Mutual Security Act of 1954:

Section 414(f)—Quarterly Report on Arms Export Licenses

This new subsection requires the President to submit to the Speaker of the House and to the chairman of the Senate Foreign Relations Committee quarterly reports containing—

(1) A numbered listing for each foreign country of all licenses issued pursuant to section 414 for the export of significant combat equipment of the U.S. Munitions List, valued in excess of \$1 million, indicating the quantity and value thereof; and

(2) The total number of licenses issued and the total value of all arms, ammunition, implements of war and related technical data licensed for export to each foreign country.

The report shall not include those licenses issued for export of items for purposes of carrying out chapter 2 of part II of the Foreign Assistance Act relating to military assistance, or for export of items sold under the Foreign Military Sales Act.

Under subsection 414(e) of the Mutual Security Act of 1954, which was added by the Foreign Assistance Act of 1973, licenses issued for the export of items on the U.S. Munitions List, valued in excess of \$100,000, must be reported promptly to the House International Relations and Senate Foreign Relations Committees. While this information is useful, it does not provide Congress with a cumulative tally of the issuance of arms export licenses and the countries of destination. Moreover, a more selective report on significant transactions will help Congress maintain meaningful oversight. This new subsection will thus enable both the executive branch and the Congress to compare trends in the kinds and levels of commercial arms transactions compared with such transactions made through Government channels.

Section 414(g)—Limitation on Commercial Arms Sales

This provision stipulates that no license for the export of major defense equipment sold to a foreign country under a contract in the amount of \$25 million or more shall be issued unless such equipment was sold under the authority of the Foreign Military Sales Act. The term "major defense equipment" is defined as any item of significant combat equipment on the U.S. Munitions List having a nonrecurring research and development cost of more than \$50 million or a total production cost of more than \$200 million.

The purpose of this amendment to section 414 of the Mutual Security Act of 1954 is to assure that the sale of significant amounts of major combat equipment will be subjected to the more rigorous direct U.S. Government supervision and control outlined in the Foreign Military Sales Act rather than to the commercial licensing system.

Section 414(h)—Enforcement

This provision authorizes the President, in order to carry out the functions of section 414, to exercise the same powers concerning violations and enforcement which are conferred upon the executive branch by relevant sections in the Export Administration Act of 1969. This will fill a significant gap in the existing munitions control enforcement machinery by permitting the President to establish a system of administrative remedies and sanctions to supplement existing criminal penalties. The Department of State will be able, for example, to use civil fines, suspension and disbarment in the enforcement of the munitions control program.

Section 411—Prohibition Against Discrimination

This section adds a new subsection (g) to section 505 of the Foreign Assistance Act relating to conditions of eligibility for military assistance, and a new section 5 to chapter 1 of the Foreign Military Sales Act. These new provisions provide, with respect to military assistance under the Foreign Assistance Act, sales under the Foreign Military Sales Act, and commercial sales, that:

(1) It is the policy of the United States that no grant military assistance, or foreign military sales, credits, or guaranties, should be made available to any foreign country whose laws, regulations, official policies, or governmental practices prevent any U.S. national from participating in the furnishing of defense articles or defense services under chapter 2 of the Foreign Assistance Act or under the Foreign Military Sales Act on the basis of race, religion, national origin or sex;

(2) No agency performing functions under either chapter 2 of the Foreign Assistance Act or under the Foreign Military Sales Act shall, in employing or assigning personnel to participate in the performance of any such function, whether in the United States or abroad, take into account the exclusionary policies or practices of any foreign government where such policies or practices are based upon race, religion, national origin, or sex;

(3) Each contract entered into by any such agency shall contain a provision to the effect that no person, partnership, corporation, or other entity performing functions pursuant to such contract, shall, in employing or assigning personnel to carry out any such function, whether in the United States or abroad, take into account the exclusionary policies or practices of any foreign government where such policies or practices are based upon race, religion, national origin, or sex; and

(4) The President shall promptly transmit reports to the Speaker of the House and to the Chairman of the Senate Foreign Relations Committee concerning any transaction in which any U.S. person is prevented by a foreign government, on the basis of race, religion, national origin, or sex, from participating in the furnishing of assistance under chapters 2 and 5 of the Foreign Assistance Act or from participating in any sale under the Foreign Military Sales Act or any transaction with respect to which an export license is required under the Mutual Security Act of 1954. These reports shall include, inter alia, a description of steps taken in response to such discrimination and the results, if any, of those measures.

The committee hopes that these provisions will reinforce the Presidential directive, dated November 20, 1975, prohibiting any exclusion of anyone from employment or assignment by an agency of the U.S. Government on the basis of any foreign government policies or practices with respect to race, religion, national origin, or sex.

Section 412—United States Citizens Imprisoned in Mexico

This section evolved from a series of hearings by the Subcommittee on International Political and Military Affairs, following referral to the committee of a Resolution of Inquiry on this subject, House Resolution 313. The purpose of the hearings was to investigate the validity

of allegations by numerous American prisoners confined in Mexican jails of various violations of their legal and human rights, including forced confessions, torture, denial of consular access, and extortion. This section represents congressional action to alleviate the plight of these prisoners, following an investigation which substantiated a significant number of the allegations.

Subsection (a) declares the intent of the Congress that efforts to secure stringent international law enforcement measures with respect to dangerous drugs should be combined with efforts to protect the fundamental legal and human rights of all persons.

Subsection (b) (1) attempts to impress upon the Mexican Government the seriousness of U.S. concern over the treatment of our citizens by requesting the President to communicate the concern directly to the Mexican President and Government.

Subsection (b) (2) requires the President to report periodically to the Congress on progress toward full respect for the human and legal rights of all U.S. citizens detained in Mexico.

Section 413—Aid for Cypriot Refugees

This section amends section 495 of the Foreign Assistance Act, relating to aid for Cypriot refugees, by increasing the existing fiscal year 1976 authorization (Public Law 94-161) for such aid from \$30 million to \$50 million.

The committee believes this modest increase is justified in view of the fact that approximately 200,000 Cypriots remain dependent on relief funds for their subsistence.

Section 414—Assistance to Turkey

This section modifies for fiscal year 1976 and the interim quarter, existing restrictions on assistance to Turkey. These restrictions began in legislation enacted in October 1974 in response to the Turkish occupation of part of Cyprus using U.S.-supplied arms.

In the foreign assistance authorization bill for fiscal year 1975 those restrictions were made part of the Foreign Assistance Act as Section 620(x) under which all forms of military assistance and sales to Turkey were suspended until the President was able to certify to the Congress that Turkey was in compliance with U.S. laws regarding the use of military assistance and that substantial progress had been made regarding an agreement on military forces on Cyprus.

In October 1975, in Public Law 94-104, Congress modified that total prohibition on assistance and sales to Turkey in the hope that this modification would encourage progress in the negotiations on Cyprus. The October legislation: (1) Released military goods and services Turkey had contracted for before the ban went into effect; (2) authorized the issuance of licenses for the export of military goods purchased through commercial channels; and (3) authorized sales, credits and guaranties under the Foreign Military Sales Act effective upon the enactment of the security assistance authorization legislation for FY 1976.

Three important considerations emerge from the committee's review of these past developments regarding Turkey. First, the committee regrets that substantial progress has not occurred in negotiations on the Cyprus issues; second, Turkey remains an important member of

NATO whose relations with the United States, Greece, and Cyprus have to be resolved satisfactorily if the alliance's southeastern flank is to be restored; and, third, an important principle of law was involved in the original decision to suspend aid to Turkey and, in the view of the committee, that principle must be upheld.

This section amends the proviso clause of section 620(x) (1) of the Foreign Assistance Act of 1961, as amended, in order to allow certain foreign military sales to Turkey for fiscal year 1976 and the interim quarter. Under this bill, the President will be authorized to suspend, during fiscal year 1976 and the interim quarter, the prohibition of section 620(x) of the Foreign Assistance Act, and section 3(c) of the Foreign Military Sales Act, to the extent of permitting the procurement of \$125 million in defense articles and defense services by Turkey, provided the President determines that such articles and services are necessary to enable Turkey to fulfill her defense responsibilities as a member of the North Atlantic Treaty Organization.

This ceiling applies whether such defense articles or defense services are sold for cash or are financed through credits or guaranties.

The sale, credits and guaranties authorized through September 30, 1976, are subject to the following further conditions:

- (a) Turkey must observe the ceasefire on Cyprus;
- (b) Turkey may not increase either its civilian population or its military forces on Cyprus; and
- (c) Turkey may not transfer to Cyprus any U.S.-supplied arms, ammunition or implements of war.

Any determination to suspend the provisions of section 620(x) with respect to such sales shall be made on a case-by-case basis and shall be reported to the Congress accompanied by a full and complete statement of the reasons supporting the President's determination and a statement containing a brief description of the defense articles or defense services to be sold, the dollar amount of the proposed sale, the United States Armed Force which is making the sale and the date on which the letter of offer is to be issued.

The President may not issue a letter of offer to sell significant combat equipment on the United States Munitions Control List or approve the use of credit or guaranty until the end of the 30-day period beginning on the date on which the report with respect to such letter of offer, credit or guaranty is submitted to the Congress. This requirement is not intended to compel double reporting when a single transaction is the subject of a sale under the Foreign Military Sales Act which is also financed by a credit or guaranteed loan under that act.

Elsewhere in the bill the committee has authorized \$50 million in grant military assistance for Turkey subject to the restrictions of section 620(x) of the Foreign Assistance Act.

The committee hopes that this authorization of sales, credits and guaranties to Turkey, which specifies and limits the scope of last October's legislation, will encourage that country to seek a prompt and just settlement on Cyprus. The Committee is aware that such a settlement depends equally upon the cooperation of Greece, and of the Greek and Turkish factions on Cyprus. Without the good will of *all* the parties to this tragic dispute, little progress is likely to occur—to the detriment of the suffering refugees on Cyprus, of United States-

Turkish and United States-Greek relations, and our military cooperation in NATO. For this reason, having taken the first step to help break the deadlock, the United States should be able to hope that those parties will move promptly toward a resolution of their differences within a framework of a just and peaceful settlement.

Section 415—Trade With Vietnam

This section limits the authority of the executive branch to impose a trade embargo on North and South Vietnam, in effect partially lifting the total U.S. economic embargo that has been in force against those countries since shortly after the fall of the Saigon government in April 1975. Continuation of the limits on the embargo beyond 180 days after enactment of this section is contingent upon substantial accounting for missing Americans by the Vietnamese within that period.

The committee's Subcommittee on International Trade and Commerce conducted a series of hearings in 1975, on the grounds for, and effects of, the administration action that imposed the embargo. On the basis of those hearings in which executive branch witnesses and others were heard, the subcommittee reported favorably to the full committee H.R. 9503, a bill to lift the embargo against Vietnam. The language adopted by the committee in this section is a refined and amended version of the subcommittee bill.

The specific provisions of this section are as follows:

Section 415(a)—Purpose of Limiting Embargo

Subsection (a) summarizes the section's purposes, noting that the approach and intended effect are identical to those achieved by the lifting of our embargo against the People's Republic of China.

Section 415(b)—New Trade Status of Vietnam

Paragraph (1) of subsection (b) limits controls that may be imposed on U.S. exports to Vietnam to those based upon shortage of domestic supply, protection of the national security of the United States, or the possibility of adding to the military potential of North or South Vietnam. Extension of export controls beyond national security and domestic supply considerations to purely "foreign policy" purposes—the basis for embargoing nonstrategic trade with Vietnam—is implicitly prohibited.

Paragraph (2) of subsection (b) explicitly directs that, for purposes of trade, North and South Vietnam shall be treated the same as the People's Republic of China, the Soviet Union, and Eastern Europe (the so-called Country Group Y countries). In brief, trade with those countries is permitted in nonstrategic goods and technology. Export licenses required for exports to all Country Group Y countries are closely reviewed by the Departments of Commerce, State, and Defense to assure that nothing is exported that would threaten the national security of the United States or add significantly to the military capability of the recipient nation.

Paragraph (3) of subsection (b) retains the freeze on approximately \$70 million in Vietnamese assets (mostly bank accounts) now under U.S. control. These funds are a possible source of compensation for any permanent investment or property losses sustained by Americans in Vietnam, and could prove useful as a "bargaining chip" in any

future negotiations with Vietnam regarding payment of claims. This paragraph however, prohibits any freeze on other Vietnamese assets that might come with U.S. jurisdiction following enactment of this section, thus making possible the financial transfers essential to trade.

Paragraph (4) of subsection (b) permits U.S. assets to be used for activities in Vietnam by any person authorized to travel there provided the activities engaged in are not prohibited under export and asset control authorities retained by subsections (b) (1), (2), or (3). The provision would facilitate, but would not entirely free, travel by private citizens to Vietnam. The State Department, through its control of visas and passports, would in no way be restricted from continuing to regulate travel to and from Vietnam consistent with constitutional considerations.

Section 415(c)—Effectiveness of Trade Provisions

Subsection (c) limits the effectiveness of the entire section to 90 or 180 days unless during such periods substantial progress is made in obtaining, accounting for, and repatriation of American missing and war dead remaining in Southeast Asia, and the President so certifies to the Congress. A Presidential certification of "progress in securing the cooperation of the Governments of North and South Vietnam" is required at the end of the first 90 days. A certification of substantial accounting for those missing and return of identifiable remains is required within 180 days. In the absence of such certifications, limitations on the embargo would be removed and the President would be free to continue at his discretion under existing general statutory authority either a limited or total embargo.

While the administration was opposed to the establishment of a direct and overt link between trade and the MIA problem, families of Americans missing in Southeast Asia and organizations representing them, expressed the view to members of the committee that such a "safeguard" was necessary to increase the likelihood that the partial lifting of the embargo would aid efforts to account for the missing—both military and civilian.

Though the executive branch has adequate authority to take the action called for in this section without congressional directive, the committee found no indication of any sense of urgency on the part of the executive branch officials to move in this direction. In 10 months, the only progress that has been achieved in these matters has been brought about by congressional initiatives, particularly those of the House Select Committee on MIA's.

This section makes no provision for any Government aid or credit for Vietnam. Existing statutory prohibitions against such aid and credits will continue in force. The section would not require diplomatic recognition of the Governments of North or South Vietnam, and no such recognition is intended. Moreover, the economic consequences of the measure would not be great. The Vietnamese have little hard currency and no credit with which to engage in extensive trade with the United States. Resumption of oil drilling by American companies on terms they might agree upon directly with officials of the Governments of Vietnam is the major trade development likely to result from this modification in our economic policy toward Vietnam.

The measure does, however, constitute a modest first step in a gradual process hopefully leading toward ultimate United States-Vietna-

mese reconciliation. It makes possible limited private trade in non-military goods and technology. It would encourage and facilitate accounting for Americans missing in Southeast Asia. It would also make possible direct discussions concerning American investments and property left behind in Vietnam, and would facilitate provision by private humanitarian groups in the United States of assistance to the Vietnamese people. Such developments have been inhibited or entirely precluded by the embargo for reasons the administration has been unable clearly to justify. The committee concludes that the United States will be in a better position to assess the new Governments of Vietnam, and perhaps to begin to resolve our differences with those Governments through reciprocal actions, if these limited relationships are made feasible and even encouraged to an extent impossible under a total embargo.

Section 416—Soviet Intervention in Angola

This section expresses the concern of Congress with the large-scale and continuing Soviet intervention in Angola, including Soviet sponsorship and support for Cuban Armed Forces there. It states that such intervention is inconsistent with détente, Articles 1 and 2 of the U.N. Charter, the principle of noninterference in the affairs of other countries, and the spirit of recent bilateral United States-Soviet agreements. Accordingly, it concludes that such intervention should be taken explicitly into account in U.S. foreign policy planning and negotiations.

REQUIRED REPORTS SECTION

COST ESTIMATES

Pursuant to clause 7, rule XIII of the Rules of the House of Representatives, the committee has examined the requests submitted by the President to carry out the various programs authorized by this bill. It has made adjustments in the requests and recommends \$3,459,950,000 as shown in the table in the section on "Major Purpose of the Bill". For the interim quarter (July 1, 1976, through September 30, 1976) the committee approved such sums as may be necessary but not more than one-fourth of the amounts authorized for each program and activity in the bill for fiscal year 1976.

Any projection for the next 5 years is difficult to make. The program has been restructured by this bill and a period of experience will be necessary to determine if the new emphasis meets congressional expectations. Changing foreign policy interests of the United States and defense requirements of its friends and allies add uncertainties.

Consequently, a straight-line projection of the costs described above with respect to fiscal year 1976 can provide, at best, a tentative and uncertain estimate.

STATEMENTS REQUIRED BY RULE XI(1)(3) OF HOUSE RULES

A. OVERSIGHT FINDINGS AND RECOMMENDATIONS

The major reforms of the grant military assistance and foreign military sales programs made under this bill are a direct result of the continuous oversight of those programs by the Committee on International Relations in general and the Subcommittee on Oversight in particular. Principal sources of oversight have been:

- (1) Review of all foreign assistance programs by members of the committee, collectively and individually, by the subcommittees, and by the full and subcommittee staffs.
- (2) Studies and reports by the General Accounting Office, and the Congressional Research Service.
- (3) Reports on several study missions undertaken by members as well as staff around the world, particularly in Europe, the Far East and the Middle East.

(4) Almost daily contact with the executive branch agencies responsible for the implementation of the assistance programs.

B. BUDGET AUTHORITY

The bill does not create a new budget authority. Rather, it authorizes the creation of such budget authority by authorizing appropriations for fiscal year 1976 and the interim quarter between July 1, 1976 and October 1, 1976. The section of this report entitled "Principal Purpose

of the Bill: Authorization" shows the actual amounts authorized to be appropriated.

C. CONGRESSSIONAL BUDGET OFFICE ESTIMATE AND COMPARISON

No estimates and comparisons from the Office of the Director of the Congressional Budget Office under section 403 of the Congressional Budget Act of 1974 have been received by the committee.

D. COMMITTEE ON GOVERNMENT OPERATIONS SUMMARY

No oversight findings and recommendations have been received which relate to this bill from the Committee on Government Operations under clause 2(b) (2) of Rule X.

INFLATIONARY IMPACT STATEMENT

It is difficult if not impossible, to measure the inflationary impact of this measure upon the economy of the United States. The bill authorizes the appropriation of \$3,459.9 million for fiscal year 1976 which is less than 1 percent of the current gross national product.

Furthermore, not all of the funds will be expended in fiscal year 1976. The bill authorizes the appropriation of funds for security assistance programs. A large part of the funds appropriated will be used for the procurement of defense articles which have a long lead time in production. Thus the expenditure of a significant part of the money authorized under this bill will be spread over a period of years further diminishing whatever inflationary impact the infusion of such funds might have on the economy.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3 of Rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman) :

FOREIGN ASSISTANCE ACT OF 1961

* * * * *

PART I

CHAPTER 1—POLICY; DEVELOPMENT ASSISTANCE AUTHORIZATIONS

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CHAPTER 5—[DISASTER RELIEF] *CONTINGENCY FUND*

SEC. 451. CONTINGENCY FUND.—(a) There is authorized to be appropriated to the President for the fiscal year [1975] 1976 not to exceed \$5,000,000, to provide assistance authorized by this part [or by section 639] for any emergency purpose only in accordance with the provisions applicable to the furnishing of such assistance. *Amounts appropriated under this section are authorized to remain available until expended.*

(b) The President shall submit quarterly reports to the Committee on Foreign Relations and the Committee on Appropriations of the Senate and the Speaker of the House of Representatives on the programming and obligation of funds under this section.

(c) No part of this fund shall be used to pay for any gifts to any officials of any foreign government made heretofore or hereafter.

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CHAPTER 8—INTERNATIONAL NARCOTICS CONTROL

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SEC. 482. AUTHORIZATION.—To carry out the purposes of section 481, there are authorized to be appropriated to the President \$42,500,000 for each of the fiscal years 1974 and 1975 and \$42,500,000 for the fiscal year 1976, no part of which may be obligated for or on behalf of any country where illegal traffic in opiates has been a significant problem unless and until the President determines and certifies in writing to the Speaker of the House of Representatives and the chairman of the Committee on Foreign Relations of the Senate that assistance furnished

to such country pursuant to the authority in this chapter is significantly reducing the amount of illegal opiates entering the international market. Amounts appropriated under this section are authorized to remain available until expended.

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CHAPTER 9—INTERNATIONAL DISASTER ASSISTANCE

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SEC. 495. CYPRUS RELIEF AND REHABILITATION.—The President is authorized to furnish assistance, on such terms and conditions as he may determine, for the relief and rehabilitation of refugees and other needy people in Cyprus. There is authorized to be appropriated for the purposes of this section, in addition to amounts otherwise available for such purposes, **[\$30,000,000]** \$50,000,000. Such amount is authorized to remain available until expended. Assistance under this section shall be provided in accordance with the policy and general authority contained in section 491.

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PART II

CHAPTER 1—POLICY

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【SEC. 502B. HUMAN RIGHTS.—(a) It is the sense of Congress that, except in extraordinary circumstances, the President shall substantially reduce or terminate security assistance to any government which engages in a consistent pattern of gross violations of internationally recognized human rights, including torture or cruel, inhuman or degrading treatment or punishment; prolonged detention without charges; or other flagrant denials of the right to life, liberty, and the security of the person.

【(b) Whenever proposing or furnishing security assistance to any government falling within the provisions of paragraph (a), the President shall advise the Congress of the extraordinary circumstances necessitating the assistance.

【(c) In determining whether or not a government falls within the provisions of subsection (a), consideration shall be given to the extent of cooperation by such government in permitting an unimpeded investigation of alleged violations of internationally recognized human rights by appropriate international organizations, including the International Committee of the Red Cross and anybody acting under the authority of the United Nations or of the Organization of American States.

【(d) For purposes of this section, “security assistance” means assistance under chapter 2 (military assistance) or chapter 4 (security supporting assistance) of this part, assistance under part V (Indochina Postwar Reconstruction) or part VI (Middle East Peace) of this Act, sales under the Foreign Military Sales Act, or assistance for public safety under this or any other Act.

【(A) to any particular defense article or defense service which the United States Government agreed, prior to the date of enactment of this subsection, to lend; and

【(B) to any defense article or defense service, or portion thereof, acquired with funds appropriated for military assistance under this Act.】

SEC. 502B. HUMAN RIGHTS.—(a) Except as provided in subsection (c) (3), no security assistance may be provided to any government which engages in a consistent pattern of gross violations of internationally recognized human rights.

(b) The President shall transmit to Congress, as a part of the presentation materials for security assistance for each fiscal year, a statement for each country proposed to be included in such program on the status of internationally recognized human rights in such country.

(c) The President, upon the request of the Committee on International Relations of the House of Representatives or the Committee on Foreign Relations of the Senate, shall transmit to such Committee, within thirty days after such request is made, a report with respect to the country designated in such request, setting forth all the available information about observance of and respect for human rights and fundamental freedom in that country, and a statement that such information—

(1) does not clearly raise a serious question that there is a consistent pattern of gross violations of internationally recognized human rights in such country;

(2) does raise such a question, in which case no new obligation for security assistance shall be entered into with respect to such government during the then current fiscal year except subject to such conditions as Congress may impose under subsection (d) (2); or

(3) does raise such a question but that—

(A) extraordinary circumstances exist which necessitate a continuation of security assistance,

(B) on all the facts it is in the national interest of the United States to provide the security assistance proposed,

(C) all appropriate steps are being taken to disassociate the United States and the security assistance in question from the actions and circumstances giving rise to the serious question, and

(D) substantial steps are being taken by the United States to promote respect for and observance of human rights in that country.

(d) (1) In the event a report is requested pursuant to subsection (c) but is not transmitted in accordance therewith, after thirty days from the date on which such report was requested, no security assistance shall be furnished for the remainder of the then current fiscal year to the country with respect to which such request was made.

(2) In the event a report with respect to a country is transmitted under subsection (c), Congress may, within the first period of ninety calendar days of continuous session after such report is transmitted, adopt a concurrent resolution (A) disapproving such report, and (B)

terminating, restricting, or restoring security assistance to the government of such country. Thereafter, security assistance may be furnished to such country only as provided in such concurrent resolution.

(3) For the purposes of this subsection, the continuity of a session is broken only by an adjournment of the Congress sine die, and the days on which either House is not in session because of an adjournment of more than three days to a day certain are excluded in the computation of the period indicated.

(e) In determining whether or not a government falls within the provisions of subsection (a), consideration shall be given to—

(1) the relevant findings of appropriate international organizations, including nongovernmental organizations such as the International Committee of the Red Cross, and other organizations having consultative status with the United Nations; and organizations acting under the authority of the United Nations, the Organization of American States, the Council of Europe, or other appropriate regional organizations of states; and

(2) the extent of cooperation by such government in permitting an unimpeded investigation by any such organization of alleged violations of internationally recognized human rights.

(f) For the purposes of this section—

(1) "gross violations of internationally recognized human rights" includes torture or cruel, inhuman, or degrading treatment or punishment, prolonged detention without charges and trial, and other flagrant denial of the right to life, liberty, and the security of person; and

(2) "security assistance" means—

(A) assistance under chapter 2 (military assistance) or chapter 4 (security supporting assistance) of this part or under part VI (assistance to the Middle East) of this Act;

(B) sales of defense articles or services, extensions of credits (including participation in credits), and guarantees of loans under the Foreign Military Sales Act;

(C) any license with respect to the transportation of arms, ammunitions, or implements of war (including technical data relating thereto) under section 414 of the Mutual Security Act of 1954;

(D) assistance for public safety under this or any other Act; and

(E) military education and training furnished under chapter 5 of this part.

* * * * *

[SEC. 504. AUTHORIZATION.—(a) There is authorized to be appropriated to the President to carry out the purposes of this part not to exceed \$600,000,000 for the fiscal year 1975; *Provided*, That funds made available for assistance under this chapter (other than (1) training in the United States, or (2) for Western Hemisphere countries, training in the United States or in the Canal Zone) shall not be used to furnish assistance to more than thirty-one countries in any fiscal year: *Provided further*, That none of the funds appropriated pursuant to this subsection shall be used to furnish sophisticated weapons systems, such as missile systems and jet aircraft for military purposes,

to any underdeveloped country, unless the President determines that the furnishing of such weapons systems is important to the national security of the United States and reports within thirty days each such determination to the Congress. Amounts appropriated under this subsection are authorized to remain available until expended. Amounts appropriated under this subsection shall be available for cost-sharing expenses of United States participation in the military headquarters and related agencies program.]

SEC. 504. AUTHORIZATION.—(a) (1) There is authorized to be appropriated to the President to carry out the purposes of this chapter \$334,000,000 for fiscal year 1976. Of the amounts available to carry out this chapter not more than the following amounts may be allocated and made available to or otherwise obligated for each of the following countries for such year:

(A) Republic of Korea	-----	\$65,000,000
(B) Thailand	-----	25,000,000
(C) Jordan	-----	70,000,000
(D) Philippines	-----	19,600,000
(E) Indonesia	-----	19,400,000
(F) Ethiopia	-----	10,000,000
(G) Greece	-----	50,000,000
(H) Turkey	-----	50,000,000

The amount specified in this paragraph for military assistance to any such country for fiscal year 1976 may be increased by not more than 10 per centum of such amount if the President deems such increase necessary for the purposes of this chapter.

(2) Not to exceed \$25,000,000 of the funds appropriated under paragraph (1) for fiscal year 1976 may be used to carry out the purposes of this chapter with respect to international organizations and, subject to the limitation contained in paragraph (3), to countries which are not designated in paragraph (1).

(3) Except with respect to costs incurred under the authority of section 516 (b), funds made available for assistance under this chapter may not be used to furnish assistance to more than seventeen countries (including those countries designated in paragraph (1)) in fiscal year 1976.

(4) The authority of section 610 (a) and of section 614 (a) may not be used to increase any amount specified in paragraph (1) or (2) or to waive the limitation contained in paragraph (3). The limitations contained in paragraphs (1), (2), and (3) shall not apply to emergency assistance furnished under 506 (a).

(5) There is authorized to be appropriated to the President for administrative expenses incurred in carrying out the purposes of this chapter \$32,000,000 for fiscal year 1976.

(6) None of the funds appropriated under this subsection shall be used to furnish sophisticated weapons systems, such as missile systems and jet aircraft for military purposes, to any less developed country, unless the President determines that the furnishing of such weapons systems is important to the national security of the United States and reports within thirty days each such determination to the Congress.

(7) Amounts appropriated under this subsection are authorized to remain available until expended.

(8) *With respect to future requests for foreign military assistance and security supporting assistance authorizations, the President shall take into account, in determining the level of security assistance requests for individual countries, the position taken by such countries in international organizations which affect important United States interests.*

* * * * *
 SEC. 505. CONDITIONS OF ELIGIBILITY.—(a) * * *

* * * * *
 (e) In considering a request for approval of any transfer of any weapon, weapons system, munitions, aircraft, military boat, military vessel, or other implement of war to another country, the President shall not give his consent under subsection (a)(1) or (a)(4) to the transfer unless the United States itself would transfer the defense article under consideration to that country [and prior to the date he intends to give his consent to the transfer, the President notifies the Speaker of the House of Representatives and the Committee on Foreign Relations of the Senate in writing of each such intended consent, the justification for giving such consent, the defense article for which he intends to give his consent to be so transferred], and the foreign country to which that defense article is to be transferred. In addition, the President shall not give his consent under subsection (a)(1) or (a)(4) to the transfer of any significant defense articles on the United States Munitions List unless the foreign country requesting consent to transfer agrees to demilitarize such defense articles prior to transfer, or the proposed recipient foreign country provides a commitment in writing to the United States Government that it will not transfer such defense articles if not demilitarized, to any other foreign country or person without first obtaining the consent of the President.

* * * * *
 (g) (1) *It is the policy of the United States that no assistance under this chapter should be furnished to any foreign country, the laws, regulations, official policies, or governmental practices of which prevent any United States national from participating in the furnishing of defense articles or defense services under this chapter on the basis of race, religion, national origin, or sex.*

(2) (A) *No agency performing functions under this chapter shall, in employing or assigning personnel to participate in the performance of any such function whether in the United States or abroad, take into account the exclusionary policies or practices of any foreign government where such policies or practices are based upon race, religion, national origin, or sex.*

(B) *Each contract entered into by any agency referred to in subparagraph (A) of this paragraph for the performance of any function under this chapter shall contain a provision to the effect that no person, partnership, corporation, or other entity performing functions pursuant to such contract, shall, in employing or assigning personnel to participate in the performance of any such function whether in the United States or abroad, take into account the exclusionary policies or practices of any foreign government where such policies or practices are based upon race, religion, national origin, or sex.*

(3) *The President shall promptly transmit reports to the Speaker of the House of Representatives and the chairman of the Committee on Foreign Relations of the Senate concerning any transaction in which any United States person (as defined in section 7701(a)(30) of the Internal Revenue Code of 1954) is prevented by a foreign government on the basis of race, religion, national origin, or sex, from participating in the furnishing of assistance under this chapter, or education and training under chapter 5, to any foreign country. Such report shall include (A) a description of the facts and circumstances of any such discrimination, (B) the response thereto on the part of the United States or any agency or employee thereof, and (C) the result of such response, if any.*

[SEC. 506. SPECIAL AUTHORITY.—(a) During the fiscal year 1975 the President may, if he determines it to be in the security interests of the United States, order defense articles from the stocks of the Department of Defense and defense services for the purposes of part II, subject to subsequent reimbursement therefor from subsequent appropriations available for military assistance. The value of such orders under this subsection in the fiscal year 1975 shall not exceed \$150,000,000.]

SEC. 506. SPECIAL AUTHORITY.—(a) *The President may order defense articles from the stocks of the Department of Defense and defense services for the purposes of this part, subject to subsequent reimbursement therefor from subsequent appropriations available for military assistance, if he determines that an emergency exists which requires such action and that such action is in the security interests of the United States, except that the sum of—*

- (1) *the value of such defense articles, and*
- (2) *the costs to the United States of such defense services,*

which are ordered under this section in any fiscal year may not exceed \$50,000,000. The authority contained in this section shall be effective in any fiscal year only to the extent provided in an appropriation Act.

* * * * *
 [SEC. 510. Restrictions on Training Foreign Military Students.—The number of foreign military students to be trained in the United States in any fiscal year, out of funds appropriated pursuant to this part, may not exceed a number equal to the number of foreign civilians brought to the United States under the Mutual Educational and Cultural Exchange Act of 1961 in the immediately preceding fiscal year.]

* * * * *
 [SEC. 514. Stockpiling of Defense Articles for Foreign Countries.—(a) Notwithstanding any other provision of law, no funds, other than funds made available under this chapter or section 401(a) of Public Law 89-367 (80 Stat. 37), or any subsequent corresponding legislation, may be obligated for the purpose of stockpiling any defense article or war reserve material, including the acquisition, storage, or maintenance of any war reserve equipment, secondary items, or munitions, if such article or material is set aside, reserved, or in any way earmarked or intended for future use by any foreign country under this Act or such section.

(b) *The cost of any such article or material set aside, reserved, or in any way earmarked or intended by the Department of Defense for future use by, for or on behalf of the country referred to in section*

401 (a) (1) of Public Law 89-367 (80 Stat. 37) shall be charged against the limitation specified in such section or any subsequent corresponding legislation, for the fiscal year in which such article or material is set aside, reserved, or otherwise earmarked or intended; and the cost of any such article or material set aside, reserved or in any way earmarked or intended for future use by, for, or on behalf of any other foreign country shall be charged against funds authorized under this chapter for the fiscal year in which such article or material is set aside, reserved, or otherwise earmarked. No such article or material may be made available to or for use by any foreign country unless such article or material has been charged against the limitation specified in such section, or any subsequent corresponding legislation, or against funds authorized under this chapter, as appropriate.】

SEC. 514. STOCKPILING OF DEFENSE ARTICLES FOR FOREIGN COUNTRIES.—No defense article in the inventory of the Department of Defense which is set aside, reserved, or in any way earmarked or intended for future use by any foreign country may be made available to or for use by any foreign country unless such transfer is authorized under this Act or the Foreign Military Sales Act, or any subsequent corresponding legislation, and such transfer is charged against funds authorized under such legislation or against the limitations specified in such legislation, as appropriate, for the fiscal period in which such defense article is transferred. The value of defense articles to be set aside, earmarked, reserved, or intended for use as war reserve stocks for allied or other foreign countries (other than for purposes of the North Atlantic Treaty Organization) in stockpiles located in foreign countries may not exceed in any fiscal year an amount greater than is specified in security assistance authorizing legislation for that fiscal year. For the fiscal year 1976, the value of such additions to stockpiles in foreign countries shall not exceed \$150,000,000 and shall not exceed one-fourth of this amount for the period beginning July 1, 1976, and ending September 30, 1976. The President shall promptly report to the Congress each new stockpile, or addition to an existing stockpile, described in the section of defense articles valued in excess of \$10,000,000 in any fiscal year.

SEC. 515. MILITARY ASSISTANCE ADVISORY GROUPS AND MISSIONS.—【Effective July 1, 1976.】 (a) During the period beginning July 1, 1976, and ending September 30, 1977, an amount equal to each sum expended under any provision of law, other than section 504 of this Act, with respect to any military assistance advisory group, military mission, or other organization of the United States performing activities similar to such group or mission, shall be deducted from the funds made available under such section 504, and (1) if reimbursement of such amount is requested by the agency of the United States Government making the expenditure, reimbursed to that agency, or (2) if no such reimbursement is requested, deposited in the Treasury as miscellaneous receipts.

(b) (1) After September 30, 1977, no military assistance advisory group, military mission, or other organization of United States military personnel performing similar military advisory functions under this Act may operate in any foreign country unless specifically authorized by the Congress.

(2) After September 30, 1977, the President may assign not more than three members of the Armed Forces of the United States to the

Chief of each United States Diplomatic Mission to perform such functions as such Chief of Mission determines necessary with respect to international military training provided under chapter 5 of this part, to sales of defense articles and services under the Foreign Military Sales Act, or to such other international security assistance programs as the President may designate. No such functions or related activities may be performed by any defense attachés assigned, detailed, or attached to the United States Diplomatic Mission in any foreign country.

(3) There are authorized to be appropriated for fiscal year 1978 and each subsequent fiscal year not to exceed \$2,500,000 to carry out paragraph (2) of this subsection, which amounts are authorized to remain available until expended, to pay (or to reimburse the appropriations, funds, or accounts used to pay) the salaries, allowances, and other administrative expenses incurred therefor. The authority of section 610(a) and of section 614(a) may not be used to increase amounts appropriated under this paragraph.

SEC. 516. TERMINATION OF AUTHORITY.—(a) Except to the extent that the Congress may, subsequent to the enactment of this section, authorize the furnishing of military assistance in accordance with this chapter to specified countries in specified amounts, the authorities contained in this chapter (other than the authorities contained in sections 506, 514, and 515(b) (2)) shall terminate on September 30, 1977, except that such authorities shall remain available until September 30, 1980, to the extent necessary to carry out obligations incurred under this chapter prior to September 30, 1977.

(b) Funds available to carry out this chapter shall be available—

(1) for the winding up of military assistance programs under this chapter, including payment of the costs of packing, crating, handling, and transporting defense articles furnished under this chapter and of related administrative costs; and

(2) for costs incurred under section 503(c) with respect to defense articles on loan to countries no longer eligible under section 504(a) for military assistance.

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CHAPTER 4—SECURITY SUPPORTING ASSISTANCE

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【SEC. 532. AUTHORIZATION.—There is authorized to be appropriated to the President to carry out the purposes of this chapter for the fiscal year 1975 not to exceed \$660,000,000: *Provided*, That where commodities are furnished on a grant basis under this chapter under arrangements which will result in the accrual of proceeds to the Government of Vietnam from the sale thereof, arrangements should be made to assure that such proceeds will not be budgeted by the Government of Vietnam for economic assistance projects or programs unless the President or his representative has given prior written approval. Amounts appropriated under this section are authorized to remain available until expended. None of the funds authorized by this section shall be made available to the Government of Vietnam unless, beginning in January 1971, and quarterly thereafter, the President of the United States shall determine that the accommodation rate of exchange, and the rate of exchange for United States Government pur-

chases of piasters for goods and services, between said Government and the United States is fair to both countries.]

SEC. 532. AUTHORIZATION.—(a) *There is authorized to be appropriated to the President to carry out the purposes of this chapter for the fiscal year 1976 \$1,883,300,000, of which not less than \$90,000,000 shall be available only for Greece. Amounts appropriated under this section are authorized to remain available until expended.*

(b) *Of the amount authorized to be appropriated in subsection (a), not to exceed \$1,657,500,000 is authorized to be appropriated for furnishing assistance pursuant to the provisions of this chapter to Israel, Egypt, and other countries of the Middle East region in support of the effort undertaken to bring peace, stability, and economic progress to the people who reside in that region of the world, not less than \$755,000,000 of which shall be available solely for Israel and not less than \$750,000,000, of which shall be available solely for Egypt.*

* * * * *

CHAPTER 5—INTERNATIONAL MILITARY EDUCATION AND TRAINING

SEC. 541. GENERAL AUTHORITY.—*The President is authorized to provide education and training for military and related civilian personnel of foreign countries on such terms and conditions as he shall determine, but whenever feasible on a reimbursable basis, including—*

(1) *attendance at military educational and training facilities in the United States (other than the Service Academies) and abroad;*

(2) *attendance in special courses of instruction at schools and institutions of learning or research in the United States or abroad; and*

(3) *observation and orientation visits to military facilities and related activities in the United States and abroad.*

SEC. 542. AUTHORIZATION.—*There are authorized to be appropriated to the President to carry out the purposes of this chapter \$28,150,000 for the fiscal year 1976.*

SEC. 543. PURPOSES.—*Education and training activities conducted under this chapter shall be designed—*

(1) *to encourage effective and mutually beneficial relationships and increased understanding between the United States and foreign countries, in furtherance of the goals of international peace and security; and*

(2) *to improve the ability of participating foreign countries to utilize their resources, including defense articles and defense services obtained by them from the United States, with maximum effectiveness, thereby contributing to greater self-reliance by such countries.*

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PART III

CHAPTER 1—GENERAL PROVISIONS

SEC. 620. PROHIBITIONS AGAINST FURNISHING ASSISTANCE.—
(a) (1) * * *

* * * * *

(x) (1) All military assistance, all sales of defense articles and services (whether for cash or by credit, guaranty, or any other means), and all licenses with respect to the transportation of arms, ammunitions, and implements of war (including technical data relating thereto) to the Government of Turkey, shall be suspended on the date of enactment of this subsection unless and until the President determines and certifies to the Congress that the Government of Turkey is in compliance with the Foreign Assistance Act of 1961, the Foreign Military Sales Act, and any agreement entered into under such Acts, and that substantial progress toward agreement has been made regarding military forces in Cyprus: [Provided, That the President is authorized to suspend the provisions of this section and of section 3(c) of the Foreign Military Sales Act only with respect to sales, credits, and guaranties under the Foreign Military Sales Act, as amended, for the procurement of such defense articles and defense services as the President determines and certifies to the Congress are necessary in order to enable Turkey to fulfill her defense responsibilities as a member of the North Atlantic Treaty Organization. Any such suspension shall be effective only while Turkey shall observe the ceasefire and shall neither increase its forces on Cyprus nor transfer to Cyprus any United States supplied arms, ammunition, and implements of war.]¹ *Provided, That the President may suspend the provisions of this subsection and of section 3(c) of the Foreign Military Sales Act with respect to cash sales and extensions of credits and guaranties under such Act for the procurement of such defense articles and defense services as the President determines are necessary to enable Turkey to fulfill her defense responsibilities as a member of the North Atlantic Treaty Organization, except that during the fiscal year 1976 and the period beginning July 1, 1976, and ending September 30, 1976, the total value of defense articles and defense services sold to Turkey under such Act, either for cash or financed by credits and guaranties, shall not exceed \$125,000,000. Any such suspension shall be effective only so long as Turkey observes the cease-fire on Cyprus, does not increase its military forces or its civilian population on Cyprus, and does not transfer to Cyprus any United States supplied arms, ammunition, or implements of war. The determination required by the proviso in the first*

¹ Section 2(c)(1) of the Act of October 6, 1975 (Public Law 94-104), contained an amendment to section 620(x)(1) of the Foreign Assistance Act of 1961 which was to become effective "only upon enactment of foreign assistance legislation authorizing sales, credits, and guaranties under the Foreign Military Sales Act for fiscal year 1976". i.e., upon enactment of this bill. That amendment will be superseded by the amendment to 620(x)(1) contained in section 414 of this bill. In order to show the actual change in law which will occur as the result of the enactment of this bill, section 620(x)(1) as amended by the Act of October 6, 1975, is shown above in roman type (including the roman type contained within the brackets), with the new language to be added by this bill shown in italic type. Section 620(x) of the Foreign Assistance Act of 1961 currently reads as follows:

SEC. 620. PROHIBITIONS AGAINST FURNISHING ASSISTANCE.—(a) (1) * * *

(x) All military assistance, all sales of defense articles and services (whether for cash or by credit, guaranty, or any other means), and all licenses with respect to the transportation of arms, ammunitions, and implements of war (including technical data relating thereto) to the Government of Turkey, shall be suspended on the date of enactment of this subsection unless and until the President determines and certifies to the Congress that the Government of Turkey is in compliance with the Foreign Assistance Act of 1961, the Foreign Military Sales Act, and any agreement entered into under such Acts, and that substantial progress toward agreement has been made regarding military forces in Cyprus. *Provided*, That the President is authorized to suspend the provisions of this section and such acts if he determines that such suspension will further negotiations for a peaceful solution of the Cyprus conflict. Any such suspension shall be effective only until February 5, 1975, and only if, during that time, Turkey shall observe the ceasefire and shall neither increase its forces on Cyprus nor transfer to Cyprus any U.S. supplied implements of war.

sentence of this paragraph shall be made, on a case-by-case basis, with respect to each cash sale, each approval for use of credits, and each approval for use of a guaranty for Turkey. Each such determination shall be reported to the Congress and shall be accompanied by a full and complete statement of the reasons supporting the President's determination and a statement containing the information specified in clauses (A) through (D) of section 2(c)(4) of the Act of October 6, 1975 (Public Law 94-104). In any case involving the sale of significant combat equipment on the United States munitions list in which the congressional review provisions of section 36(b) of the Foreign Military Sales Act do not apply, the President may not issue the letter to offer or approve the use of the credits or guaranty, as the case may be, until the end of the thirty-day period beginning on the date on which the report required by the preceding sentence is submitted to the Congress.

(2) The President shall submit to the Congress within sixty days after the enactment of this paragraph, and at the end of each succeeding sixty-day period, a report on progress made during such period toward the conclusion of a negotiated solution of the Cyprus conflict.

SEC. 620A. PROHIBITION AGAINST FURNISHING ASSISTANCE TO COUNTRIES WHICH GRANT SANCTUARY TO INTERNATIONAL TERRORISTS.—(a) *Except under extraordinary circumstances, the President shall terminate all assistance under this Act to any government which grants sanctuary from prosecution to any individual or group that has committed an act of international terrorism and may not thereafter furnish assistance to such government until the end of the one year period beginning on the date of such termination, except that if during its period of ineligibility for assistance such country grants sanctuary from prosecution to any other individual or group that has committed an act of international terrorism, such country's period of ineligibility shall be extended for an additional year for each such individual or group.*

(b) *If the President determines that extraordinary circumstances exist which justify a continuation of assistance to any government described in subsection (a), he shall report such extraordinary circumstances to the Speaker of the House of Representatives and the Committee on Foreign Relations of the Senate. Assistance may not be furnished to such government if the Congress, within thirty calendar days of receiving such report, adopts a concurrent resolution stating in effect that it does not find that extraordinary circumstances exist which justify assistance to such government.*

SEC. 622. COORDINATION WITH FOREIGN POLICY.—(a) Nothing contained in this Act shall be construed to infringe upon the powers or functions of the Secretary of State.

(b) The President shall prescribe appropriate procedures to assure coordination among representatives of the United States Government in each country, under the leadership of the Chief of the United States Diplomatic Mission. The Chief of the Diplomatic Mission shall make sure that recommendations of such representatives pertaining to military assistance (including civic action) and military education and training programs are coordinated with political and economic con-

siderations, and his comments shall accompany such recommendations if he so desires.

(c) Under the direction of the President, the Secretary of State shall be responsible for the continuous supervision and general direction of economic assistance [and military assistance], military assistance, and military education and training programs, including but not limited to determining whether there shall be a military assistance (including civic action) or a military education and training program for a country and the value thereof, to the end that such programs are effectively integrated both at home and abroad and the foreign policy of the United States is best served thereby.

SEC. 623. THE SECRETARY OF DEFENSE.—(a) In the case of assistance under part II of this Act, the Secretary of Defense shall have primary responsibility for—

- (1) the determination of military end-item requirements;
- (2) the procurement of military equipment in a manner which permits its integration with service programs;
- (3) the supervision of end-item use by the recipient countries;
- (4) the supervision of the training of foreign military and related civilian personnel;
- (5) the movement and delivery of military end-items; and
- (6) within the Department of Defense, the performance of any other functions with respect to the furnishing of military assistance, education and training.

SEC. 632. ALLOCATION AND REIMBURSEMENT AMONG AGENCIES.—(a) The President may allocate or transfer to any agency of the United States Government any part of any funds available for carrying out the purposes of this Act, including any advance to the United States Government by any country or international organization for the procurement of commodities, defense articles, military education and training or services (including defense services). Such funds shall be available for obligation and expenditure for the purposes for which authorized, in accordance with authority granted in this Act or under authority governing the activities of the agencies of the United States Government to which such funds are allocated or transferred.

(b) Any officer of the United States Government carrying out functions under this Act may utilize the services (including defense services) and facilities of, or procure commodities [and], defense articles, or military education and training from, any agency of the United States Government as the President shall direct, or with the consent of the head of such agency, and funds allocated pursuant to this subsection to any such agency may be established in separate appropriation accounts on the books of the Treasury.

(c) In the case of any commodity, service, or facility procured from any agency of the United States Government to carry out part I, reimbursement or repayment shall be made to such agency from funds available to carry out such part. Such reimbursement or payment shall be at replacement cost, or, if required by law, at actual cost, or at any other price authorized by law and agreed to by the owning or disposing agency. The amount of any such reimbursement or payment shall

be credited to current applicable appropriations, funds, or accounts, from which there may be procured replacements of similar commodities, services, or facilities, except that where such appropriations, funds, or accounts are not reimbursable except by reason of this subsection, and when the owning or disposing agency determines that such replacement is not necessary, any funds received in payment therefor shall be deposited into the Treasury as miscellaneous receipts.

(d) Except as otherwise provided in section 506, reimbursement shall be made to any United States Government agency, from funds available for use under part II, for any assistance furnished under part II from, by, or through such agency. Such reimbursement shall be in an amount equal to the value (as defined in section 644(m)) of the defense articles or of the defense services (other than salaries of members of the Armed Forces of the United States), or other assistance furnished, plus expenses arising from or incident to operations under part II. The amount of such reimbursement shall be credited to the current applicable appropriations, funds, or accounts of such agency.

(e) In furnishing assistance under this Act, accounts may be established on the books of any agency of the United States Government or, on terms and conditions approved by the Secretary of the Treasury, in banking institutions in the United States, (1) against which letters of commitment may be issued which shall constitute recordable obligations of the United States Government, and moneys due or to become due under such letters of commitment shall be assignable under the Assignment of Claims Act of 1940, as amended (second and third paragraphs of 31 U.S.C. 203 and 41 (U.S.C. 15)), and (2) from which disbursements may be made to, or withdrawals may be made by, recipient countries or agencies, organizations, or persons upon presentation of contracts, invoices, or other appropriate documentation. Expenditure of funds which have been made available through accounts so established shall be accounted for on standard documentation required for expenditure of funds of the United States Government: *Provided*, That such expenditures for commodities, defense articles, *military education and training* services (including defense services), or facilities procured outside the United States may be accounted for exclusively on such certification as may be prescribed in regulations approved by the Comptroller General of the United States.

* * * * *

SEC. 636. PROVISIONS ON USES OF FUNDS.—(a) * * * *

* * * * *

(g) Funds made available for the purposes of part II shall be available for—

(1) administrative, extraordinary (not to exceed \$300,000 in any fiscal year), and operating expenses incurred in furnishing defense articles, *military education and training* and defense services on a grant or sales basis by the agency primarily responsible for administering part II;

(2) reimbursement of actual expenses of military officers detailed or assigned as tour directors in connection with orientation visits of foreign military *and related civilian* personnel, in accordance with the provisions of section 5702(c) of title 5 of the

United States Code, applicable to civilian officers and employees; and

(3) maintenance, repair, alteration, and furnishing of United States-owned facilities in the District of Columbia or elsewhere for the training of foreign military *and related civilian* personnel, without regard to the provisions of section 3733 of the Revised Statutes (41 U.S.C. 12) or other provision of law requiring a specific authorization or specific appropriation for such public contracts.

* * * * *

SEC. 644. DEFINITIONS.—As used in this Act—

(a) * * *

* * * * *

[(f) "Defense service" includes any service, test, inspection, repair, training, publication, or technical or other assistance, or defense information used for the purposes of furnishing military assistance. "Training" includes formal or informal instruction of foreign students in the United States or overseas by officers or employees of the United States, contract technicians, contractors (including instruction at civilian institutions), or by correspondence courses, technical, educational, or information publications and media of all kinds, training aid, orientation, training exercise, and military advice to foreign military units and forces.]

(f) "Defense service" includes any service, test, inspection, repair, publication, or technical or other assistance or defense information used for the purposes of furnishing military assistance, but shall not include military educational and training activities under chapter 5 of part II.

* * * * *

(n) "Military education and training" includes formal or informal instruction of foreign students in the United States or overseas by officers or employees of the United States, contract technicians, contractors (including instruction at civilian institutions), or by correspondence courses, technical, educational, or information publications and media of all kinds, training aids, orientation, and military advice to foreign military units and forces.

* * * * *

SEC. 657. ANNUAL FOREIGN ASSISTANCE REPORT.—(a) In order that the Congress and the American people may be better and more currently informed regarding the volume and cost of assistance extended by the United States Government to foreign countries and international organizations, and in order that the Congress and the American people may be better informed regarding the sale of arms to foreign countries and international organizations by private industry of the United States, not later than December 31 of each year the President shall transmit to the Congress an annual report, for the fiscal year in which the report is transmitted, showing—

(1) the aggregate dollar value of all foreign assistance provided by the United States Government by any means to all foreign countries and international organizations, and the aggregate dollar value of such assistance by category provided by the United

States Government to each such country and organization, during that fiscal year;

(2) the total amounts of foreign currency paid by each foreign country or international organization to the United States Government in such fiscal year, what each payment was made for, whether any portion of such payment was returned by the United States Government to the country or organization from which the payment was obtained or whether any such portion was transferred by the United States Government to another foreign country or international organization, and, if so returned or transferred, the kind of assistance obtained by that country or organization with those foreign currencies and the dollar value of such kind of assistance;

(3) the aggregate dollar value of all weapons, weapons systems, munitions, aircraft, military boats, military vessels, and other implements of war, and the aggregate dollar value of each category of such implements of war, exported under any export license, to all foreign countries and international organizations and to each such country and organization, during that fiscal year;

(4) all exports of significant defense articles on the United States Munitions List to any foreign government, international organization, or other foreign recipient or purchaser, by the United States under this Act or any other authority, or by any individual corporation, partnership or other association doing business in the United States, including but not limited to, full information as to the particular defense articles so exported, the particular recipient or purchaser, the terms of the export, including the selling price, if any, and such other information as may be appropriate to enable the Congress to evaluate the distribution of the United States defense articles abroad; [and]

(5) *the impact on the readiness of the Armed Forces of the United States and on their capacity to protect the security of the United States and to fulfill mutual defense commitments approved by the Congress of the delivery during such fiscal year of defense articles furnished under this Act or sold under the Foreign Military Sales Act and the rendering during such fiscal year of defense services furnished under this Act or sold under the Foreign Military Sales Act; and*

[(5)] (6) such other matters relating to foreign assistance provided by the United States Government as the President considers appropriate, including explanations of the information required under clauses (1) through [(4)] (5) of this subsection.

* * * * *

SEC. 668. REPORT ON KOREA.—Within ninety days after the enactment of this section, and at least once during each of the next five years, the President shall transmit to the Speaker of the House of Representatives and to the Committees on Foreign Relations and Armed Services of the Senate a report which (1) reviews the progress made under the Republic of Korea's announced program to modernize its armed forces so as to achieve military self-sufficiency by 1980, (2) reports on the role of the United States in mutual security efforts in

Korea, and (3) reports on prospects for or implementation of phased reduction of United States armed forces assigned to duty in the Republic of Korea, in coordination with Korea's timetable for military self-sufficiency.

* * * * *

[PART V

* * * * *

[SEC. 801. GENERAL AUTHORITY.—The President is authorized to furnish, on such terms and conditions as he may determine, assistance for relief and reconstruction of South Vietnam, Cambodia, and Laos, including especially humanitarian assistance to refugees, civilian war casualties, and other persons disadvantaged by hostilities or conditions related to those hostilities in South Vietnam, Cambodia, and Laos. No assistance shall be furnished under this section to South Vietnam unless the President receives assurances satisfactory to him that no assistance furnished under this part, and no local currencies generated as a result of assistance furnished under this part, will be used for support of police, or prison construction and administration, within South Vietnam.

[SEC. 802. AUTHORIZATION.—There are authorized to be appropriated to the President to carry out the purposes of this chapter, in addition to funds otherwise available for such purposes, for the fiscal year 1974 not to exceed \$504,000,000, which amount is authorized to remain available until expended.

[SEC. 803. ASSISTANCE TO SOUTH VIETNAMESE CHILDREN.—(a) It is the sense of the Congress that inadequate provision has been made (1) for the establishment, expansion, and improvement of day care centers, orphanages, hostels, school feeding programs, health and welfare programs, and training related to these programs which are designed for the benefit of South Vietnamese children, disadvantaged by hostilities in Vietnam or conditions related to those hostilities, and (2) for the adoption by United States citizens of South Vietnamese children who are orphaned or abandoned, or whose parents or sole surviving parent, as the case may be, has irrevocably relinquished all parental rights, particularly children fathered by United States citizens.

[(b) The President is, therefore, authorized to provide assistance, on terms and conditions he considers appropriate, for the purposes described in clauses (1) and (2) of subsection (a) of this section. Of the funds appropriated pursuant to section 802 for fiscal year 1974, \$5,000,000, or its equivalent in local currency, shall be available until expended solely to carry out this section. Not more than 10 per centum of the funds made available to carry out this section may be expended for the purposes referred to in clause (2) of subsection (a). Assistance provided under this section shall be furnished, to the maximum extent practicable, under the auspices of and by international agencies or private voluntary agencies.

[SEC. 804. CENTER FOR PLASTIC AND RECONSTRUCTIVE SURGERY IN SAIGON.—Of the funds appropriated pursuant to section 802 for the fiscal year 1974, not less than \$712,000 shall be available solely for

furnishing assistance to the Center for Plastic and Reconstructive Surgery in Saigon.

SEC. 805. AUTHORITY.—All references to part I, whether heretofore or hereafter enacted, shall be deemed to be references also to this part unless otherwise specifically provided. The authorities available to administer part I of this Act shall be available to administer programs authorized in this part.

SEC. 806. POPULATION, NARCOTICS, INTERNATIONAL HUMANITARIAN AND REGIONAL PROGRAMS.—The provisions of sections 36(c), 38, 39, and 40 of the Foreign Assistance Act of 1974 shall not apply to: (1) funds obligated for purposes of title X of chapter 2 of part I (programs relating to population growth); (2) funds made available under section 482 (programs relating to narcotics control); (3) funds made available for humanitarian assistance through international organizations; or (4) funds obligated for regional programs.]

PART VI

SEC. 901. STATEMENT OF POLICY.—The Congress recognizes that a peaceful and lasting resolution of the divisive issues that have contributed to tension and conflict between nations in the Middle East is essential to the security of the United States and the cause of world peace. The Congress declares and finds that the United States can and should play a constructive role in securing a just and durable peace in the Middle East by facilitating increased understanding between the Arab nations and Israel, and by assisting the nations in the area in their efforts to achieve economic progress and political stability, which are the essential foundations for a just and durable peace. It is the sense of Congress that United States assistance programs in the Middle East should be designated to promote mutual respect and security among the nations in the area and to foster a climate conducive to increased economic development, thereby contributing to a community of free, secure, and prospering nations in the Middle East.

It is further the sense of Congress that none of the funds authorized by this Act should be provided to any nation which denies its citizens the right or opportunity to emigrate.

It is the sense of Congress that the United States will maintain full flexibility to determine Middle East Policy as circumstances may require and that the authority contained in the joint resolution entitled "Joint resolution to implement the United States proposal for the early-warning system in Sinai", approved October 13, 1975 (Public Law 94-110), and the authorizations contained in the amendments made by the International Security Assistance Act of 1976 do not, and shall not in any way be construed to, constitute congressional approval, acceptance, or endorsement (1) of any oral or written commitment, understanding, assurance, promise, or agreement, whether expressed or implied, or any other expression, oral or written (other than the "United States Proposal for the Early Warning System in Sinai"), made by any official of the United States which Israel, Egypt, or any

other nation or organization might construe or interpret as a basis on which it could rely or act, or (2) of any characterization of any such commitment, understanding, assurance, promise, or agreement, or other expression as constituting a "codification" of existing, congressionally approved United States policy.

* * * * *

SEC. 903. (a) SPECIAL REQUIREMENTS FUND.—There are authorized to be appropriated to the President for the fiscal year [1975] 1976 not to exceed [\$100,000,000] \$50,000,000 to furnish assistance under part I of this Act to meet special requirements arising from time to time in carrying out the purposes of this part, in addition to funds otherwise available for such purposes. The funds authorized to be appropriated by this section shall be available for use by the President for assistance authorized by such part in accordance with the provisions applicable to the furnishing of such assistance. Such funds are authorized to remain available until expended.

* * * * *

(c) Of the amount authorized under subsection (a), not less than \$6,000,000 shall constitute a contribution by the United States toward the settlement of the deficit of the United Nations Relief and Works Agency for Palestine Refugees in the Middle East, if the President determines that a reasonable number of other countries will contribute a fair share toward the settlement of such deficit within a reasonable period of time after the date of enactment of the Foreign Assistance Act of 1974. In determining such fair share, the President shall take into consideration the economic position of each such country. Such \$6,000,000 shall be in addition to any other contribution to such Agency by the United States pursuant to any other provision of law.]

(c) Funds appropriated under subsection (a) shall be available to assist the Governments of Egypt and Israel in carrying out activities under the agreement of October 10, 1975, and to pay the costs of implementing the United States proposal for the early warning system in Sinai. Such funds may be obligated without regard to the provisions of subsection (b) of this section, to the extent that the proposed obligation has been justified to the Congress prior to the enactment of this subsection.

(d) Of the amount authorized under subsection (a), not less than \$12,000,000 shall constitute a contribution by the United States toward the settlement of the deficit of the United Nations Relief and Works Agency for Palestine Refugees in the Middle East, if the President determines that a reasonable number of other countries will contribute a fair share toward the settlement of such deficit within a reasonable period of time after the date of enactment of the International Security Assistance Act of 1976. In determining such fair share, the President shall take into consideration the economic position of each such country. Such \$12,000,000 shall be in addition to any other contribution to such Agency by the United States pursuant to any other provision of law.

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FOREIGN MILITARY SALES ACT

* * * * *

Chapter 1—Foreign and National Security Policy Objectives and Restraints

SEC. 1. THE NEED FOR INTERNATIONAL DEFENSE COOPERATION AND MILITARY EXPORT CONTROLS

As declared by the Congress in the Arms Control and Disarmament Act, an ultimate goal of the United States continues to be a world which is free from the scourge of war and the dangers and burdens of armaments; in which the use of force has been subordinated to the rule of law; and in which international adjustments to a changing world are achieved peacefully. In furtherance of that goal, it remains the policy of the United States to encourage regional arms control and disarmament agreements and to discourage arms races.

The Congress recognizes, however, that the United States and other free and independent countries continue to have valid requirements for effective and mutually beneficial defense relationships in order to maintain and foster the environment of international peace and security essential to social, economic, and political progress. Because of the growing cost and complexity of defense equipment, it is increasingly difficult and uneconomic for any country, particularly a developing country, to fill all of its legitimate defense requirements from its own design and production base. The need for international defense cooperation among the United States and those friendly countries to which it is allied by mutual defense treaties is especially important, since the effectiveness of their armed forces to act in concert to deter or defeat aggression is directly related to the operational compatibility of their defense equipment.

Accordingly, it remains the policy of the United States to facilitate the common defense by entering into international arrangements with friendly countries which further the objective of applying agreed resources of each country to programs and projects of cooperative exchange of data, research, development, production, procurement, and logistics support to achieve specific national defense requirements and objectives of mutual concern. To this end, this Act authorizes sales by the United States Government to friendly countries having sufficient wealth to maintain and equip their own military forces at adequate strength, or to assume progressively larger shares of the costs thereof, without undue burden to their economies, in accordance with the restraints and control measures specified herein and in furtherance of the security objectives of the United States and of the purposes and principles of the United Nations Charter.

It is the sense of the Congress that all such sales be approved only when they are consistent with the foreign policy interests of the United States, the purposes of the foreign assistance program of the United States as embodied in the Foreign Assistance Act of 1961, as amended, the extent and character of the military requirement, and the economic and financial capability of the recipient country, with particular regard being given, where appropriate, to proper balance among such sales, grant military assistance, and economic assistance

as well as to the impact of the sales on programs of social and economic development and on existing or incipient arms races.

It is further the sense of Congress that sales and guaranties under sections 21, 22, 23, and 24, shall not be approved where they would have the effect of arming military dictators who are denying the growth of fundamental rights or social progress to their own people: *Provided*, That the President may waive this limitation when he determines it would be important to the security of the United States, and promptly so reports to the Speaker of the House of Representatives and the Committee on Foreign Relations in the Senate.

[In order to reduce the role of the United States Government in the furnishing of defense articles and defense services to foreign countries and international organizations, and return such transactions to commercial channels, the United States Government shall reduce its sales, credit sales, and guaranties of such articles, and defense services as soon as, and to the maximum extent, practicable.]

* * * * *

SEC. 3. ELIGIBILITY.—(a) No defense article or defense service shall be sold by the United States Government under this Act to any country or international organization unless—

(1) the President finds that the furnishing of defense articles and defense services to such country or international organization will strengthen the security of the United States and promote world peace;

(2) the country or international organization shall have agreed not to transfer title to, or possession of, any defense article so furnished to it to anyone not an officer, employee, or agent of that country or international organization and not to use or permit the use of such article for purposes other than those for which furnished unless the consent of the President has first been obtained;

(3) the country or international organization shall have agreed that it will maintain the security of such article and will provide substantially the same degree of security protection afforded to such article by the United States Government; and

(4) the country or international organization is otherwise eligible to purchase defense articles or defense services.

In considering a request for approval of any transfer of any weapon, weapons system, munitions, aircraft, military boat, military vessel, or other implement of war to another country, the President shall not give his consent under paragraph (2) to the transfer unless the United States itself would transfer the defense article under consideration to that country [, and prior to the date he intends to give his consent to the transfer, the President notifies the Speaker of the House of Representatives and the Committee on Foreign Relations of the Senate in writing of each such intended consent, the justification for giving such consent, the defense article for which he intends to give his consent to be so transferred], and the foreign country to which that defense article is to be transferred. In addition, the President shall not give his consent under paragraph (2) to the transfer of any significant defense articles on the United States Munitions List unless the foreign country requesting consent to transfer agrees to demilitarize such defense articles prior to transfer, or the proposed recipient

foreign country provides a commitment in writing to the United States Government that it will not transfer such defense articles, if not demilitarized, to any other foreign country or person without first obtaining the consent of the President. The President shall promptly submit a report to the Speaker of the House of Representatives and to the Committee on Foreign Relations of the Senate on the implementation of each agreement entered into pursuant to clause (2) of this subsection.

* * * * *

(e) *The President may not give his consent under paragraph (2) of subsection (a) or under the third sentence of such subsection to a transfer of a defense article sold under this Act and may not give his consent under section 505(a)(1) or 505(a)(4) of the Foreign Assistance Act of 1961 unless—*

(1) *the President submits to the Speaker of the House of Representatives and the Committee on Foreign Relations of the Senate, on the same day, a written report with respect to such proposed transfer containing—*

(A) *the name of the country or international organization proposing to make such transfer,*

(B) *a description of the defense article proposed to be transferred, including the original acquisition cost of such defense article,*

(C) *the name of the proposed recipient of such defense article,*

(D) *the reasons for such proposed transfer, and*

(E) *the date on which such transfer is proposed to be made;*

and

(2) *either—*

(A) *the Congress does not adopt a concurrent resolution disapproving the proposed transfer within the first period of thirty calendar days of continuous session of Congress after the date on which such report is submitted, or*

(B) *the President certifies in his report that an emergency exists which requires such transfer in the national security interests of the United States.*

For purposes of this subsection, the continuity of a session of Congress is broken only by an adjournment sine die, and the days on which either House is not in session because of an adjournment of more than three days to a day certain shall be excluded in the computation of the thirty-day period.

(f) *If the President receives any information that a transfer of any defense article has been made without his consent as required under this section or under section 505 of the Foreign Assistance Act of 1961, he shall report such information immediately to the Speaker of the House of Representatives and the Committee on Foreign Relations of the Senate.*

* * * * *

SEC. 5. PROHIBITION AGAINST DISCRIMINATION.—(a) *It is the policy of the United States that no sales should be made, credits (including participations in credits) or guarantees extended to any foreign country, the laws, regulations, official policies, or governmental practices of which prevent any United States national from participating in the*

furnishing of defense articles or defense services under this Act on the basis of race, religion, national origin, or sex.

(b) (1) *No agency performing functions under this Act shall, in employing or assigning personnel to participate in the performance of any such function whether in the United States or abroad, take into account the exclusionary policies or practices of any foreign government where such policies or practices are based upon race, religion, national origin, or sex.*

(2) *Each contract entered into by any such agency for the performance of any function under this Act shall contain a provision to the effect that no person, partnership, corporation, or other entity performing functions pursuant to such contract, shall, in employing or assigning personnel to participate in the performance of any such function whether in the United States or abroad, take into account the exclusionary policies or practices of any foreign government where such policies or practices are based upon race, religion, national origin, or sex.*

(c) *The President shall promptly transmit reports to the Speaker of the House of Representatives and the chairman of the Committee on Foreign Relations of the Senate concerning any instance in which any United States person (as defined in section 7701(a)(30) of the Internal Revenue Code of 1954) is prevented by a foreign government on the basis of race, religion, national origin, or sex, from participating in the performance of any sale under this Act or any sale with respect to which an export license is required under section 414 of the Mutual Security Act of 1954. Such report shall include (1) a description of the facts and circumstances of any such discrimination, (2) the response thereto on the part of the United States or any agency or employee thereof and (3) the result of such response, if any.*

CHAPTER 2—FOREIGN MILITARY SALES AUTHORIZATIONS

* * * * *

SEC. 23. CREDIT SALES.—The President is authorized to finance procurements of defense articles and defense services by friendly foreign countries and international organizations on terms requiring the payment to the United States Government in United States dollars of—

(1) the value of such articles or services within a period not to exceed [ten] twelve years after the delivery of such articles or the rendering of such services; and

CHAPTER 3—MILITARY EXPORT CONTROLS

SEC. 31. AUTHORIZATION AND AGGREGATE CEILING ON FOREIGN MILITARY SALES CREDITS.—(a) There is hereby authorized to be appropriated to the President to carry out this Act not to exceed [\$405,000,000] \$1,065,000,000 for the fiscal year [1975] 1976. Unobligated balances of funds made available pursuant to this section are hereby authorized to be continued available by appropriations legislation to carry out this Act.

[(b) The aggregate total of credits, or participations in credits, extended pursuant to this Act and of the principal amount of loans guaranteed pursuant to section 24(a) shall not exceed \$872,500,000 for the fiscal year 1975 of which amount not less than \$300,000,000 shall be available to Israel only. Of the funds made available under subsection (a) of this section, \$100,000,000 shall first be obligated with respect to financing the procurement of defense articles and defense services by Israel under section 23 of this Act, except that Israel shall be released from contractual liability to repay the United States Government for the defense articles and defense services so financed.]

(b) *The aggregate total of credits, or participations in credits, extended pursuant to this Act and of the principal amount of loans guaranteed pursuant to section 24(a) shall not exceed \$2,374,700,000 for the fiscal year 1976, of which not less than \$1,500,000,000 shall be available solely for Israel.*

(c) *Funds made available for the fiscal year 1976 under subsection (a) of this section shall be obligated to finance the procurement of defense articles and defense services by Israel on a long-term repayment basis either by the extension of credits without regard to the limitations contained in section 23 or by the issuance of guaranties under section 24. Israel shall be released from one-half of its contractual liability to repay the United States Government with respect to defense articles and defense services so financed.*

(d) *The aggregate acquisition cost to the United States of excess defense articles ordered by the President in any fiscal year after fiscal year 1976 for delivery to foreign countries or international organizations under the authority of chapter 2 of part II of the Foreign Assistance Act of 1961 or pursuant to sales under this Act may not exceed \$100,000,000.*

* * * * *

[SEC. 33. REGIONAL CEILINGS ON FOREIGN MILITARY SALES.—(a)

The aggregate of the total amount of military assistance pursuant to the Foreign Assistance Act of 1961, as amended, of credits, or participations in credits, financed pursuant to section 23, of the principal amount of loans guaranteed pursuant to section 24(a), shall, excluding training, not exceed \$40,000,000 in each fiscal year for African countries.

[(b) The President may waive the limitations of this section when he determines it to be important to the security of the United States and promptly so reports to the Speaker of the House of Representatives and the Committee on Foreign Relations of the Senate.]

* * * * *

SEC. 36. REPORTS ON COMMERCIAL AND GOVERNMENTAL MILITARY EXPORTS.—

(a) The President shall submit to the Speaker of the House of Representatives and to the chairman of the Committee on Foreign Relations of the Senate quarterly reports containing—

(1) a listing of all letters of offer to sell any defense articles or services under this Act, if such offer has not been accepted or canceled;

(2) a cumulative listing of all such letters of offer to sell that have been accepted during the fiscal year in which such report is submitted;

(3) the cumulative dollar amounts, by foreign country and international organization, of credit sales under section 23 and guaranty agreements under section 24 made before the submission of such quarterly report and during the fiscal year in which such report is submitted; and

(4) projections of the cumulative dollar amounts, by foreign country and international organization, of credit sales under section 23 and guaranty agreements under section 24 to be made in the quarter of the fiscal year immediately following the quarter for which such report is submitted.

For each letter of offer to sell under paragraphs (1) and (2), the report shall specify (A) the foreign country or international organization to which the defense article or service is offered, (B) the dollar amount of the offer to sell under paragraph (1) or of the completed sale under paragraph (2), (C) a brief description of the defense article or service offered, (D) the United States armed force which is making the offer to sell, (E) the date of such offer, [and] (F) *the name of any sales agent or other person receiving any fee or commission in conjunction with the sale to such foreign country or international organization of such defense article or service (other than a person who is a bona fide employee of the manufacturer of such defense article or, in the case of a defense service to be furnished by a private contractor pursuant to a contract with the United States, of such contractor), and the amount of such fee or commission, and (G) the date of any acceptance under paragraph (2).*

(b) In the case of any letter of offer to sell any defense articles or services under this Act for \$25,000,000 or more, before issuing such letter of offer the President shall submit to the Speaker of the House of Representatives and to the Chairman of the Committee on Foreign Relations of the Senate a statement with respect to such offer to sell containing [the information specified in subparagraphs (A) through (E) in subsection (a)] (1) *the information specified in subparagraphs (A), (B), (D), (E), and (F) in subsection (a); (2) a detailed description of the defense articles or services offered; (3) the reason why the foreign country or international organization to which the sale is proposed to be made needs the defense articles or services which are the subject of such sale and a description of how such country or organization intends to use such defense articles or services; (4) an analysis by the President of the impact of the proposed sale on the military stocks and the military preparedness of the United States; (5) the reasons why the proposed sale is in the national interest of the United States; (6) an analysis by the President of the impact of the proposed sale on the military capabilities of the foreign country or international organization to which such sale would be made; (7) an analysis by the President of how the proposed sale would affect the relative military strengths of countries in the region to which the defense articles or services which are the subject of such sale would be delivered and whether other countries in the region have comparable kinds and amounts of defense articles or services; (8) an estimate of the levels of trained personnel and maintenance facilities of the foreign country or international organization to which the sale would be made which are needed and available to utilize effectively the defense articles or services proposed to be sold; (9) an estimate of the number*

of officers and employees of the United States and civilian contract personnel whose presence would be required in such foreign country to carry out the proposed sale; (10) an analysis of the extent to which comparable kinds and amounts of defense articles or services are available from other countries; and (11) an analysis of the impact of the proposed sale on United States relations with the countries in the region to which the defense articles or services which are the subject of such sale would be delivered. The letter of offer shall not be issued if the Congress, within [twenty] 30 calendar days after receiving any such statement, adopts a concurrent resolution stating in effect that it objects to such proposed sale, unless the President in his statement certifies that an emergency exists which requires such sale in the national security interests of the United States. For the purpose of expediting the consideration and adoption of concurrent resolutions under this section, a motion to proceed to the consideration of any such resolution after it has been reported by the appropriate committee shall be treated as highly privileged in the House of Representatives and as privileged in the Senate.

(c) (1) Not later than February 15 of each year, the President shall submit to the Speaker of the House of Representatives and to the chairman of the Committee on Foreign Relations of the Senate estimates, including the dollar value—

(A) of future sales of defense articles and defense services under this Act, and

(B) of commercial sales of defense articles and services to foreign countries and international organization by persons doing business in the United States,

for each of the next two fiscal years. Such estimates shall include for each country and international organization for each such fiscal year—

(i) the total amount of cash sales from stock under section 21, contracts for the procurement of defense articles or defense services under section 22, credit sales under section 23, and guaranties under section 24 proposed to be made and the total amount of commercial arms sales expected to be made; and

(ii) in the event any such cash sale, credit sale, guaranty, or commercial sale is expected to involve major defense equipment or a major defense service, a full and complete description of such major defense equipment or such major defense service.

Not later than thirty days following the receipt of a request made by the Committee on Foreign Relations of the Senate or the Committee on International Relations of the House of Representatives for additional information with respect to any estimate submitted pursuant to this paragraph, the President shall submit such information to such committee.

(2) The estimate submitted pursuant to paragraph (1) shall be accompanied by an explanation and justification—

(A) for the total foreign arms sales program (including both sales under this Act and commercial sales) as described in such estimates;

(B) for the foreign arms sales program (including both sales under this Act and commercial sales) for each country and international organization as described in such estimates; and

(C) for each cash sale, credit sale, or guaranty under this Act, and for each commercial arms sale, with respect to which a full

and complete description is submitted pursuant to clause (ii) of paragraph (1);

including an explanation of the extent to which the matter described in each such subparagraph (A) through (C) will support the foreign policy objectives of the United States, strengthen the security of the United States, and promote world peace, and a full and complete analysis of the impact of each such matter on—

(i) balances of power and arms races in each region of the world in which any sale, credit sale, or guaranty under this Act or any commercial arms sale is expected to be made;

(ii) international negotiations and efforts directed at the achievement of arms control;

(iii) the defense production capability of the United States; and

(iv) the military stocks and military preparedness of the United States.

In preparing that portion of the impact analysis relating to clauses (i) and (ii), the President shall consult with the Director of the Arms Control and Disarmament Agency.

(3) The President shall make every effort to submit all of the information required by this subsection wholly in unclassified form. In the event the President submits any such information, in whole or in part, in classified form, the President shall also submit simultaneously a detailed summary, in unclassified form, of the classified portion of such information.

[(c)] (d) Nothing in this section shall be construed as modifying in any way the provisions of section 414 of the Mutual Security Act of 1954, as amended, relating to munitions control.

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SEC. 38. ANNUAL CEILING ON ARMS SALES.—(a) The aggregate value of defense articles and defense services—

(1) for which contracts of sale are entered into under this Act; or

(2) for which commercial sales contracts are made which provide—

(A) in the case of defense articles produced in the United States, for the export of such defense articles (other than export by a United States Government agency) to any foreign country or international organization, or

(B) in the case of defense services (regardless of whether such defense services are to be furnished in the United States or in a foreign country), for the furnishing of such defense services to any foreign country or international organization; may not exceed \$9,000,000,000 in any fiscal year in terms of constant 1975 dollars, which ceiling shall be calculated by the President quarterly to conform to changes in the United Value Index of United States domestic exports of finished manufacturers and reported to the Speaker of the House of Representatives and the chairman of the Committee on Foreign Relations of the Senate. The aggregate value for any fiscal year of any such defense articles which are weapons, weapons systems, munitions, combat aircraft, combat vehicles,

combat vessels or boats, or other implements of war may not exceed 40 per centum of the ceiling for the aggregate value of all such defense articles and defense services for such year. For the purposes of this subsection, the value of any contract of sale or commercial sales contract to which this subsection is applicable shall be the contract price of such contract of sale or commercial sales contract as of the date on which such contract of sale or commercial sales contract is entered into. The President may waive such limitations to the extent necessary to allow defense articles and services to be furnished on an emergency basis if he determines and certifies to the Speaker of the House of Representatives and the Committee on Foreign Relations of the Senate that an emergency exists which requires the furnishing of such defense articles and services in the national security interests of the United States.

(b) (1) No company doing business in the United States may enter into any contract described in paragraph (2) of subsection (a) unless—

(A) such contract has been submitted to the Secretary of Defense, and

(B) the Secretary has notified such company that such contract is consistent with the allocations established under subsection (c).

(2) Any person who willfully violates this subsection shall be fined not more than \$25,000 or imprisoned not more than two years, or both.

(c) In implementing the requirements of subsection (a), the President may, subject to such requirements as the Congress may by law prescribe, establish such arms sales quotas for countries and regions, and for sale under this Act and commercial sales, as he deems appropriate.

(d) As used in this section, the term "value" means—

(1) with respect to defense articles or defense services sold under this Act, value as defined in section 644(m) of the Foreign Assistance Act of 1961, and

(2) with respect to defense articles or defense services sold commercially, the contract price for such defense articles or defense services.

(e) The United States is concerned with the increasing volume of international arms transfers and, in particular, with the diversion of scarce world resources from urgent humanitarian, economic, and social development purposes, and the potential increase in the likelihood and ferocity of armed conflict which result from such transfers. Recognizing that no one nation alone can limit the world arms traffic, it shall be the policy of the United States with respect to arms transfers—

(1) to pursue vigorously policies aimed at obtaining effective international controls, on a worldwide or regional basis, on such transfers; and

(2) by our own policies, to exercise a moderating influence—

(A) on the overall level of international arms transfers,

(B) on the militarily destabilizing impact of such transfers, and

(C) on the degree of harmful and damaging effects of weapons transferred.

* * * * *

CHAPTER 4—GENERAL, ADMINISTRATIVE, AND MISCELLANEOUS PROVISIONS

* * * * *

SEC. 47. DEFINITIONS.—For purposes of this Act, the term—

(1) "excess defense article" has the meaning provided by section 644(g) of the Foreign Assistance Act of 1961; [and]

(2) "value" means, in the case of an excess defense article, not less than the greater of—

(A) the gross cost incurred by the United States Government in repairing, rehabilitating, or modifying such article, plus the scrap value; or

(B) the market value, if ascertainable[.];

(3) "Defense article" includes—

(A) any weapon, weapons system, munition, aircraft, vessel, boat, or other implement of war,

(B) any property, installation, commodity, material, equipment, supply, or goods used for the purposes of furnishing military assistance,

(C) any machinery, facility, tool, material, supply, or other item necessary for the manufacture, production, processing, repair, servicing, storage, construction, transportation, operation, or use of any article listed in this paragraph, and

(D) any component or part of any article listed in this paragraph,

but does not include merchant vessels or, as defined by the Atomic Energy Act of 1954, source material, byproduct material, special nuclear material, production facilities, utilization facilities, or atomic weapons or articles involving Restricted Data;

(4) "defense service" includes any service, test, inspection, repair, training, publication, technical or other assistance, or defense information used for the purposes of furnishing military assistance;

(5) "training" includes formal or informal instruction of foreign students in the United States or overseas by officers or employees of the United States, contract technicians, or contractors (including instruction at civilian institutions), or by correspondence courses, technical, educational, or information publications and media of all kinds, training aid, orientation, training exercise, and military advice to foreign military units and forces;

(6) "major defense equipment" means a weapons system which costs, over the life of its development or production in—

(A) research, development, testing, and engineering, in excess of \$50,000,000, or

(B) procurement, in excess of \$200,000,000; and

(7) "major defense service" means any defense service which materially increases the military capability of the country or international organization to which it is rendered.

SEC. 48. REVIEW OF ARMS SALES POLICY.—(a) The President shall conduct a comprehensive study of the arms sales policies and practices of the United States Government, including policies and practices with respect to commercial arms sales, in order to determine whether such policies and practices should be changed. Such study shall examine the rationale for arms sales to foreign countries, the

benefits to the United States of such arms sales, the risks to world peace as a result of such arms sales, trends in arms sale by the United States and other countries, and steps which might be taken by the United States to provide for limitations on arms sales. In addition, such study shall include an evaluation of the impact of United States arms sales policies on the economic and social development of foreign countries and consideration of steps which might be taken by the United States to encourage the maximum use of the resources of the developing countries for economic and social development purposes.

(b) Not later than the end of the one-year period beginning on the date of enactment of this section, the President shall submit to the Congress a report setting forth in detail (1) the findings made and conclusions reached as a result of the study conducted pursuant to subsection (a), together with such recommendations for legislation as the President deems appropriate, (2) the efforts made by the United States during the five years immediately preceding the submission of such report to initiate and otherwise encourage arms sales limitations, and (3) the efforts being made by the United States at the time of the submission of such report to initiate and otherwise encourage arms sales limitations.

SECTION 8 OF PUBLIC LAW 98-672.*

AN ACT To amend the Foreign Military Sales Act, and for other purposes.

SEC. 8. (a) Subject to the provisions of subsection (b), the value of any excess defense article granted to a foreign country or international organization by any department, agency, or independent establishment of the United States Government (other than the Agency for International Development) shall be considered to be an expenditure made from funds appropriated under the Foreign Assistance Act of 1961 for military assistance. Unless such department, agency, or establishment certifies to the Comptroller General of the United States that the excess defense article it is ordering is not to be transferred by any means to a foreign country or international organization, when an order is placed for a defense article whose stock status is excess at the time ordered, a sum equal to the value thereof shall (less amounts to be transferred under section 632(d) of the Foreign Assistance Act of 1961) (1) be reserved and transferred to a suspense account, (2) remain in the suspense account until the excess defense article is either delivered to a foreign country or international organization or the order therefor is cancelled, and (3) be transferred from the suspense account to (A) the general fund of the Treasury upon delivery of such article, or (B) to the military assistance appropriation for the current fiscal year upon cancellation of the order. Such sum shall be transferred to the military assistance appropriation for the current fiscal year upon delivery of such article if at the time of delivery the stock status of the article is determined, in accordance with section 644 (g) and (m) of the Foreign Assistance Act of 1961, to be nonexcess.

(b) In the case of excess defense articles which are generated abroad, the provisions of subsection (a) shall apply during any fiscal year only to the extent that the aggregate value of excess defense articles ordered during that year exceeds \$100,000,000.

*Repealed effective July 1, 1976.

(c) For purposes of this section, the term "value" has the same meaning as given it in section 644(m) of the Foreign Assistance Act of 1961; except that for any excess defense article such term shall not include a value for any such article which is less than 33 $\frac{1}{3}$ percent of the amount the United States paid for such article when the United States acquired it.]

(d) The President shall promptly and fully inform the Speaker of the House of Representatives and the Committee on Foreign Relations and the Committee on Appropriations of the Senate of each decision to furnish on a grant basis to any country excess defense articles which are major weapons systems to the extent such major weapons system was not included in the presentation material previously submitted to the Congress. Additionally, the President shall also submit a quarterly report to the Congress listing by country the total value of all deliveries of excess defense articles, disclosing both the aggregate original acquisition cost and the aggregate value at the time of delivery.

(e) Except for excess defense articles granted under part II of the Foreign Assistance Act of 1961, the provisions of this section shall not apply to any excess defense article granted to South Vietnam prior to July 1, 1972.]

SECTION 414 OF THE MUTUAL SECURITY ACT OF 1954

SEC. 414. MUNITIONS CONTROL.—(a) * * *

* * * * *

(e) Licenses issued for the export of articles on the United States Munitions List in excess of \$100,000 shall be reported promptly to the Committee on Foreign Relations of the Senate and the Committee on Foreign Affairs of the House of Representatives, which report shall contain—

- (1) the items to be exported under the license;
- (2) the quantity of each such item to be furnished;
- (3) the name and address of the consignee and of the ultimate user of each such item; [and]
- (4) an injunction whenever appropriate, concerning the necessity to protect the confidentiality of the information provided [.] ; and

(5) the name of any sales agent or other person receiving any fee or commission in conjunction with the sale for export of such items (other than a person who is a bona fide employee of the manufacturer of such items), and the amount of such fee or commission.

(f) Decisions on issuing licenses for the export of articles on the United States munitions list shall be made in coordination with the Director of the United States Arms Control and Disarmament Agency and shall take into account the Director's opinion as to whether the export of an article will contribute to an arms race, or increase the possibility of outbreak or escalation of conflict, or prejudice the development of bilateral or multilateral arms controls arrangements.

(f) The President shall submit promptly to the Speaker of the House of Representatives and to the chairman of the Committee on Foreign Relations of the Senate quarterly reports containing, except with respect to licenses issued for the export of items for purposes of

carrying out chapter 2 of part II of the Foreign Assistance Act of 1961 or the Foreign Military Sales Act—

(1) a numbered listing for each foreign country of all licenses issued for the export of significant combat equipment on the United States Munitions List in excess of \$1,000,000, indicating the quantity and value thereof; and

(2) the total number of licenses issued and the total value of all arms, ammunition, and implements of war (including technical data relating thereto) licensed for export to each foreign country.

(g) No license for the export of major defense equipment sold to a foreign country under a contract in the amount of \$25,000,000 or more shall be issued under this section unless such major defense equipment was sold under authority of the Foreign Military Sales Act. For purposes of this subsection, "major defense equipment" means any item of significant combat equipment on the United States Munitions List having a nonrecurring research and development cost of more than \$50,000,000 or a total production cost of more than \$200,000,000.

(h) In carrying out functions under this section with respect to the export of arms, ammunitions, and implements of war (including technical data relating thereto), the President is authorized to exercise the same powers concerning violations and enforcement which are conferred upon departments, agencies, and officials by sections 6 (c), (d), (e), and (f), and 7 (a) and (c) of the Export Administration Act of 1969, subject to the same terms and conditions as are applicable to such powers under such Act. Nothing in this subsection shall be construed as authorizing the withholding of information from the Congress.

FOREIGN ASSISTANCE ACT OF 1974

* * * * *

[POLICY WITH RESPECT TO INDOCHINA

[SEC. 34. (a) The Congress finds that the cease-fire provided for in the Paris Agreement on Ending the War and Restoring Peace in Vietnam has not been observed by any of the Vietnamese parties to the conflict. Military operations of an offensive and defensive nature continue throughout South Vietnam. In Cambodia, the civil war between insurgent forces and the Lon Nol government has intensified, resulting in widespread human suffering and the virtual destruction of the Cambodian economy.

[(b) The Congress further finds that continuation of the military struggles in South Vietnam and Cambodia are not in the interest of the parties directly engaged in the conflicts, the people of Indochina or world peace. In order to lessen the human suffering in Indochina and to bring about a genuine peace there, the Congress urges and requests the President and the Secretary of State to undertake the following measures:

[(1) to initiate negotiations with representatives of the Soviet Union and the People's Republic of China to arrange a mutually agreed-upon and rapid de-escalation of military assistance on the part of the three principal suppliers of arms and material to all Vietnamese and Cambodian parties engaged in conflict;

[(2) to urge by all available means that the Government of the Khmer Republic enter in negotiations with representatives of the Khmer Government of National Union for the purpose of arranging an immediate cease-fire and political settlement of the conflict; and to use all available means to establish contact with the Khmer Government of National Union, and to urge them to participate in such negotiations. The United States should urge all Cambodian parties to use the good offices of the United Nations or a respected third country for the purpose of bringing an end to hostilities and reaching a political settlement;

[(3) to utilize any public or private forum to negotiate directly with representatives of the Democratic Republic of Vietnam, the Provisional Revolutionary Government, and the Republic of Vietnam to seek a new cease-fire in Vietnam and full compliance with the provisions of the Paris Agreement on Ending the War and Restoring Peace in Vietnam, including a full accounting for Americans missing in Indochina;

[(4) to reconvene the Paris Conference to seek full implementation of the provisions of the Agreement of January 27, 1973, on the part of all Vietnamese parties to the conflict; and

[(5) to maintain regular and full consultation with the appropriate committees of the Congress and report to the Congress and the Nation at regular intervals on the progress toward obtaining a total cessation of hostilities in Indochina and a mutual reduction of military assistance to that area.

[PRINCIPLES GOVERNING ECONOMIC AID TO INDOCHINA

[SEC. 35. (a) Congress calls upon the President and Secretary of State to take the following actions designed to maximize the benefit of United States economic assistance:

[(1) to organize a consortium to include multilateral financial institutions to help plan for Indochina reconstruction and development; to coordinate multilateral and bilateral contributions to the area's economic recovery; and to provide continuing advice to the recipient nations on the use of their own and outside resources;

[(2) to develop, in coordination with the recipient governments, other donors, and the multilateral financial institutions, a comprehensive plan for Indochina reconstruction and economic development;

[(3) to develop country-by-country reconstruction and development plans, including detailed plans for the development of individual economic sectors, that can be used to identify and coordinate specific economic development projects and programs and to direct United States resources into areas of maximum benefits;

[(4) to shift the emphasis of United States aid programs from consumption-oriented expenditures to economic development;

[(5) to identify possible structural economic reforms in areas such as taxation, exchange rates, savings mechanisms, internal pricing, income distribution, land tenure, budgetary allocations and corruption, which should be undertaken if Indochinese economic development is to progress;

[(6) to include in Indochina economic planning and programing specific performance criteria and standards which will enable the Congress and the executive branch to judge the adequacy of the recipient's efforts and to determine whether, and what amounts of, continued United States funding is justified; and

[(7) to provide humanitarian assistance to Indochina wherever practicable under the auspices of and by the United Nations and its specialized agencies, other international organizations or arrangements, multilateral institutions, and private voluntary agencies with a minimum presence and activity of United States Government personnel.

[(b) This section shall not be construed to imply continuation of a United States financial commitment beyond the authorization provided for in this Act or amendments made by this Act.

[INDOCHINA POSTWAR RECONSTRUCTION

[SEC. 36. (a) There are authorized to be appropriated to the President to furnish assistance for the relief and reconstruction of South Vietnam, Cambodia, and Laos, in addition to funds otherwise available for such purposes, for the fiscal year 1975 not to exceed \$617,000,000. Of the amount appropriated for fiscal year 1975—

[(1) \$449,900,000 shall be available only for the relief and reconstruction of South Vietnam in accordance with section 38 of this Act;

[(2) \$100,000,000 shall be available only for the relief and reconstruction of Cambodia in accordance with section 39 of this Act;

[(3) \$40,000,000 shall be available only for the relief and reconstruction of Laos in accordance with section 40 of this Act;

[(4) \$4,100,000 shall be available only for the regional development program;

[(5) \$16,000,000 shall be available only for support costs for the agency primarily responsible for carrying out this part; and

[(6) \$7,000,000 shall be available only for humanitarian assistance through international organizations.

Such amounts are authorized to remain available until expended.

[(b) The authority of section 610(a) of the Foreign Assistance Act of 1961 may not be used in fiscal year 1975 to transfer funds made available for any provision of such Act of 1961 into funds made available for part V of such Act for South Vietnam, Cambodia, or Laos under this section.

[(c) No assistance may be provided to South Vietnam, Cambodia, or Laos in fiscal year 1975 under part I (including chapter 4 of part II) of the Foreign Assistance Act of 1961. This prohibition may not be waived under section 614(a) of such Act of 1961 or any other provision of law.

[(d) Notwithstanding subsection (b) of this section, funds made available under any provision of this or any other law for the purpose of providing military assistance for South Vietnam, Laos, or Cambodia during fiscal year 1975 may be transferred to, and consolidated with, any funds made available to that country for war relief, reconstruction, or general economic development, if such transfer does not

result in a greater amount than is allocated for such country under paragraph (1), (2), or (3) of subsection (a).

[(e) To the extent not inconsistent with the provisions of this Act, all prohibitions, restrictions, limitations, and authorities contained in the Foreign Assistance Act of 1961 which are applicable to part V of such Act of 1961 shall apply with respect to the assistance authorized by this section.

[ASSISTANCE TO SOUTH VIETNAMESE CHILDREN

[SEC. 37. (a) It is the sense of the Congress that inadequate provision has been made (1) for the establishment, expansion and improvement of day care centers, orphanages, hostels, school feeding programs, health and welfare programs, and training related to these programs which are designed for the benefit of South Vietnamese children, disadvantaged by hostilities in Vietnam or conditions related to those hostilities, and (2) for the adoption by United States citizens of South Vietnamese children who are orphaned or abandoned, or whose parents or sole surviving parent, as the case may be, has irrevocably relinquished all parental rights, particularly children fathered by United States citizens.

[(b) The President is, therefore, authorized to provide assistance, on terms and conditions he considers appropriate, for the purposes described in clauses (1) and (2) of subsection (a) of this section. Of the funds appropriated pursuant to section 36(a) of this Act, \$10,000,000, or its equivalent in local currency, shall be available until expended solely to carry out this section. Not more than 10 per centum of the funds made available to carry out this section may be expended for the purposes referred to in clause (2) of subsection (a). Assistance provided under this section shall be furnished, to the maximum extent practicable, under the auspices of and by international agencies or private voluntary agencies.

[LIMITATIONS WITH RESPECT TO SOUTH VIETNAM

[SEC. 38. (a) The \$449,900,000 made available in accordance with section 36(a) (1) of this Act shall be allocated as follows:

[(1) \$90,000,000 for humanitarian assistance, of which there shall be available—

[(A) \$70,000,000 for refugee relief;

[(B) \$10,000,000 for child care; and

[(C) \$10,000,000 for health care;

[(2) \$154,500,000 for agricultural assistance, of which there shall be available—

[(A) \$85,000,000 for fertilizer;

[(B) \$12,000,000 for POL (for agriculture);

[(C) \$6,000,000 for insecticides and pesticides;

[(D) \$10,000,000 for agricultural machinery and equipment (including spare parts);

[(E) \$3,500,000 for agricultural advisory services;

[(F) \$20,000,000 for rural credit;

[(G) \$10,000,000 for canal dredging;

[(H) \$4,000,000 for low-lift pumps; and

[(I) \$4,000,000 for fish farm development;

[(3) \$139,800,000 for industrial development assistance of which there shall be available—

[(A) \$124,000,000 for commodities; .

[(B) \$10,000,000 for industrial credit; and

[(C) \$5,800,000 for industrial advisory services (including feasibility studies);

[(4) \$65,600,000 for miscellaneous assistance, of which there shall be available—

[(A) \$47,900,000 for the service sector (including POL, machinery equipment, and spare parts); and

[(B) \$17,700,000 for technical services and operating expenses.

[(b) (1) No funds made available in accordance with section 36(a) (1) may be transferred to, or consolidated with, the funds made available for military assistance, nor may more than 20 per centum of the funds made available under paragraph (1), (2), (3), or (4) of subsection (a) of this section be transferred to, or consolidated with, the funds made available under any other such paragraph.

[(2) Whenever the President determines it to be necessary in carrying out this section, any funds made available under any subparagraph of paragraph (1), (2), (3), or (4) of subsection (a) of this section may be transferred to, and consolidated with, the funds made available under any other subparagraph of that same paragraph.

[(3) The President shall fully inform the Speaker of the House of Representatives and the Committee on Foreign Relations of the Senate of each transfer he intends to make under paragraph (1) or (2) of this subsection prior to making such transfer.

[(c) No funds may be obligated for any of the purposes described in subsection (a) of this section in, to, for, or on behalf of South Vietnam in any fiscal year beginning after June 30, 1975, unless such funds have been specifically authorized by law enacted after the date of enactment of this section. In no case shall funds in any amount in excess of the amount specifically authorized by law for any fiscal year be obligated for any such purpose during such fiscal year.

[(d) After the date of enactment of this section, whenever any request is made to the Congress for the appropriation of funds for use in, to, for, or on behalf of South Vietnam for any fiscal year the President shall furnish a written report to the Congress explaining the purpose for which such funds are to be used in such fiscal year.

[(e) The President shall submit to the Congress within thirty days after the end of each quarter of each fiscal year, beginning with the fiscal year which begins July 1, 1974, a written report showing the total amount of funds obligated in, to, for, or on behalf of South Vietnam during the preceding quarter by the United States Government, and shall include in such report a general breakdown of the total amount obligated, describing the different purposes of which such funds were obligated and the total amount obligated for such purpose.

[(f) (1) Effective six months after the date of enactment of this section, the total number of civilian officers and employees, including contract employees, of executive agencies of the United States Government who are citizens of the United States and of members of the Armed Forces of the United States present in South Vietnam shall not at any one time exceed four thousand, not more than two thousand five hundred of whom shall be members of such armed forces and

direct hire and contract employees of the Department of Defense. Effective one year after the date of enactment of this section, such total number shall not exceed at any one time three thousand, not more than one thousand five hundred of whom shall be members of such armed forces and direct hire and contract employees of the Department of Defense.

[(2) Effective six months after the date of enactment of this section, the United States shall not, at any one time, pay in whole or in part, directly or indirectly, the compensation or allowances of more than eight hundred individuals in South Vietnam who are citizens of countries other than South Vietnam or the United States. Effective one year after the date of enactment of this section, the total number of individuals whose compensation or allowance is so paid shall not exceed at any one time five hundred.

[(3) For purposes of this subsection, "executive agency of the United States Government" means any agency, department, board, wholly or partly owned corporation, instrumentality, commission, or establishment within the executive branch of the United States Government.

[(4) This subsection shall not be construed to apply with respect to any individual in South Vietnam who (A) is an employee or volunteer worker of a voluntary private, nonprofit relief organization or is an employee or volunteer worker of the International Committee of the Red Cross, and (B) engages only in activities providing humanitarian assistance in South Vietnam.

[(g) This section shall not be construed as a commitment by the United States to South Vietnam for its defense.

[LIMITATIONS WITH RESPECT TO CAMBODIA

[SEC. 39. (a) Section 655 of the Foreign Assistance Act of 1961 is amended as follows:

[(1) by striking out "\$341,000,000" in subsection (a) and inserting "\$377,000,000" in lieu thereof.

[(2) by striking out "1972" in subsection (a) and inserting "1975. Of that sum, there shall be available no more than \$200,000,000 for military assistance. In addition to such \$377,000,000, defense articles and services may be ordered under section 506 of this Act for Cambodia in an amount not to exceed \$75,000,000 in fiscal year 1975." in lieu thereof.

[(3) by striking out "\$341,000,000" in subsection (b) and inserting "\$377,000,000" in lieu thereof.

[(4) by striking out "1972" in subsection (b) and inserting "1975" in lieu thereof.

[(b) Section 656 of the Foreign Assistance Act of 1961 is amended by adding at the end thereof the following sentence: "This section shall not be construed to apply with respect to any individual in Cambodia who (A) is an employee or volunteer worker of a voluntary private, nonprofit relief organization or is an employee or volunteer worker of the International Committee of the Red Cross, and (B) engages only in activities providing humanitarian assistance in Cambodia."

[(c) The \$100,000,000 made available in accordance with section 36(a) (2) of this Act shall be allocated as follows:

- [(1) \$20,000,000 for humanitarian assistance;
- [(2) \$63,000,000 for commodity import assistance;
- [(3) \$15,000,000 for multilateral stabilization assistance; and
- [(4) \$2,000,000 for technical support and participant training.

[(d) No funds made available in accordance with section 36(a)(2) may be transferred to, or consolidated with, the funds allocated for military assistance to Cambodia under section 655(a) of the Foreign Assistance Act of 1961, nor may more than 20 per centum of the funds made available under any paragraph of subsection (c) of this section be transferred to, or consolidated with, the funds made available under any other such paragraph.

[(e) No funds may be obligated for any of the purposes described in section 655(a) of the Foreign Assistance Act of 1961 in, to, for, or on behalf of Cambodia in any fiscal year beginning after June 30, 1975, unless such funds have been specifically authorized by law enacted after the date of enactment of this section. In no case shall funds in any amount in excess of the amount specifically authorized by law for any fiscal year be obligated for any such purpose during such fiscal year.

[(f) This section shall not be construed as a commitment by the United States to Cambodia for its defense.

[LIMITATIONS WITH RESPECT TO LAOS

[SEC. 40. (a) Notwithstanding any other provision of law, no funds authorized to be appropriated by this or any other law may be obligated in any amount in excess of \$70,000,000 during the fiscal year ending June 30, 1975, for the purpose of carrying out directly or indirectly any economic or military assistance, or any operation, project, or program of any kind, or for providing any goods, supplies, materials, equipment, services, personnel, or advisers in, to, for, or on behalf of Laos. Of that amount, there shall be available—

- [(1) \$30,000,000 for military assistance; and
- [(2) \$40,000,000 only for economic assistance, of which there shall be available—

- [(A) \$11,000,000 for humanitarian assistance;
- [(B) \$6,500,000 for reconstruction and development assistance;
- [(C) \$16,100,000 for stabilization assistance; and
- [(D) \$6,400,000 for technical support.

[(B) No funds made available under paragraph (2) of subsection (a) of this section may be transferred to, or consolidated with, the funds made available under paragraph (1) of such subsection, nor may more than 20 per centum of the funds made available under any subparagraph of paragraph (2) be transferred to, or consolidated with, the funds made available under any other such subparagraph.

[(c) In computing the limitations on obligation authority under subsection (a) of this section with respect to such fiscal year, there shall be included in the computation the value of any goods, supplies, materials, equipment, services, personnel, or advisers provided, to, for, or on behalf of Laos in such fiscal year by gift, donation, loan, lease or otherwise. For the purpose of this subsection, "value" means the fair market value of any goods, supplies, materials, or equipment provided to, for, or on behalf of Laos but in no case less than 33 1/3

per centum of the amount the United States paid at the time such goods, supplies, materials, or equipment were acquired by the United States.

[(d) No funds may be obligated for any of the purposes described in subsection (a) of this section in, to, for, or on behalf of Laos in any fiscal year beginning after June 30, 1975, unless such funds have been specifically authorized by law enacted after the date of enactment of this section. In no case shall funds in any amount in excess of the amount specifically authorized by law for any fiscal year be obligated for any such purpose during such fiscal year.

[(e) After the date of enactment of this section, whenever any request is made to the Congress for the appropriation of funds for use in, to, for, or on behalf of Laos, for any fiscal year, the President shall furnish a written report to the Congress explaining the purpose for which such funds are to be used in such fiscal year.

[(f) The President shall submit to the Congress within thirty days after the end of each quarter of each fiscal year beginning with the fiscal year which begins July 1, 1974, a written report showing the total amount of funds obligated in, to, for, or on behalf of Laos during the preceding quarter by the United States Government and shall include in such report a general breakdown of the total amount obligated, describing the different purposes for which such funds were obligated and the total amount obligated for such purpose.

[(g) This section shall not be construed as a commitment by the United States to Laos for its defense.]

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SUPPLEMENTAL VIEWS OF HON. CLEMENT J. ZABLOCKI

These supplemental views are intended to bring into focus some of the shortcomings in H.R. 11963 as substantiated by compelling facts. Facts will not cease to exist because they are ignored. Unless the excessive amounts and the shortcomings are amended during House debate on this measure, I am constrained to continue my opposition to the bill in its present form. Briefly,

The funds authorized in this bill are excessive—\$742 million more than the executive request, the Security Assistance program for fiscal year 1976 reflect a 126 percent increase over fiscal year 1975;

The level of military aid being proposed for the Middle East may well lead to a new round in the Middle East arms race—over \$1.6 billion in military assistance and sales—of which \$1.5 billion is for Israel: a 500 percent increase over fiscal year 1976;

The bill is deficient from the standpoint of policy considerations—i.e., (1) no restrictions precluding the repetition of the depletion of DOD stocks at the expense of U.S. primary defense needs, (2) linking U.S. policy to the positions of other countries in the U.N. and other international organizations, and (3) ignoring of the Palestinian issue in the Mideast.

These are the facts that should be weighed as we consider H.R. 11963. I firmly believe that any Member who examines this legislation with a detached and dispassionate view will come to the conclusion that this legislation must be amended.

I shall deal with each of these issues in some detail. Before doing so, however, I would like to make two observations:

First, the bill has many good, commendable features. The meritorious provisions resulted from a comprehensive staff study and review ordered by our able and esteemed Chairman, Hon. Thomas E. Morgan. The Chief of Staff, Mr. Marian A. Czarnecki, the entire staff and particularly Dr. John J. Brady, Jr., of the staff drafted suggested language to achieve several desirable goals based on the study and review.

The bill, for example, provides for the separation of development assistance from security assistance. It mandates termination of the grant military aid program. It abolishes the expensive and outdated system of U.S. Military Assistance Advisory Groups which still exist in some 44 countries. It places some needed restraints on U.S. weapons sales. Further, it strengthens congressional participation in the formulation of our country's military aid program.

These are all solid legislative achievements of the Committee on International Relations. They deserve to be recognized as such, and supported. I have worked for these reforms and I would like to have the opportunity to vote for them on the Floor of the House provided the defects in the bill are corrected.

My second point is this: My opposition to what I consider an excessive level of military aid for Israel should not be interpreted to suggest any lessening of my support for the freedom, independence, and security of Israel. Over the years, I have consistently voted for legislation intended to keep Israel strong and viable. I remain committed to that objective. However, as a friend of Israel, I must take issue with policies which, in the long run, are likely to prove a disservice both to Israel and the United States. Providing Israel with the level of military aid and sales in this legislation, together with future anticipated amounts, is not a wise policy. It can upset the delicate military balance in the Middle East, touch off another round in the arms race in that region, and even provoke another war. I do not think that it is in anyone's interest to court these possibilities. For that reason, while I have some reservations about the proposed level of economic assistance for Israel (approximately \$1.6 billion for the fiscal year 1976-76T-77 period), I feel more strongly that the military aid allocation should be significantly reduced.

I sincerely hoped the legislation would be amended in Committee. Indeed, several of the members, including myself, tried to amend the working draft. The "easy" solution would be to vote for H.R. 11963. That, however, would be to surrender to shortsightedness, some might even say expediency. That I cannot do in conscience.

I will now turn to a closer examination of the shortcomings of H.R. 11963.

EXCESSIVE COST

The \$4.7 billion program level of security assistance authorized in this legislation represents an increase of 126 percent over the fiscal year 1975 total of \$2.11 billion.

At a time of domestic fiscal strain, economic insecurity, and rising federal deficits, this is clearly excessive.

The largest part of the proposed program—\$2.797 billion—involves military assistance and sales. More than half of this total—\$1.5 billion—is earmarked for just one country: Israel. This represents a 500 percent increase over the \$300 million Israel received in military sales credits in fiscal year 1975.

On the principle of calling a spade a spade and also preserving Congress' right to make such determinations, I and others have offered an amendment in the committee which would have earmarked \$750 million in military aid to Israel as a grant rather than a "sale" with repayments waived. Once again, the effort failed. In terms of a double standard policy, it is important to note that no other country has received similar treatment. Compounding this consideration is the fact that Israel enjoyed a similar "forgiveness" on one-third of the \$300 million in assistance it received in fiscal year 1975.

The 175 percent increase in security supporting assistance over fiscal year 1975 (\$1.883 billion *v.* \$660 million) is equally disquieting. Significant in this connection, of course, is the fact that the so-called Middle East Peace Package accounts for 89 percent of the total—\$1.658 billion. When you add to this the authorization for the transitional quarter (July-August-September 1976) included in the bill, and the fiscal year 1977 assistance package which the Congress will have to approve before October of this year, the total amount of security supporting aid which this House will be called upon to approve

in this session of Congress for the Middle East during calendar year 1976 is nothing less than staggering.

It is now estimated that the 5-year cost to the American taxpayers of the Middle East "Peace Package" negotiated last year will approach \$10 billion. No matter how liberally that pill may be sugar-coated as time goes on, it will be a hard one for the American taxpayer to swallow.

In response to the Administration's repeated pleas for fiscal responsibility on the part of the Congress, an attempt was made in our committee to also reduce the security supporting assistance authorizations contained in this bill by proposing a modest, reasonable and even-handed cut. These proposed cuts would not have impaired either Israel's military capability or endangered the Sinai peace accord. Regrettably, the effort failed. As a result, the bill retains all of its abundant funding excesses. These loom even greater when taking into account the reliable information available to the committee. It is reported, for example, that if Israel receives the entire \$2.255 billion provided in this legislation it will end up not merely with a balanced budget, as publicly claimed, but with a \$500 million surplus.

EXCESSIVE MILITARY SUPPORT

The underlying justification of the U.S. military assistance program is that it encourages peace and stability through strength. Fundamental to this concept is the understanding that military assistance is provided for defensive not offensive purposes.

Despite periodic abuses and shortcomings in carrying out that policy, in the past it has generally achieved its stated purpose. More often than not, aggression has been averted and peace has been preserved. Fundamental and essential to the effective implementation of this policy, however, has been the importance of preserving balance—a delicate combination of prudent force where and when necessary counterweighted by patient diplomatic initiatives.

Because the military assistance portions of previous foreign aid bills have struck that balance, I have traditionally supported them. Regrettably, however, in the case of H.R. 11963 and in particular its so-called Mideast package, that is no longer the case. On the basis of testimony and reliable intelligence information submitted to the Committee on International Relations it is clear to me that the military support earmarked in this legislation for all countries in the Mideast is grossly excessive, unbalanced, highly destabilizing, and is beyond their needs. Rather than bringing peace it will, very likely, increase the chances for another outbreak of hostilities in the area. In short, while reasonable military assistance is necessary to preserve security, excessive military capability will encourage use by making the resort to arms too easy.

In the words of H.R. 11963 itself, the stated purpose of the legislation Middle East section is "to bring peace, stability, and economic progress to the people who reside in that region of the world." That is a worthy and noble objective; indeed, it is an urgent goal whose achievement is long overdue. But such words take on a hollow echo when examined in the light of facts. What are those facts?

First, on the basis of reliable evidence and intelligence briefings supplied to the Committee on International Relations it is amply clear

that Israel's military capabilities are more than adequate to defend itself against the possibility of a multifront attack. This evidence indicates that Israel is presently militarily more capable of defending itself than it was in 1973. By contrast, the same reliable evidence demonstrates that the offensive capability of the Arab states has become relatively more limited.

In the light of such overloading of military assistance to all parties in this highly-volatile area only one thing is sure—the next outbreak of hostilities will in all likelihood be fought with American arms on both sides.

It is my contention that the military support authorized for Israel, \$1.5 billion in H.R. 11963 when added to the \$2.5 billion in military equipment and services provided to that country since the 1973 war and the additional \$1 billion being budgeted by the President for Israel for fiscal year 1977, will not help to preserve the military balance in the Middle East. Rather, such massive oversupply runs the risk of igniting another conflict in that region. That danger is clearly not in the interest of the people of the Middle East—or of the United States.

While urgent social and economic problems—both here in the United States and in the Middle East—remain unsolved, does it make sense to expend vast amounts of time, money and energy in the cause of war? The time to reverse this situation is long overdue. If we are to help turn the tragic tide and bring real peace to the Middle East, emotional pressures must be resisted and prudent and balanced policies must prevail.

As I have done in the past, I will continue to support military assistance required for Israel's security. I am prepared to go further and consider additional measures—bilateral and multilateral—that may be necessary to ensure Israel's ability to live at peace. I submit, however, that the excessive authorizations in H.R. 11963—unless they are reduced—will not contribute to this end.

POLICY DEFICIENCIES

Three glaring policy deficiencies in H.R. 11963 need to be corrected. These basic policy defects will, in my judgment, result in a situation highly detrimental to the national security of the United States and world peace. Unwise in concept and dangerous in their implications, they are collectively the byproduct of shortsightedness, fear and irrationality.

The most serious policy flaw is the absence of language which would preclude the potential diversion of U.S. military equipment to the extent that the readiness of U.S. armed forces in their primary mission of defending the U.S. could be drastically impaired. It distresses me to have to note that this was a conscious decision of the committee during its markup efforts.

As originally drafted and considered by the committee in committee print form, section 101 contained a provision which would have prohibited the delivery of military equipment to a foreign country unless the President determined that such delivery would not impair U.S. military readiness or our capacity to meet mutual defense commitments.

That language was lacking only in the sense that it did not limit the delivery of such military stocks from the Department of Defense. An amendment I offered would have corrected that shortcoming. Regrettably, my amendment was rejected. Even more regrettable, the next immediate action was the adoption of an amendment which struck all of the original language. I submit that the effect of this action could undermine primary U.S. defense requirements by opening the door to another drain on U.S. military stocks.

My concern in this area stems from several recent GAO, DOD, and committee staff studies reviewed by the Oversight Subcommittee. Those studies dramatically and forcefully showed that recent large-scale transfers of DOD equipment under grant and sales programs to foreign countries resulted in a serious impact on the readiness of our active and reserve forces.

Moreover, the studies further concluded that such a drawdown of DOD stocks has severely limited our capacity to meet mutual defense requirements—especially our NATO responsibilities. In his testimony before the Committee, Deputy Secretary of Defense William J. Clements noted the FMS deliveries to Israel in 1973 and 1974 had an adverse impact on our ability to deploy reinforcements in Europe.

Nor does the impact end after such deliveries are made. Once a weapons system is taken from DOD stocks and furnished to a country under MAP or FMS programs, the U.S. is committed as a matter of policy to provide logistic support for the system. A reliable report indicated that the number of major U.S. defense articles furnished to foreign countries under security assistance programs could soon exceed those in the hands of U.S. armed forces. Thus we could find ourselves in a situation where we are committed to provide a larger share of our resources to support security assistance to foreign countries thereby reducing our capacity to support our own forces.

Anyone who reviews this legislation dispassionately will, I trust, conclude with me that by eliminating the restrictive language, a serious loophole has been opened wider rather than closed. In terms of this policy deficiency, American security interests have been made secondary.

A second important policy defect in H.R. 11963 deals with an amendment adopted in committee (sec. 103(a)(8)) requiring the President to take into account the positions of countries in international organizations in determining their eligibility for security assistance.

On first glance such a policy has a luring appeal. It embodies the notion that nations, like individuals, should reward their friends and punish their enemies. Self-righteousness always demands the full price.

Those who examine the issue objectively, however, may gain a clearer perspective on what this policy involves in terms of long-range U.S. interests. (Without obviating the obvious, we are, after all, the Congress of the United States.)

That clearer perspective begins with the knowledge that his amendment was primarily the result of the recent UN vote on a resolution equating Zionism with racism. Let me state emphatically at this point that I condemn the resolution, as I do any expression of racism. At the same time, I do not believe that the best interests of the U.S. are served by a policy which requires that we determine our "friends" and "enemies" on the basis of isolated votes in international organizations.

Such a policy of "singling out" is unrealistic in concept, narrow in approach, shortsighted in view, and ultimately detrimental to U.S. interests in application.

Further, the adoption of such an amendment runs counter to the policy established by Congress over the past few years in enacting U.S. economic AID programs. Inherent in that policy was a rejection of political considerations in determining AID recipients. In repudiating this type of policy in the past the Congress recognized that such undue pressures frequently backfire and ultimately prove counterproductive to its own stated objective.

It should also be noted that the language in question is vague and imprecise. For example, it refers obscurely to positions taken by other countries which affect "important" U.S. interests. It is also broad and unspecified in what the term "international organizations" includes. Does it, for instance, extend to NATO, OPEC, and the IAEA?

Indeed, it should be recognized that if this policy were arbitrarily implemented it could undermine worthy international organizations by making them political battlegrounds.

The third policy defect in H.R. 11963 relates to the total avoidance of the Palestinian question in relation to the Mideast. Those genuinely interested in achieving a meaningful peace in the area realistically recognize the Palestinian issue is at the heart of the conflict. No amount of Ostrich-head-in-the-sand posturing will make it go away. Unless and until the question is faced squarely and objectively by all sides in an unemotional manner, the chances of securing a lasting peace settlement will remain virtually nil.

Significantly, this country's mumbling barren evasions of the issue recently turned in the tentative but promising direction of searching for a diplomatic framework in which the Palestinian issue might begin to be resolved. That positive development came in the form of a cautious but enlightened statement by Deputy Assistance Secretary of State Harold H. Saunders before the House International Relations Investigations Subcommittee.

The Saunders statement—which was reviewed by Secretary of State Kissinger before its delivery—was promising on three fronts. First, it represented the initial public U.S. Government acknowledgement of this question.

Second, it outlined certain conditions which if satisfied would cause the United States to reevaluate its policy toward the PLO, i.e., acceptance of Israel and a disavowal of terrorist activities. Third, it suggested as a beginning the searching out of "a diplomatic process which will help bring forth a reasonable definition of Palestinian interests."

Rather than pick up these thin but positive threads laid down by the State Department and thereby begin to face the issue honestly and realistically, this legislation maintains the silence of stone. Attempts to amend the legislation with even the most circumspect language were repeatedly defeated. The following amendment, for example, was rejected:

Recognizing the need to preserve the State of Israel and establish conditions of lasting peace in the Middle East, it is the policy of the United States to seek as soon as possible

discussion, informal or otherwise, with appropriate parties in the Middle East concerning the Palestinian issue.

Given this massive void of non-policy on perhaps the most crucial aspect of the Mideast situation, I cannot help but conclude it is evasively meaningless at best and seriously counterproductive at worst.

In summation, this legislation makes a mockery of fiscal and policy responsibility. Its enactment will surely have a serious inflationary effect on our domestic economy, produce increased Federal deficits, and delay urgent high-priority programs.

It is excessive in military assistance. It employs double standards, deceives the public, and results in the outright abdication by Congress of another of its rights.

It is for these many reasons that these supplemental views are presented. These views are made after serious reflection. Dictated by common sense and compelling facts, I feel conscience-bound to share them with my colleagues and would be remiss if I remained silent.

At the same time, I offer these views with the urgent and sincere hope that reason will ultimately prevail. I trust that the House will work its will and amend H.R. 11963. Short of that, I am apprehensive that the implementation of this legislation in its present form will one day reap a tragic harvest.

CLEMENT J. ZARLOCKI.

ADDITIONAL VIEWS OF HON. MICHAEL J. HARRINGTON

Although this bill contains some hopeful signs of congressional skepticism regarding foreign aid priorities, it confirms in its scope and direction the need for a serious reexamination of U.S. foreign policy assumptions. It confirms that, in spite of dramatic changes in the world in the past thirty years, our efforts at international influence have changed relatively little since World War II.

Rather than genuinely contributing to our own national defense, more frequently, international security assistance often merely subsidizes entrenched elites in the recipient country, diverts scarce foreign exchange to arms expenditures, fuels local arms races and fortifies alliances with dubious allies. Even more importantly, massive arms transfers often result in our own government's identification with the political success or failure of the host country clients, thereby increasing the likelihood of U.S. entanglement or intervention in the political and economic affairs of another presumably sovereign state.

When the debate on foreign policy does finally get underway, it seems to me that it should include a fundamental reassessment of the degree to which, if at all, international security assistance, as presently implemented, genuinely enhances the real national security of the American people. As many of the underlying assumptions that generated the post-war consensus are gradually breaking down, it is essential that the Congress begin to review the ways in which the present international security assistance program merely implements archaic policies and remains sustained by flawed political precepts.

At issue, fundamentally, is the question of priority long- and short-term foreign policy goals and the proper means to their attainment in a democratic society. One hopes, moreover, that the evolving consensus will not be the product of a few isolated policymakers, but will reflect the authentic concerns of the American people as well, for they have endured the social and economic burdens brought about, over the past decade, by our leadership's persistent narrow vision in foreign affairs. As it now stands, the 1976 International Security Assistance Bill contains a number of provisions marking a significant departure from prevailing policies. The procedure allowing separate consideration of the military aid package, as distinct from economic aid, certainly is, in itself, a step in the right direction. In addition, the planned phaseout of the Military Assistance Advisory Groups and the grant Military Aid Program, and the measures strengthening congressional control of the soaring U.S. arms sales are noteworthy contributions to the effort aimed at exerting congressional control over our foreign policy in general. Certainly, then, within the narrow confines of the debate, as presently engaged in by congressional committees, a number of valuable additions to this bill has been the result. I do, however, look forward at some point to the initiation of a broader debate on security assistance that will include some of the questions raised above.

MICHAEL J. HARRINGTON.

SUPPLEMENTAL VIEWS OF HON. STEPHEN J. SOLARZ

Why should those who have traditionally opposed military assistance to our favorite dictators around the world support this legislation?

There are, I would submit, several reasons why this bill merits the backing of those members who, like myself, are politically and philosophically opposed to propping up corrupt military dictatorships abroad when we lack the resources to deal with our own problems here at home.

1. Perhaps most importantly, H.R. 11963 establishes a mechanism which will provide the Congress, for the first time, with the opportunity to terminate military and security supporting assistance to those regimes which are engaged in gross violations of universally acknowledged human rights. Section 101, which implements this important ideal, gives us the right to require a Presidential assessment of the status of human rights in any recipient country and, if torture and other barbarities are the rule rather than the exception, to adopt a concurrent resolution restricting or terminating our assistance to them.

2. Of comparable significance are a whole series of provisions in the bill which will enable Congress to control effectively the rapidly burgeoning sale of American arms abroad. Since the end of World War II, we have sold over \$44 billion worth of arms, of which \$29.6 billion have been sold in the last five years alone. Many of these grants and sales were clearly justified but the time to put a brake on the arms race in conventional weapons is long overdue. H.R. 11963 would accomplish this by extending the right of Congressional disapproval from arms sales to arms transfers; by requiring all weapons sales in excess of \$25 million to be submitted for congressional approval; by mandating the reporting of all agents' fees paid by military manufacturers to promote the sale of their weapons; by obligating the Administration to provide the Congress not only with a detailed annual estimate of its arms sales for the year, but a comprehensive arms impact statement in connection with each of the specific sales it proposes to make; and by establishing an annual ceiling of \$9 billion, subject to a Presidential waiver if the national interest requires it, of the total amount of our weapons' sales abroad.

3. Another important section in the bill would prohibit any U.S. agency or corporation from taking the race, religion, sex or national origin of any applicant for a position in our overseas foreign military sales or training programs into account in determining whether or not to hire them. While I personally believe this particular provision could have gone further—by requiring the termination of any project or program in which American citizens are precluded from participation for biased or bigoted reasons—it is still an important first step in ending discrimination by foreign countries against Americans involved in U.S. arms programs.

4. Last, but certainly in light of recent events by no means least, the bill also prohibits any additional military assistance to Angola unless and until it is expressly authorized by the Congress. One would hope that, given the apparent collapse of the FNLA and UNITA forces, the Administration would voluntarily desist from further intervention in the Angolan civil war—but in case it still seeks to surreptitiously support any of the factions involved, section 405 should effectively prevent it from doing so.

In writing these supplemental views, I have tried to focus on those sections of the bill which seem to me to particularly merit the support of the more progressive Members of the House. There are, needless to say, a plethora of other provisions in the bill which should commend themselves to all Members—liberal as well as conservative.

The military and economic assistance which this legislation would make available to Israel, for example, will make possible the kind of strategic balance in the Middle East which is a precondition for a just and lasting peace in the region. It provides no guarantee that peace will ultimately be achieved but we can be reasonably sure that without our help another war would inevitably result. More than anything else, the prospects for peace in the Middle East depend on a perception on the part of the Arab leaders that they cannot possibly hope to defeat Israel on the field of battle. If they should ever come to the conclusion that the United States is in the process of cutting back on its support for Israel, the chances for the outbreak of another war in the area will increase dramatically. Given the estimated costs of another war in the Middle East for our own economy, which respected analysts have put at somewhere in the vicinity of \$40-60 billion, the \$2.3 billion in aid for Israel provided for in this legislation seems a very small price to pay for preserving the possibilities for peace in that troubled area of the world.

There are, to be sure, several ways in which this legislation could be improved. Some countries shouldn't be receiving our aid at all and others should be getting more than they are. But on balance, this is a bill which will enable the country to meet its obligations as a great power elsewhere in the world and the Congress to fulfill its responsibilities as an independent branch of Government here in Washington.

STEPHEN J. SOLARZ.

ADDITIONAL VIEWS OF HON. HELEN MEYNER

Although I support this bill in its current form, I am disturbed by its enormous cost. I believe that this high cost is largely due to special circumstances in the Mideast this year. However, I believe that we should make every effort to reduce the size of this bill.

Accordingly, I will be introducing an amendment on the floor to strike Section 108, which establishes a new international military training and education program. The Administration has apparently proposed this program in order to salvage grant training assistance from the phaseout of MAP aid.

I believe that we should be consistent about phasing out grant assistance. The arguments for phasing out grant equipment assistance apply as well to grant training assistance. If foreign countries wish to receive military training from the United States, let them face the costs directly and pay for the training on a credit basis under the FMS program. This change would save the American taxpayers over \$28 million this fiscal year plus the long-term administrative costs that would be incurred with an additional program. The FMS program will have little difficulty absorbing the additional training costs. In fiscal year 1975, foreign countries contracted for \$197.8 million in FMS training orders.

Some could argue that we are helping very poor nations to save money by providing them with military training free of charge. This argument ignores the hidden costs to foreign governments built into the program. A study conducted by the American Enterprise Institute for Public Policy Research, a moderate-to-conservative research organization, found that "if Third World states can be spared the burden of building elaborate defense structures based largely on American perceptions of possible external attacks by major or minor powers, they could release a significant amount of resources for preparing a more realistic defense that takes into account the likely threats that *they* perceive" (their emphasis). The American military equipment that these countries are urged to purchase is often too expensive and sophisticated for the simple defense needs of these countries. This tendency is especially tragic in the case of the underdeveloped countries. Nineteen countries scheduled to receive grant military training in fiscal year 1976 have fewer than two-thirds of their people literate. If my amendment becomes law, these nations would at least have to think again before committing themselves to American training with its hidden strings attached.

In addition, of the 43 countries scheduled to receive grant training this year, 30 of them are scheduled to receive a larger amount of FMS credits for training and equipment. Of the remaining 13 countries, only Portugal is scheduled to receive grant training in excess of \$400,000. Surely any country which really needs and wants military training can afford to meet the lenient credit terms possible under FMS for programs of such magnitude.

In addition, I believe that the American military training program has been politically controversial and deserves more careful scrutiny than it has received. Almost half a million foreign military personnel from 76 countries have been trained under the MAP training program since 1950. Most of these countries have been ruled by authoritarian regimes.

In many cases, constitutional governments have been overthrown by military officers trained under the MAP training program. According to a report prepared for the Senate Foreign Relations Committee in 1967, "most of the Latin American military leaders who conducted the nine coups between 1962 and 1966 had been recipients of U.S. training." Since that time, coups in Bolivia, Peru, Chile, Panama, and Ghana have been led by men who received at least some training at American expense.

I believe that we should confront the issue of whether or not we approve of strengthening the influence of Third World military men at the expense of other leadership groups. The curriculum of many of the training programs, particularly at the School of the Americas, is heavily oriented towards counterinsurgency and internal security. Is it really in America's long-term interest to align itself with military forces in the developing countries?

I believe that we should become more aware of just what our military training programs are accomplishing and what we wish them to accomplish.

HELEN MEYNER.

SUPPLEMENTAL VIEWS OF HON. DON BONKER

This bill represents several new congressional initiatives in the formulation of our foreign policy. Short of gratuitous "meddling" in foreign affairs, Congress would acquire some important new abilities to assert itself and redress both Presidential excesses and abdication.

First, we have begun to sense the need for a positive policy toward Africa, and possibly the less-developed-world in general. In the face of another misguided Administration adventure, our committee took up the explosive and symbolic matter of Angola. It is not clear that we closed all the loopholes available to a persistent Administration, but we have at least established a policy position. We have challenged the administration's basic assumption and forced the issues of our policies of military support of factions in Angola. Angola at this point may well be moot, but we are now more vigilant and prepared for future events and responsibilities.

On human rights, we undertook a major reform by way of the Fraser amendment. While it is not foolproof, because most of us still feel an obligation to allow the President considerable flexibility in foreign policy, I believe it represents a substantial improvement over Section 502B, which is merely a sense of Congress. In considering the request for Chile, however, it is regrettable that we did not follow the Senate's lead and end all security supporting assistance and pipeline military aid.

The Committee succeeded in extending reporting provisions on arms sales and the opportunity for Congress to act on them by way of the right to disapprove not only MAP and FMS-credit, but FMS-cash and straight commercial sales as well. It still requires a massive effort to scrutinize arms sales—there are so many, each is so complex, and the details are largely classified—and then to wage a floor fight. As yet, there is no precedent by this route for successfully vetoing a sale the Executive has already negotiated, but maybe the fact that there always remains the possibility can act as some degree of deterrent. One is hopeful that there is also a restraining influence in the President's having to submit a projection of arms sales, also however inchoate, in advance of each fiscal year.

Though in hearings on the bill, Secretary Kissinger testified that he gravely weighs several factors in deciding whether to approve arms sales, one's impression is that the State Department is fairly casual about them so long as they continue to provide even marginal leverage. It was time that the committee took the initiative, in this vacuum, to cap our disproportionate contribution to the world-wide arms race, even if it still stands at the incredible level of nine billion dollars per year.

As for the Mideast package, it is expensive, especially if it turns out to be but one installment for but a tenuous peace. A lasting settlement

will have to be based on political compromise, not on a hostile military standoff, particularly if our taxpayers are footing the bill.

Finally, I am gratified that we have at last separated consideration of economic and military aid. We should consider them on their own terms and merits, not as inextricable parts of the same package.

DON BONKER.

SUPPLEMENTAL VIEWS OF HON. EDWARD J. DERWINSKI

The interesting thing about this bill is that it leaves some direction of the foreign policy of the United States to the President. But not much.

The committee devoted nearly three months to marking up a bill telling the President and the Secretary of State how to carry out the minute details of foreign policy. Then it adopted an amendment asking the President to communicate with the President of Mexico about the rights of Americans in Mexican jails. What a waste of time! Why should the Mexican President listen to our President or the State Department when he knows that Congress is running U.S. foreign policy. The committee should deliver an ultimatum to the President of Mexico demanding his compliance. This would be consistent with the direct orders being given the President of the United States in this measure.

Concern for human rights in Chile, but not for consistency, was demonstrated when the committee voted to cut off grant military aid, military credit sales and security supporting assistance to that country, but was strangely silent on Peru, a military dictatorship with a leftist military dictatorship.

It should be pointed out that the committee refused to cut the \$90 million program for Syria. Presumably, this sum is an advance payment for future mellowness the Syrians may display towards settlement of the lingering Middle East problem. The committee seemed oblivious to the substantial Soviet role in Syria.

During discussion over arms sales to Turkey, there were references to an arms aid ratios between Turkey and Greece.

Should Turkey and Greece be treated on a fixed-formula basis when their needs may be different? During Greece's junta years, the country was penalized through a reduction in military assistance. Now that Greece has a democratic government, we should help to meet its military assistance needs without regard for the requirements of other countries.

In its zeal to assure the world of our peaceful intentions, the committee voted to terminate both Grant Military Assistance and our Military Assistance Advisory Groups and Missions (MAAGs) by the end of fiscal year 1977. While I have supported the shift from grant programs to sales, I believe that termination of the grant program on such short notice is unwise. I personally favor continuation of MAAGs and do not concur with the plans to terminate them. The MAAGs are key elements in the efficient control and management of security assistance to friendly foreign governments. The United States has already reduced MAAG personnel by 77 percent since 1960. Instead of a sudden and arbitrary termination, we should authorize the President to establish or disestablish MAAGs or similar organizations as our national interests dictate.

Having acted to cut off grant aid, the committee then proceeded to restrict even further the availability of U.S. arms by setting an annual ceiling of \$9 billion on the aggregate value of Foreign Military Sales and direct commercial sales of defense articles and services in any fiscal year. Also, the value of combat equipment sold was limited to 40 percent of the \$9 billion ceiling.

It should be obvious that a unilateral ceiling on arms sales from the United States would encourage foreign arms merchants while diminishing U.S. influence in multilateral efforts to control arms trade.

Such a ceiling would be almost impossible to administer. To control the total value of FMS contracts entered into, the Defense Department would have to control the value of letters of offer it issues to prospective purchasers. Yet, since DOD is not in a position to know which letters of offer will be accepted or rejected, it would have to limit the value of the offers outstanding. An objective review would demonstrate that the military readiness of our NATO allies and Asian allies such as Korea and Israel could be adversely affected by application of this arbitrary ceiling. The 40 percent "subceiling" on implementations of war would add a completely unworkable complication.

A further example of legislative mischief is the section of the bill expressing the sense of Congress that the President negotiate an agreement with the Soviet Union limiting deployment of armed forces in the Indian Ocean and littoral countries.

My esteemed colleagues on the committee are evidently ignoring deliberate Soviet buildup of military forces in the Indian Ocean. I call their attention to developments in Mozambique, Somalia and the Yemen Arab Republic, not to mention the close relationship between the U.S.S.R. and Mrs. Gandhi's Indian democracy.

In my judgment, we cannot prematurely withdraw our forces from Korea. We must maintain a readiness and visibility in the Far East.

I fully support the funds authorized for Israel and it is my strong belief that only by maintaining a military defense capability of a substantial nature can Israel be assured that it won't be subject to another attack. With the terrorist activities and political initiatives of the PLO and radical governments of Syria, Iraq and Libya fomenting complications, this bill properly addresses itself to our concerns in the Middle East.

To sum up my views, I do not believe that this bill will go down in history as a legislative masterpiece. It smacks too much of "neo-isolationism", politically motivated interference in the authority of the President to conduct foreign policy, and too many amendments were adopted that reflected the pre-determined, and often partisan, views of the committee majority.

It must be noted, however, that the bill reported out by the Senate Foreign Relations Committee and passed by that body is probably more of a monstrosity than the House Committee version. It may be wise, and in fact necessary, for the President to veto the measure on the grounds of deliberate interference with his constitutional responsibilities of conducting foreign policy.

EDWARD J. DERWINSKI.

DISSENTING VIEWS OF HON. PIERRE S. DU PONT

In past years I have always given my full support to foreign assistance bills because of my firm conviction that foreign assistance, when administered wisely, is a valid instrument of United States foreign policy and is beneficial to world stability. This year, however, while I co-sponsored and voted for the International Food and Development Assistance Act of 1975 which authorizes economic and humanitarian foreign aid for fiscal years 1976 and 1977, I must oppose H.R. 11963, the International Security Assistance Act of 1976, which authorizes U.S. foreign military aid for fiscal year 1976.

I cannot support the International Security Assistance Act for several reasons:

First, the \$4.8 billion in military assistance for fiscal year 1976 approved in this bill is too much. The new obligational authority in the International Security Assistance Act of 1976 represents a 244 percent increase over the new obligational authority for U.S. military assistance for fiscal year 1975. Further, there is every indication that this bill does not represent a single, abnormally high one year aid injection, but that it anticipates military aid levels this country will be expected to maintain for the next five to ten years. I do not feel that the United States either can or should commit itself at this time to these elevated levels of military assistance.

Second, this \$4.8 billion in military aid is in sharp contrast to the \$1.3 billion aid package the International Relations Committee authorized for fiscal year 1976. It is my concern that this humanitarian aid will undergo a serious reduction for budgetary reasons in order to accommodate the enormous military aid bill; any further reduction in the humanitarian aid authorization will eliminate vital programs and weaken the effectiveness of many other needed projects. It is particularly tragic to envision the authorization for tanks supplanting that for tractors since it is economic rather than military aid which contributes most significantly to national and international well-being.

Third, although I consider U.S. military assistance to be an integral part of American foreign policy, I would argue that extremely high levels of military aid do not promote world stability but undermine it. High levels of military aid may, therefore, be counter-productive to our foreign policy objectives.

Although I cannot support this bill at its present level of funding, I want to express my approval of the vastly strengthened Congressional control of United States arms transfers which the International Security Assistance Act provides. I find it ironic that these measures should be coupled with the largest new budgetary authorization for military assistance since the Korean War period; nonetheless, these measures remain extremely important to arms sales control and to the extension of the rightful role of Congress in arms transfer oversight. I would like to cite particularly, as positive examples of Committee

action in the area of arms sales oversight, the lengthening of the period from twenty to thirty calendar days during which Congress may review, debate, and possibly disapprove an individual arms sale and, also, the requirement of an impact statement with each proposed sale which should enable Congress to obtain the necessary facts to understand properly the implications of any U.S. sale. These two amendments in addition to the many others will permit a more informed and thorough Congressional deliberation and oversight of United States arms transfers.

However, one important aspect of congressional intent to control arms transfers is, unfortunately, not present in this bill. The International Relations Committee failed to adopt my amendment which would have prohibited funds from this bill from being used to finance the transfer to a foreign government of a missile system designed solely to deliver a nuclear warhead. Congress can place as many reporting requirements, restrictions, and ceilings on arms sales as it likes but, in the long run, none of them will achieve their desired effect of strengthening world stability should Congress decide to permit the transfer of nuclear weapons to foreign governments. This country, in accordance with the basic tenets of the Non-Proliferation Treaty which it has signed and ratified, should firmly reiterate and strengthen its determination not to export nuclear weapons.

The threat of nuclear proliferation is one of the most important and frightening problems our world is going to face in the next decade. The United States, as a leading nuclear power will share a major portion of the responsibility for preventing nuclear proliferation and its inevitably tragic consequences. Any exception to the U.S. prohibition of the export of its nuclear weapons would represent not only a slippage of American resolve to refrain from the export of nuclear weapons but it would also signal to nuclear power states, including those others which are party to the N.P.T., a U.S. indifference to the principles of non-proliferation and a willingness to countenance the export of nuclear weapons by other nations.

The export of a particular missile system such as the Pershing which is designed only and expressly to deliver a nuclear warhead would lead to an erosion of the moral position in the world of the United States. The United States should work to prevent this erosion as well as to diminish the potential for an escalation of regional arms races which the export of nuclear missiles would certainly trigger.

In addition, nuclear weapons, which are tremendously expensive, by the very nature of the consequences they entail, are not as readily useful as conventional weapons. For the United States to supply a foreign government with nuclear weapons could, therefore, absorb resources that might be better directed toward strengthening conventional forces.

At the present time, all U.S. nuclear weapons, whether or not they are situated on American soil, remain under American control. To transfer control of nuclear missile systems to foreign governments would encourage nuclear proliferation and enlarge the risk of nuclear confrontation.

I would urge, therefore, my colleagues on the International Relations Committee to reconsider, in the future, their role and their responsibility in strengthening congressional determination to prevent the U.S. export of nuclear weapons and the ensuing nuclear proliferation.

PIERRE S. DU PONT.

SUPPLEMENTAL VIEWS OF HON. TENNYSON GUYER

Because of its overriding importance to our security and because the bill deals responsibly with several of the most troublesome problems our foreign policy has faced in recent years, such as the Middle East, Turkey and the Cyprus problem, I have voted to report the bill so that it may be considered by the House.

The bill must be viewed as a vehicle for reasserting the responsibility of Congress in the formulation of foreign policy. But in my opinion, the Committee has gone too far in conducting foreign relations by legislation. Its actions in some cases will prejudice delicate negotiations by writing the American position into public law. It threatens some sensitive relationships by taking from the Administration the maneuverability it must have. Of particular concern to me are the following:

The legislative veto provisions.—The proposed legislation contains several sections where the President's authority to carry out certain actions is overridden if Congress adopts a prohibitory concurrent resolution within a stated period. In addition to being a highly questionable intrusion by the Congress into the day-to-day conduct of relations with foreign countries, I believe that the use of the concurrent resolution in this way is an unconstitutional violation of the principle of separation of powers.

The proliferation of reporting requirements.—The endless list of reporting requirements is a further encroachment upon the responsibility of the executive branch. Each report will require not only a large staff of bureaucrats to prepare, but also will require the attention of the highest levels in the State Department and the White House before submission to Congress. Reports are required on human rights, stockpiling, transfer of defense articles, arms impact, agent fees, annual arms sales estimates, annual arms ceilings, review of arms sales policy, international narcotics control, Angola, Korea, Indian Ocean, terrorism, Munitions Control Export licenses, discrimination, U.S. citizens imprisoned in Mexico, etc. The massive details of these reporting requirements are so complex and confining and the time frame for the reports so unrealistic that proper handling is almost impossible. Thus, the President would be robbed of his authority and flexibility in these critical areas that affect our security.

Human rights.—Section 101 of the bill calls for reports each year on the human rights situation in each country proposed to be included in the security assistance program, as well as more detailed reports on individual countries in response to Committee requests. This focuses too narrowly on tying the question of violations of human rights standards to the availability of security assistance. Human rights observance is far too complex an issue to be materially influenced by withholding security assistance. While ideally we want all of our international neighbors to enjoy full freedom, only twenty percent

of the world's countries have the kind of freedoms we enjoy. It seems inappropriate for us to be the Solomon to judge, or the jury to impose our standards on others. These goals more properly belong to each nation's own people for resolution.

Annual ceiling on arms sales.—Section 310 establishes an annual ceiling on total government and commercial sales of defense articles and services, authorizes the President to establish country and regional quotas, and requires that the Secretary of Defense approve in advance commercial contracts. In addition, sales of certain defense articles, including aircraft and vessels, would be limited to forty per cent of the total. This provision would cause many administrative problems. The intentions of foreign governments to purchase articles and services from the United States cannot be predicted. If quotas are established, they might be considered by some countries as advance approval or denial of arms requests. In other cases such quotas might work to inhibit sales efforts by commercial exporters. The requirement that the Department of Defense establish procedures for the policing of commercial contracts within country quotas raises questions as to how priorities could be established between competing American firms.

Agent's fees.—Section 306 of the bill would require the President to report to the Congress the names of any persons receiving any fee or commission in conjunction with Foreign Military Sales. The principal difficulty with this provision is the loss of privacy that U.S. companies would sustain while engaged in bona fide ventures abroad. They would suffer substantially if such information should become public. This could have an unfavorable impact on the competitive position of U.S. companies. We strongly condemn bribery and other corrupt practices. However, remedial efforts presently underway on several of these fronts will curb and correct these practices, thus removing the need for us to overreact and provide an advantage to foreign exporters at the expense of legitimate American trade and jobs.

In contrast to the above areas of concern, we believe the Committee has succeeded in several cases in asserting the concern of the American people over certain aspects of our foreign policy without unduly interfering with the Administration's ability to carry out policies on which there is basic agreement:

Turkey.—This bill retains for the Administration the authorization for an arms supply relationship with a NATO ally of longstanding, while it continues to express the view of the Congress that Turkey should initiate additional steps toward a peaceful settlement of the Cyprus problem. To have disrupted further the alliance relationship by legislative action would have been counter-productive to the peace that both the Congress and the Administration sincerely desire.

Middle East.—The Committee has authorized a balanced package for friendly countries in the Middle East, rejecting efforts to discriminate against one party or another in this vital area. This was done in the hope that a balanced level of authorization would prove helpful to the Administration's continuing efforts to help bring about an overall settlement in the troubled Middle East. We are about the only country capable of bringing these nations to the peace table.

Chile.—Again while expressing the abhorrence of all Americans in view of reported violations of human rights in Chile, the Committee wisely chose to avoid punitive action by leaving the door open for diplomatic efforts as a better way to improve conditions in Chile.

Antidiscrimination.—By deleting the mandatory sanctions position of the original amendment, the Committee avoided legislating a confrontation with a friendly country which is critically important to progress toward peace in the Middle East. I believe this action provides the administration with enough guidance to implement its antidiscrimination policy without destroying its ability to negotiate on a case-by-case basis. The goal is worthy of the means.

TENNYSON GUYER.

94TH CONGRESS }
2d Session }

SENATE

{ REPORT
No. 94-605



INTERNATIONAL SECURITY ASSISTANCE
AND ARMS EXPORT CONTROL ACT OF 1976

REPORT

OF THE

COMMITTEE ON FOREIGN RELATIONS
UNITED STATES SENATE

ON

S. 2662

TO AMEND THE FOREIGN ASSISTANCE ACT OF 1961 AND
THE FOREIGN MILITARY SALES ACT, AND FOR OTHER
PURPOSES



JANUARY 30, 1976.—Ordered to be printed

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(III)

INTERNATIONAL SECURITY ASSISTANCE AND ARMS
EXPORT CONTROL ACT

JANUARY 30, 1976.—Ordered to be printed

Mr. SPARKMAN, from the Committee on Foreign Relations, submitted
the following

REPORT

[To accompany S. 2662]

The Committee on Foreign Relations to which was referred the bill (S. 2662) to amend the Foreign Assistance Act of 1961 and the Foreign Military Sales Act, and for other purposes, having considered the same, reports favorably thereon with an amendment and recommends that the bill (as amended) do pass.

PRINCIPAL PURPOSES OF THE BILL

The principal purposes of the bill are to: (1) revise United States policies concerning foreign military grant assistance and military sales and exports; (2) expand and strengthen Congressional tools for oversight of military assistance and sales programs; and (3) authorize the appropriation of \$3,049,900,000 for security assistance and similar programs for fiscal year 1976 and funds for such programs for the transitional quarter.

SUMMARY OF THE MAJOR PROVISIONS IN S. 2662

I. AUTHORIZATIONS OF APPROPRIATIONS

This bill authorizes appropriations for security assistance and related programs for fiscal year 1976 and the interim quarter, July 1,

1976 through September 30, 1976. Development and humanitarian assistance appropriation authorizations for fiscal years 1976, 1977 and the interim quarter are contained in P.L. 94-161 enacted on December 20, 1975. The Committee has separated the two types of assistance to enable each to be considered by the Senate on its own merits.

The bill authorizes appropriations of \$3,049,900,000 for fiscal year 1976 and one-fourth of that amount for the interim quarter. The 1976 budget authority will finance security assistance programs in fiscal year 1976 totaling \$4,397,700,000. The recommended budget authority in the bill for 1976 is \$400,400,000 less than the Administration request for fiscal year 1976. The Committee, in scrutinizing the request, was particularly attentive to the budget allocations and ceilings contained in the Second Concurrent Budget Resolution. This bill is within those budget guidelines. The authorization recommended by the Committee are set forth in the following table:

SECURITY ASSISTANCE AUTHORIZATIONS RECOMMENDED BY THE COMMITTEE ON FOREIGN RELATIONS
[In thousands of dollars]

Activity	Fiscal year 1976						Interim quarter July 1, 1976- Sept. 30, 1976, committee recommendation, budget authority ²
	Fiscal year 1975 appropriation	Request		Committee recommendation		Budget authority reduction	
		Budget author- ity	Program	Budget author- ity	Program		
Military assistance:							
Military assistance program.....	475,000	1,394,500	422,800	212,900	241,200	-181,600	-----
Education and training.....	(*)	30,000	30,000	25,000	25,000	-5,000	-----
Foreign military sales credits.....	300,000	1,065,000	2,374,700	1,014,500	2,324,700	-50,500	-----
Total, military.....	775,000	1,489,500	2,827,500	1,252,400	2,590,900	237,100	-----
Economic assistance:							
Supporting assistance.....	660,000	1,858,300	1,867,550	1,705,000	1,714,300	-153,300	-----
Middle East Special Re- quirements Fund.....	100,000	50,000	50,000	50,000	50,000	0	-----
Total, economic.....	760,000	1,908,300	1,917,550	1,755,000	1,764,300	-153,300	-----
Other assistance:							
Contingency fund.....	1,800	10,000	10,000	5,000	5,000	-5,000	-----
Narcotics control.....	17,500	42,500	42,500	37,500	37,500	-5,000	-----
Total, other.....	19,300	52,500	52,500	42,500	42,500	-10,000	-----
Total, all programs.....	1,554,300	3,450,300	4,797,550	3,049,900	4,397,700	-400,400	-----

¹ Does not include \$323,900,000 for reimbursement to the Department of Defense for use of the drawdown authority in fiscal years 1974 and 1975.

² Included in MAP in 1975.

³ One-fourth of the fiscal year 1976 budget authority level is authorized for the interim quarter for each program.

Countries in the Middle East are scheduled to receive 71 per cent of the total programs authorized in this bill for fiscal year 1976. The Committee endorses the recent Sinai record and strongly supports continued efforts to move forward toward disengagement on the Golan and other fronts.

PROGRAM AND FUNDING AUTHORIZATIONS FOR THE MIDDLE EAST IN FISCAL YEAR 1976

[In millions of dollars]

	Grant military assistance	FMS credit		Supporting assistance	Total program
		Program	Budget authority		
Israel.....		1,500	(825.0)	725	2,225
Egypt.....				700	700
Jordan.....	50	75	(7.5)	67	192
Syria.....				50	50
Total, Middle East	50	1,575	(832.5)	1,542	3,167

¹ Repayment of up to \$750,000,000 to be forgiven.

II. POLICY PROVISIONS

A. Grant Military Assistance Program

1. It requires a phaseout of the general foreign military grant assistance program by October 1, 1977, except for programs subsequently authorized on a country-by-country basis (Section 107).

2. U.S. military missions and similar groups abroad are to be terminated by October 1, 1977, unless continuation of a specific mission is subsequently authorized by law (Section 106).

3. Authorizations for military grant assistance, other than training assistance, are allocated on a country-by-country basis for all major recipients. A total of \$5.2 million is authorized for countries for which individual ceilings are not specified (Section 101).

4. The President's authority to draw on Department of Defense stocks for military assistance purposes has been restricted to require a finding that such assistance is "vital" to U.S. security (Section 102).

5. It sets forth a procedure for terminating grant military assistance and prohibiting credits or guarantees to or for any country which violates the provisions of military aid or sales agreements (Sections 103, 206).

6. It establishes an anti-discrimination policy applicable to the military grant aid and government sales programs and to export licenses (Sections 104 and 205).

7. It establishes a human rights policy with provision for the Congress to restrict or terminate security assistance to countries which engage in gross violations of human rights (Section 111).

8. It prohibits further military or related assistance to Angola except pursuant to a request to Congress by the President under the Foreign Assistance Act. Either House of Congress may, within thirty days, reject the proposal by a simple resolution (Section 113).

B. Government Military Sales and Commercial Exports of Arms

1. Under the new Arms Export Control Act, which replaces the Foreign Military Sales Act, policy emphasis will be placed on public disclosure of arms sales matters and on bringing about restraint in the international trade in arms.

2. Statutory requirements for controls over commercial and government-by-government military exports are revised and combined in a new Arms Export Control Act so that all military export matters are controlled under one statute (Sections 201, 216).

3. All restrictions applicable to government-to-government sales (ie., prohibition on third country transfer without U.S. approval, etc.) are made applicable to commercial sales (Section 216).

4. All sales of major defense equipment items totaling \$25,000,000 or more must be made through government-to-government channels (Section 201).

5. Restrictions are imposed on sales to foreign governments from U.S. military stocks, with reports to Congress required on all sales which would impair U.S. combat readiness (Section 209).

6. The President is required to submit an annual country-by-country justification to Congress for the government-to-government military sales program (Section 212).

7. All government-to-government sales contracts are to be made available to the public to the fullest extent possible, consistent with U.S. national security (Section 208).

8. Reporting procedures for military sales and exports would be expanded and improved (Section 213).

9. Congress would be allowed to reject certain proposed export licenses for commercial sales, as it may now do on government-to-government sales (Section 213).

10. Reports would be required on all agreements to pay agents' fees, and data concerning fees actually paid, in connection with military sales abroad (government and commercial) (Section 214).

11. Congress would be given the right to reject proposed transfers of certain military equipment of U.S. origin from the original recipient to third countries (Section 204).

C. Miscellaneous Policy Provisions

1. U.S. personnel are prohibited from engaging in police actions in foreign countries in connection with narcotics control efforts (Section 303).

2. Military grant assistance, credits, guarantees, and supporting assistance to or for Chile are prohibited (Section 310).

3. The sense of the Congress is expressed in support of negotiations to limit military deployments in the Indian Ocean area (Section 311).

4. The sense of the Congress is expressed concerning strife in Lebanon (Section 308).

5. Modifies restrictions in existing law relating to stockpiles intended or earmarked for use by foreign countries (Section 105).

COMMITTEE COMMENTS ON POLICY CHANGES IN THE BILL

This bill, when enacted, will constitute the most significant piece of legislation in the field of foreign military assistance policy since the enactment of the Mutual Security Act more than a quarter of a century ago. For a number of years Congressional dissatisfaction with foreign military assistance and sales programs has been increasing, reflected in votes in both bodies. For the first time since the beginning of our post-World War II aid program, this Congress is treating foreign develop-

ment assistance and military assistance in separate bills, a step long supported by the Foreign Relations Committee and the Senate. The end of the war in Indochina, the pursuit of a policy of detente toward the Soviet Union and steps toward normalization of relations with China, have brought about a general reappraisal of the traditional tools of America's post-war foreign policy. The tools of foreign policy must be geared to the needs of today and the future, not the past. This bill looks to the future. It will revise the statutory framework for all military exports—grants and sales—government and commercial.

Since World War II the emphasis of United States military assistance programs, born of the Cold War, has been on expediting the flow of our arms and ammunition to non-communist nations around the world. Arms control considerations have been secondary. In the last three decades, the United States has given away or sold some \$110 billion in military equipment and supplies to foreign countries. The bill approved by the committee, recognizing evolving United States security interests and the danger to world peace from runaway arms sales, shifts the policy emphasis from expanding arms exports to strengthening controls, especially Congressional controls.

The major purpose of S. 2662 is to bring about centralized and more effective control within the Executive Branch over, and a stronger voice for Congress in, United States arms exports, government and commercial. The Arms Control and Disarmament Act states that the policy of our nation is to seek "a world which is free from the scourge of war and the dangers and burdens of armaments . . ." This bill will help to put that policy into practice. Arms sales, for good or evil, have become a major tool of American foreign policy.

In the last fiscal year the United States Government sold \$9.5 billion in military equipment, supplies or services to seventy-one nations. In addition, \$602 million in military materials were supplied through commercial channels and \$584 million given away in military grants.

This program was not the product of a careful and deliberate policy arrived at through joint action by Congress and the Executive Branch; it developed through its own momentum. The lack of a coherent policy on arms sales is not the fault of the Executive Branch alone. Congress bears a measure of the responsibility as well because of its failure to give more effective policy guidance and to exercise proper oversight on arms sales matters. S. 2662 will help to fill that vacuum.

The basic statutory framework for arms exports is outdated. Commercial sales, which now comprise only about five percent of all U.S. arms exports, are governed by one section of the old 1954 Mutual Security Act, a provision devoid of policy guidance that gives complete discretion to the President. It is an anachronism of an era when Congress chose to leave major foreign policy matters to the President. The Foreign Military Sales Act, which controls government-to-government sales, is also a product of a bygone era. Although that Act was enacted less than a decade ago, experience has shown that this statute gave broad and sweeping powers to the Executive Branch. The 1975 government sales chart is vastly different in quantity and geography from that of 1968. Military sales by the U.S. government have increased more than ten-fold since then. At that time the bulk of United States arms sales was to our NATO allies. Today, the vola-

tile Persian Gulf, not Europe, is the heart of the market. This bill will update, consolidate, and strengthen the statutory framework for the control of U.S. arms exports, both by the government and through commercial channels.

The Committee does not contend that the sale of arms to foreign countries is evil per se. The United States has important security and foreign policy interests in the sale of arms to many countries. The sale of F-16 aircraft or other weapons to our NATO allies clearly promotes important United States security and economic interests. But the massive influx of American arms to the Persian Gulf area, which is largely responsible for the great leap in U.S. arms sales totals, must be viewed in a different light. American interests vary from country to country and from case to case. This bill will not stop, nor necessarily curtail, arms sales. It contains neither prohibitions nor ceilings on sales. But enactment of S. 2662 will improve the scrutiny given to the foreign policy aspects of arms sales proposals, both within the Executive Branch and the Congress. Given due attention on the part of the Executive Branch to the concerns expressed by Congress over the lack of coherent policy review of arms sales, the enactment of the bill will not adversely affect American industry.

This bill is a Congressional initiative. It did not originate in the Executive Branch but with the Subcommittee on Foreign Assistance of the Committee on Foreign Relations. However, the provisions in the bill recommended by the Committee reflect a serious effort to meet objections raised by the Executive Branch. S. 2662 is based on several simple propositions:

That Congress in the past has not exercised effective oversight of arms sales matters and needs additional statutory tools to do so;

That more effective control over arms transfers is needed within the Executive Branch, with basic responsibility for policy to be vested in the Department of State;

That there is too much secrecy in the handling within the government of arms sales and export programs; and

That many U.S. military grant aid programs and many of the 44 military missions abroad have outlived their usefulness.

The bill recommended by the Committee is designed to achieve five basic objectives with regard to U.S. military assistance programs:

1. Shift the focus of U.S. arms sales policy from that of selling arms to controlling arms sales and exports;
2. To provide the Congress with additional information about, and expanded and strengthened control over, arms transfers;
3. To provide the public with more information about government arms sales actions;
4. To reduce significantly the number of military grant assistance programs and U.S. military missions abroad over the next year and a half and to require a specific authorization for any grant programs or missions after that, and
5. To reduce the cost of military assistance grants.

A major feature of the bill is to bring American arms exports issues out into the open. A basic fault of past policy, which has led to the present state of public concern, is that too much of the sales program in

the past has been carried out in secrecy. This bill requires that all government-to-government contracts be available for public inspection and that data in quarterly and other reports be unclassified to the maximum extent possible, consistent with U.S. security and the protection of the competitive position of U.S. industry.

Nothing is so essential to rebuilding confidence in governmental processes as public debate. To be accepted by the American people, arms export programs must stand up under the light of public scrutiny. Our defense budget is a matter of public record, insuring the availability of facts essential to public debate. The Committee believes that shining the public spotlight on arms sales will help to bring about a more rational, publicly acceptable policy. The Committee is aware of the concerns expressed by some business interests concerning the disclosure aspects of the bill and the feature to require sale through government channels of all major weapon systems or equipment valued at \$25,000,000 or more. The Committee has taken those concerns into account in the shaping of this legislation and does not believe that this bill will impair the U.S. competitive position in foreign arms sales.

Control by both Congress and the Executive Branch over the sale of major weapons systems will be strengthened by requiring that all significant sales of major equipment can be made only on a government-to-government basis. The most significant control aspects of the bill are those which provide Congress with the tools and the information needed for improved oversight of arms export policies and programs. The major provisions of the bill in this area are summarized below:

1. It revises and expands existing law, which requires prior notification to Congress of government-to-government sales over \$25,000,000, to require, in addition, the submission to Congress of:

- (a) all proposals to sell or export any major defense equipment, regardless of value;
- (b) all proposed licenses for the commercial export of military materials valued at more than \$25,000,000;
- (c) proposed licensing arrangements for production abroad of significant military materials in non-NATO countries.

Congress would have 30 calendar days within which it could reject by concurrent resolution any of the proposed sales required to be submitted under the new provisions (Section 213).

2. Any government sale that would have a significant adverse effect on the U.S. armed forces must be reported to Congress and Congress could halt delivery by passage of a concurrent resolution (Section 209).

3. Congress, by concurrent resolution, can terminate military grants and prohibit credits and guarantees to any country which violates agreements concerning use of U.S. equipment and material (Sections 103 and 206).

4. The President must submit to Congress an annual estimate of government-to-government arms sales and a justification for the estimate, on a country-by-country basis (Section 212).

5. Congress, by concurrent resolution, can reject Executive Branch proposals to permit the transfer of military equipment of U.S. origin from the original recipient to third countries (Section 204).

6. Congress may restrict or terminate, by concurrent resolution, security assistance to any country which engages in gross violations of internationally recognized human rights (Section 111).

7. Additional data, in unclassified form, must be reported to Congress concerning arms sales matters (Sections 110, 212, 213, 214, and 215).

This bill also sets a goal of drastically reducing both the number of countries which receive grant military assistance and the number of U.S. military missions abroad. Passage of S. 2662 will not mean that all grants and missions will end by October 1, 1977. But it will require that after the end of the next fiscal year all grant military aid, by country, and all U.S. military missions abroad must have been authorized specifically by the Congress. As a start in implementing that policy, this bill contains line item allocations for grant military aid and supporting assistance and it requires a significant reduction in the number and size of U.S. missions abroad.

For many years the Foreign Relations Committee has attempted to reduce the military aid program and bring it under more effective Congressional control. Last year the Senate voted to phase out the grant aid program but, because of the adamant opposition of the House, the mandatory feature was eliminated and a sense of the Congress provision substituted which stated that "except for training, the program should be reduced and terminated as rapidly as possible." In addition, the bill directed the President to submit to the first session of the 94th Congress a detailed plan for the reduction and eventual elimination of the present military assistance program. The President's compliance with this requirement was both belated and inadequate. This bill, therefore, will carry out that Congressional expression of policy.

We are now celebrating the bicentennial of our nation's birth. It is important that Congress reflect on what we as a people want America to stand for. The values and principles we live by as a nation will be what history will remember America for, not the sophistication or quantity of our weapons. The United States, as the leading actor, has a great capacity for leadership in the control of trade in conventional weapons. It is not sufficient to say that everyone else is selling arms. Surely we can do better than allow our policies in this field to be captive to the policies of others. And, as the number one salesman, the United States has a special leadership responsibility. Our nation's military assistance and sales statutes, with their conflicting potential for preserving peace and promoting war, need a thorough overhaul. This bill will accomplish that.

COMMITTEE COMMENTS ON THE HUMAN RIGHTS PROVISION

The Committee believes this major revision of the policy provisions of Section 502B of the Foreign Assistance Act of 1961 on human rights will greatly strengthen the efforts of the United States in promoting and encouraging increased respect for the human rights and fundamental freedoms of all peoples. This new section on human rights likewise improves considerably the institutional aspects policy making related to human rights by establishing in the Department of State an Office of Human Rights, to be headed by a Director who

shall be appointed by the President with the advice and consent of the Senate.

The Director of the Office of Human Rights shall be the principle fact finder of both the Legislative and Executive Branches with regard to violations of human rights by any country receiving security assistance under this act. The Director will prepare annual reports to the Congress on the observance of and respect for human rights in each country proposed to be a recipient of security assistance. Moreover, the Director will, upon request from the Congress in accordance with the provisions of this new section, transmit to the Committee and the International Relations Committee in the House of Representatives a statement outlining the situation regarding human rights in any particular country, what the United States has done to discourage such practices, and whether, in the opinion of the Secretary of State such assistance should be continued because of exceptional circumstances. Congress may terminate or restrict such security assistance by concurrent resolution.

The Committee believes this formulation is an improvement over the procedures of Section 502(b) which did not provide the Congress an effective procedure for the review of human rights questions related to security assistance or a means of taking action commensurate with its own findings.

The Committee recognizes that the relationship of practices in certain countries affecting the status of human rights and United States security interests are difficult to reconcile. Both the Executive Branch and the Congress need the best available information on which to base correct courses of action. Neither branch of Government can afford to be ill-informed on so important a matter, for practices in respect to human rights can be important to our security as well as important to our traditions and conscience. Repeated and gross violations of human rights by any state may prejudice decisions affecting our own security interests in a manner which we will be unable to accept. The pursuit of such policies by recipient governments may risk the investments of materials and training we have committed to those states.

It is in this light that the Committee has taken the strong but considered action it has in addressing the problem of gross violations of human rights in relation to our security assistance programs.

COMMITTEE COMMENTS REGARDING ANTI-DISCRIMINATION PROVISIONS

The anti-discrimination amendment adopted by the Committee on Foreign Relations parallels the Anti-Discrimination amendment which became law as part of H.R. 9005, the International Development and Food Assistance Act of 1975. Under that law, all United States assistance programs must be conducted without regard to the race, religion, national origin or sex of American citizens participating in the program anywhere in the world. The same principles are applied under this amendment to the International Security Assistance and Arms Export Control Act of 1975.

The anti-discrimination language of this bill applies to all sales of military materials under the Foreign Military Sales program and under the Commercial Sales program. This is a particularly important amendment because of the many billions of dollars and thousands

of jobs involved under the military sales programs, particularly to the countries in the Persian Gulf where major purchases of U.S. produced defense equipment are being made and where the United States is assisting those countries by providing training construction and maintenance services. The committee has received reports that in some instances American citizens have been excluded from participating in U.S. programs because of their race, religion, national origin or sex. It is the belief of the Foreign Relations Committee that such discrimination is inconsistent with our own Constitution and our historical traditions.

The anti-discrimination language of this bill has been drafted in a way so as to permit the President some latitude in working with countries where specific instances of discrimination against American citizens have occurred. The legislation has been drafted in a manner which will enable the Executive Branch to resolve problems without immediate termination of the existing arrangements. If after such efforts, however, the President is unable to reach a workable agreement, then the particular transaction in which the discrimination has occurred must be suspended until the problem is resolved.

The Committee believes that our own government has a special responsibility to its own citizens which cannot be circumvented. Other governments will have to understand this obligation and work with us to agree on practices and procedures which are consistent with the intent of this section.

COMMITTEE COMMENTS REGARDING THE CONSTITUTIONALITY OF
"LEGISLATIVE VETO" PROVISIONS CONTAINED IN S. 2662

Because certain questions have been raised recently regarding the constitutionality of the so-called "legislative veto", and because the Supreme Court has not directly addressed this question,¹ the Committee considers it appropriate to set forth its views regarding the constitutionality of the legislative veto provisions contained in S. 2662.

First, the Committee notes that use of the legislative veto is not prohibited by any express provision of the Constitution. Specifically, the Committee finds that the enactment of these provisions would not violate article I, section 7, clause 3 of the Constitution, the "presentation clause". That clause provides as follows:

Every Order, Resolution, or Vote to which the Concurrence of the Senate and House of Representatives may be necessary (except on a question of Adjournment) shall be presented to the President of the United States; and before the Same shall take Effect, shall be approved by him, or being disapproved by him, shall be repassed by two thirds of the Senate and House of Representatives, according to the Rules and Limitations prescribed in the Case of a Bill.

¹In *Buckley v. Valeo* (Nos. 75-436 and 75-437, Jan. 30, 1976), the Court had "no occasion to address" the validity of a legislative veto applicable to rules and regulations of the Federal Election Commission. The Court stated:

"Because of our holding that the manner of appointment of the members of the Commission precludes them from exercising the rule-making powers in question, we have no occasion to address this separate challenge of appellants."

Id. at 134, n. 176.

The original constitutional materials all suggest that that clause derived from the Framers' concern that, by calling a bill an "order", a "vote", or a "resolution" (rather than a bill), Congress might cause a law to take effect without any opportunity on the part of the President to exercise his veto power. The principle established, in other words, was that a simple or concurrent resolution may not, of its own force, have the effect of law. This principle is not violated by any of the legislative vetoes contained in S. 2662. The President will, if that bill passes each House, have an opportunity to veto it; if the bill is enacted, any resolution subsequently adopted pursuant to that statute will derive force not from itself, but from the enabling Act in which it is incorporated. Were the Congress to attempt, without first enacting S. 2662, to exercise by resolution any of the legislative vetoes contained in S. 2662, then the Committee believes that the presentation clause would require that such resolution be presented to the President for his signature. It was that situation, judging from notes taken of the debates at the constitutional convention, that the presentation clause was intended to prevent. The Committee is not aware of anything in the primary constitutional materials, however, that would suggest any intent on the part of the Framers to preclude the incorporation of a provision for a legislative veto in an existing statute. Indeed, there is no indication in those materials that the Framers had even contemplated the "incorporated" legislative veto. This is further suggested by the language of the presentation clause itself which, read literally, would preclude only concurrent resolution vetoes and not simple resolution vetoes. Surely such anomalous wording would not have been used had the Framers intended to prohibit the legislative veto as it has since developed.

The development of the legislative veto apparently began with the Legislative Appropriations Act of 1932, 47 Stat. 382, which granted President Hoover the authority to consolidate, redistribute, and transfer various executive branch agencies and functions by executive order, provided neither House of Congress disapproved within 60 days. The Reorganization Act of 1939, 53 Stat. 562, included a concurrent resolution veto to limit similar authority, as did the Reorganization Act of 1945, 59 Stat. 613. In the Reorganization Act of 1949, 63 Stat. 203, the one-House veto was again employed.

The Committee believes that each of these statutes was clearly constitutional, representing an instance in which the Congress merely accomplished by one means what it had the unquestioned power to accomplish by another. Clearly, the Congress possesses the constitutional authority to reorganize the executive branch through the traditional legislative process. Thus, each of the reorganization plans submitted to the Congress could constitutionally have been enacted by the Congress in the first instance with no formal suggestions from the executive branch. Instead, the Congress elected to avail itself of the expertise, experience, and insight of the executive branch by delegating to the executive branch the right to propose specific action, without relinquishing its own power to determine what has the force of law.

The Committee does not view the separation of powers doctrine as precluding this kind of inter-branch cooperation. That doctrine,

as Justice Frankfurter has noted, has not been treated by the Supreme Court as a "sterile dogma" establishing a "rigid conception of separation of powers":

On the whole, 'separation of powers' has been treated by the Supreme Court not as a technical legal doctrine. Again barring some recent decisions, the Court has refused to draw abstract analytical lines of separation and has recognized necessary areas of interaction among the departments of government. Functions have been allowed to courts as to which Congress itself might have legislated; matters have been withdrawn from courts and vested in the executive; laws have been sustained which are contingent upon executive judgment on highly complicated facts. . . . Enforcement of a rigid conception of separation of powers would make modern government impossible. The control of navigation, the regulation of railroad rates, the administration of the Pure Food and Drug Act, the allocation of wave lengths, are all achieved by refusing to treat the doctrine of separation of powers as a sterile dogma. Frankfurter, *The Public and Its Government* 78 (1930).

Although the Supreme Court, as noted above, has never directly addressed the question of the constitutionality of the legislative veto, it has upheld a broad legislative power on the part of the Congress. Specifically, the Court has upheld the constitutionality of statutes which condition the authority granted therein upon the occurrence or nonoccurrence of a specified contingent event. In *J. W. Hampton & Co. v. U.S.*, 276 U.S. 394 (1927), that event was a finding by the President that the raising of tariff rates was necessary to equalize foreign and domestic production costs. In *Hirabayashi v. U.S.*, 320 U.S., 81 (1943), that event was a finding by a military commander that danger existed and that a curfew order was the appropriate means of minimizing that danger. In *U.S. v. Rock Royal Cooperative, Inc.*, 307 U.S. 533 (1939), that event was a referendum of approval of milk product handlers prior to the entry of certain orders by the Secretary of Agriculture under the Agricultural Marketing Act of 1937. In *H.P. Hood & Sons, Inc. v. U.S.*, 307 U.S. 588 (1939), that event was a referendum of milk product producers prior to the entry of such orders. In *Currin v. Wallace*, 306 U.S. 1 (1939), that event was a referendum of approval of tobacco growers prior to the designation of certain markets by the Secretary of Agriculture ("Congress has merely placed a restriction upon its regulation by withholding its operation as to a given market 'unless two-thirds of the growers voting favor it.'"). *Id.* at 15).

The Committee believes that the subsequent vote provided for by the legislative vetoes contained in S. 2662 may properly be viewed as the same sort of contingent event provided for by the statutes upheld by the Court in the above-cited cases.

This was the position taken by the House Select Committee on Government Organization in reporting the Reorganization Act of 1939. The Committee stated:

The failure of Congress to pass . . . a concurrent resolution is the contingency upon which the reorganizations take effect. . . . That the taking effect of action legislative in character may be made dependent upon conditions or contingencies is well recognized. The latest pronouncement of the Supreme Court on the subject is in [*Currin v. Wallace*, 306 U.S. 1 (1939)]. That case upheld the validity of a referendum of farmers which determined whether the Secretary of Agriculture could exercise the authority given him by the statute to designate a market as one at which tobacco was required to be inspected and certified by Department representatives prior to its sale. It seems difficult to believe that the effectiveness of action legislative in character may be conditioned upon a vote of farmers but may not be conditioned on a vote of the two legislative bodies of the Congress. (H.R. Rep. No. 120, 76th Cong., 1st Sess. 6 (1939).)

A similar position was taken by the late Edwin S. Corwin. "[I]f the Secretary of Agriculture may be delegated powers the exercise of which is subject to a referendum vote of producers from time to time," Corwin asked, "then why may not the two Houses of Congress be similarly authorized to hold a referendum now and then as to the desirability of the President's continuing to exercise legislatively delegated powers?" The line between delegation of powers and abdication of powers is to be maintained, he urged, "[o]nly . . . by rendering the delegated powers recoverable without the consent of the delegate; and for this purpose the concurrent resolution seems to be an available mechanism, and the only one. To argue otherwise is to affront common sense." Corwin, *The President: Office and Powers, 1787-1957* (4th rev. ed. 1957).

If the legislative vetoes contained in the Reorganization Acts were constitutional (and the Committee believes that they were), then similar provisions in other statutes are likely to be valid. It is evident that the legislative veto provisions contained in S. 2662 are, in all material respects, comparable to the provisions contained in the Reorganization Acts. Each allows the President to propose, in a legislative context, specific action. Each permits such action to be carried out unless disapproved by the Congress. Each allows such disapproval only within a limited time period. Most importantly, each involves the delegation of a power which the Congress could constitutionally withhold altogether from the executive branch. Clearly, the Congress could refuse to authorize security assistance to a country which violates internationally recognized human rights (sec. 111.). Clearly, the Congress could refuse to authorize funds for such assistance (including covert activities with respect to Angola (sec. 112.)). Clearly, the Congress could prohibit the transfer to a third country of defense articles and services which it authorizes to be sold to a foreign country (sec. 204.). Clearly, the Congress could prohibit the sale of defense articles or services if such sales adversely affect the United States' combat readiness (sec. 109.). Clearly, the Congress could prohibit alto-

gether certain government-to-government sales or the granting of certain commercial licenses (sec. 213.). Instead of withholding those powers altogether, the Congress, by enacting S. 2662, will merely have withheld a part of those powers by subjecting their use to the condition that Congress does not disapprove. It will have given the executive branch an opportunity to formally propose specific action which could not have been taken had no portion of those powers been delegated. The attachment of such a condition, the Committee believes, is necessary in S. 2662 for the same reasons it was necessary in the Reorganization Acts: to make use of executive branch expertise and provide some flexibility while at the same time avoiding an undue delegation of legislative discretion to the executive branch.

Thus viewed, the legislative veto upholds rather than undermines the separation of powers principle. The purpose of that doctrine, the Committee believes, was well set forth by Justice Brandeis:

The doctrine of separation of powers was intended by the Convention of 1787, not to promote efficiency but to preclude the exercise of arbitrary power. The purpose was, not to avoid friction, but, by means of the inevitable friction incident to the distribution of the governmental powers among three departments, to save the people from autocracy, *Meyers v. U.S.*, 272 U.S. 52, 293 (1926) (Brandeis J., dissenting).

Far from requiring that the President be delegated "arbitrary powers", which he would be if the above-described powers were granted unconditionally, the Committee views the separation of powers doctrine as militating against such an abdication of legislative responsibility. Use of the legislative votes provided for in S. 2662 will allow the Congress, by delegating some but not all of these powers to continue to perform its constitutionally mandated role.

The Committee does not believe, it should be noted, that the Constitution places no limits upon use of the legislative veto. The legislative veto could not be used to invade areas of plenary presidential prerogative, such as the pardon power (article II, section 2, clause 1) or the recognition power (article II, section 3). It could not be employed to oversee the finest details of the day-to-day administration of the Federal government. Nor, obviously, could it be used to nullify the veto clause by statutorily granting the President enormously broad powers subject to the condition that Congress may disapprove their exercise by concurrent resolution. But the potentiality that a power may be abused is no argument against its existence. As Justice Story stated in *Martin v. Hunter's Lessee*, 14 U.S. (1 Wheat.) 304, 344 (1816): "It is always a doubtful course, to argue against the use of existence of a power, from a possibility of its abuse."

The Committee believes that each of the legislative vetoes contained in S. 2662 is well within the limits implied by the Constitution. Each is narrowly circumscribed in its effect. None relates to the exercise of a plenary executive power. None involves the Congress in a day-to-

day administration of the laws. The Committee notes, in this connection, that under the legislative veto provided for in the "Nelson Amendment" (section 36(b) of the Foreign Military Sales Act), the prototype for most of the legislative vetoes in S. 2662, not one resolution of disapproval has been adopted.

Finally, at least 46 provisions of existing law contain various forms of the legislative veto (see appendix). Dozens more, no longer in effect, have been employed during the past 45 years. Although the Committee does not believe that a constitutionally questionable practice, by mere repetition, becomes more constitutional, the Committee notes that the executive branch has on numerous occasions advanced such an argument with respect to its own practices.² If custom has tended to validate otherwise questionable practices engaged in by the executive branch, custom would seem just as surely to have validated the congressional practice embodied in the legislative veto.

The "legislative veto" provisions of S. 2662 to which the Executive Branch objects on Constitutional grounds are as follows:

"Legislative Veto"

Provisions of S. 2662

1. Proposals to approve the transfer to third countries of major military equipment valued at \$25,000,000 or more, or related training, may be rejected by Congress by a concurrent resolution (section 204).
2. Congress may suspend deliveries to foreign countries of items sold from Department of Defense stocks when those sales would have a significant adverse effect on the combat readiness of the U.S. armed forces (section 209).
3. Congress can reject, by concurrent resolution, proposals to sell, on a government-to-government basis, military articles or services valued at \$25,000,000 or more and any items of major defense equipment regardless of value (section 213).
4. Congress can reject, by concurrent resolution, proposed licenses for the commercial export of major defense equipment, regardless of value, those for military articles or services valued in excess of \$25,000,000, and certain proposed commercial manufacturing license agreements for overseas production (section 212).

² E.g., Testifying before this Committee in 1971, Secretary of State William P. Rogers cited exercises of Presidential warmaking power "to illustrate how the constitutional system adapts itself to historical circumstances." "War Powers Legislation", hearings before the Committee on Foreign Relations, U.S. Senate, 92d Congress, 1st Session, May 14, 1971 at 491.

Referring to the executive branch practice of using executive agreements, State Department Legal Adviser Monroe Leigh gave such a custom "significant legal weight": "Practice over the years is certainly indicative of a very general acceptance of the right of the President to negotiate and conclude such agreements. Practice does not normally define a rule of law with any precision, but in the absence of other more authoritative norms, practice does assume significant legal weight." Leigh, "Authority of the President to enter into executive agreements pursuant to his independent constitutional powers," memorandum submitted to Subcommittee on Separation of Powers, Committee on the Judiciary, U.S. Senate, October 31, 1975.

5. Security assistance to any country which is engaged in gross violations of human rights may be terminated or restricted by Congress by passage of a concurrent resolution (section 111).

6. Either House of Congress may reject a proposal by the President to provide security assistance to Angola (section 112).

COMMITTEE ACTION

On May 15, 1975, the President sent a message to Congress transmitting a draft of proposed legislation to authorize foreign assistance programs for the fiscal years 1976 and 1977, and for the transition period July 1, 1976, through September 30, 1976. (As submitted by the President, this draft legislation did not include specific requests for security assistance programs.) This draft was introduced by Senator Sparkman, Chairman of the Committee, (by request) on May 22, 1975, as S. 1816.

The President sent a further message to Congress on October 30, 1975, transmitting specific requests for security assistance programs, including a request for the Middle East related to the Sinai Agreements. This later transmittal included draft legislation which was not introduced. However, portions of the draft bill were subsequently incorporated in a bill prepared on the initiative of the Subcommittee on Foreign Assistance. The bill was subsequently introduced by Senator Humphrey, the Subcommittee Chairman, as S. 2662 on November 13, 1975. One hearing was held on the bill in executive session on December 16 to hear the testimony of Ambassador Edward W. Mulcahy, Acting Assistant Secretary of State for African Affairs. Public hearings were held on June 17 and 18 on arms sales issues in general and on November 19 and 21, and December 4 and 5 on S. 2662. The following witnesses were heard at those hearings:

ADMINISTRATION WITNESSES

June 18, 1975

Lt. Gen. H. M. Fish, Director, Defense Security Assistance Agency, Department of Defense.

Thomas Stern, Deputy Director of the Bureau of Politico-Military Affairs, Department of State.

Lee Q. Niemela, Acting Assistance Director for Military and Economic Affairs, U.S. Arms Control and Disarmament Agency.

November 19, 1975

The Honorable Henry A. Kissinger, Secretary of State.

November 21, 1975

Robert F. Ellsworth, Assistant Secretary of Defense.

OTHER WITNESSES

June 17, 1957

Senator Gaylord Nelson (D-Wash.).

Leonard A. Alne, Former Director of Foreign Military Sales, Department of Defense, and Aerospace Consultant, Falls Church, Va.

Dr. Dale Tahtinen, American Enterprise Institute.

Dr. Alvin Cottrell, Director of Research Center for Strategic and International Studies, Georgetown University.

Rear Admiral Gene R. LaRocque, Director, Center for Defense Information.

June 18, 1975

Senator Edward M. Kennedy (D-Mass.).

December 4, 1975

Senator Alan Cranston (D-Ca.).

Senator Edward M. Kennedy (D-Mass.).

Leonard Sussman, Executive Director, Freedom House, New York.

Reverend Paul Wilson, Friends of the Filipino People.

Joseph P. Sternstein, President, Zionist Organization of America, New York.

Morris J. Amitay, Executive Director, American-Israel Affairs Committee.

December 5, 1975

Senator Dick Clark (D-Iowa).

Ann H. Cahn, Program for Science and International Affairs, Harvard Univ.

Amelia C. Leiss, Center for International Studies, Massachusetts Institute of Technology.

Philip J. Farley, Brookings Institution.

William G. Chirgotis, Supreme President, American Hellenic Educational Progressive Association.

Eugene T. Rossides, American Hellenic Institute Public Affairs Committee.

The bill was considered and marked up by the Subcommittee on Foreign Assistance in two public sessions on December 10 and 12, 1975 and in four executive sessions on December 16, 17, 18 and 19. On December 19 the Subcommittee agreed by a voice vote to report the bill favorably to the full Committee.

The full Committee on Foreign Relations considered the bill in both open and executive session on January 22, 1976 and again in executive session on January 29, 1976 when the Committee by a vote of 13 to 1 agreed to report it to the Senate with a favorable recommendation.

COST ESTIMATES

Section 252(a)(1) of the Legislative Reorganization Act of 1972 requires that committee reports on bills and joint resolutions contain:

(A) An estimate made by such committee of the costs which would be incurred in carrying out such a bill or joint resolution in the fiscal year in which it is reported and in each of the five fiscal years following such fiscal year.

The Committee estimates that the cost of carrying out the provisions of this bill during fiscal year 1976 will be \$3,049,900,000, plus carry-over funds. For the interim quarter the Committee authorized the

appropriation of funds not to exceed one fourth of the amount authorized for the fiscal year 1976.

These authorizations are for one year and the interim quarter only. In coming months the Committee will review all of these programs for the purpose of authorizing funds for FY 1977. It is impossible at this time to estimate the amounts that the Congress may authorize for foreign assistance for fiscal year 1977 or the next four fiscal years. However, it should be noted that, under the bill, the military grant assistance program and military missions abroad will be reduced substantially by October 1, 1977, thus eliminating a major element of the costs for carrying out the programs for which appropriations are authorized in this bill.

COMMITTEE VOTES

Section 190(b) of Title 2 of the United States Code provides in part:

Each . . . committee shall keep a complete record of all committee action. Such record shall include a record of the votes on any question on which a record vote is demanded. The results of rollcall votes in any meeting of any such standing committee of the Senate upon any measure, or any amendment thereto, shall be announced in the committee report on that measure unless previously announced by the committee, and such announcement shall include a tabulation of the votes cast in favor of and the votes cast in opposition to each such measure and amendment by each member of the committee who was present at that meeting.

The following is a complete tabulation of all record votes taken during the Committee's consideration of S. 2662:

1. Subcommittee on Foreign Assistance: vote on provisions for providing assistance to or for Angola. The Subcommittee voted 7-0 as follows: Voting aye were Senators Church, McGee, McGovern, Humphrey, Case, Javits and Scott.

2. Vote by the full Committee to report favorably S. 2662: Those voting aye were Senators Church, Pell, McGee, McGovern, Humphrey, Clark, Biden, Case, Javits, Scott, Percy, Griffin and Sparkman. Voting nay was Senator Mansfield.

SECTION-BY-SECTION ANALYSIS

Section 101. Authorization for Military Assistance

This section amends Section 504(a) of the Foreign Assistance Act. It authorizes the appropriation of \$180,900,000 for military assistance programs and \$32,000,000 for administrative and related expenses for fiscal year 1976, a reduction of \$181,600,000 from the Executive Branch request of \$394,500,000. In addition to the amounts authorized, \$28,

300,000 is expected to be available from recoupments, reimbursements, and reappropriations. This would permit a total program, including administrative expenses, of \$241,200,000 in fiscal year 1976.

The 47 percent reduction proposed by the Committee is consistent with the Committee's recommendation elsewhere in the bill to terminate the grant military assistance program as such at the end of 1977. The Committee bill establishes specific country allocations for the first time, another reflection of Committee's desire to move toward the objective of phasing out the worldwide program and, thereafter, authorizing programs only on a country by country basis.

The Committee, based on a careful examination of each country program request, recommends specific allocations for seven countries totalling \$204,000,000 and an additional \$5,200,000 to be allocated by the Executive Branch to as many as twelve other countries as it may determine. The total number of recipients may not exceed twenty. The following table itemizes the Committee's recommendations:

COUNTRY ALLOCATIONS OF GRANT MILITARY ASSISTANCE

[In millions of dollars]

Grant military assistance (MAP)	Fiscal year 1975 actual ¹	Fiscal year 1976		
		Administration request	Committee recommendation	Reduction from request
Korea.....	81.2	74.0	54.0	-20.0
Jordan.....	68.8	100.0	50.0	-50.0
Turkey.....	15.7	75.0	25.0	-50.0
Greece.....		50.0	25.0	-25.0
Philippines.....	20.5	19.6	17.0	-2.6
Thailand.....	28.3	28.3	15.0	-13.3
Indonesia.....	13.1	19.4	13.0	-6.4
Ethiopia.....	11.7	11.7	5.0	-6.7
Subtotal.....	239.3	378.0	204.0	-174.0
China (Taiwan).....	2.3	.9		
Yemen.....		1.5		
Portugal.....	.1	.3		
Spain.....	1.0	.2		
Tunisia.....	1.8	.2		
Bolivia.....	2.5	2.2		
Dominican Republic.....	.6	2.2	(5.2)	(-2.5)
El Salvador.....	.7	.3		
Guatemala.....	.2	.3		
Honduras.....	.3	.3		
Nicaragua.....	.4	.2		
Panama.....	.2	.2		
Paraguay.....	.7	.4		
Uruguay.....	1.1	.6		
General costs.....	33.6	37.1	32.0	-5.1
Subtotal.....	284.8	422.8	241.2	
Other countries.....	² 270.6			
1975 training.....	28.7			
Total program.....	584.1	422.8	241.2	
Less financing.....	-38.2	-28.3	-28.3	
Budget authority.....	³ 545.9	394.5	212.9	-181.6
1975 appropriation.....	475.0			

¹ Excludes training to provide comparability with 1976 data.

² \$254,500,000 for Cambodia.

³ Includes \$74,300,000 in sec. 506(a) contract authority. \$3,400,000 in available budget authority remained unobligated at the end of the fiscal year.

The specified country allocations may be increased by not more than 10 percent if deemed necessary by the President for purposes of Chapter 2. Subparagraph (4) states that the authorities in sections 610(a) and 614(a) may not be used to provide additional increases. The country limitations shall not apply to emergency assistance furnished under Section 506(a).

Subparagraph (6) reiterates the provision of existing law regarding the prohibition on use of funds to furnish sophisticated weapons systems.

Subparagraph (7) reenacts the provision of existing law authorizing amounts appropriated to remain available until expended.

Subparagraph (8) directs the President to take into account, in determining future security assistance requests, the positions taken by proposed recipients in international organizations on issues of importance to United States interests.

Subparagraph (9) states that the allocation for Turkey does not supercede the requirements in Section 620(x) of the Foreign Assistance Act regarding Turkey's eligibility to receive such assistance.

Section 102. Special Authority

This section amends section 506 of the Foreign Assistance Act of 1961, as amended, which is the basic authority for the President to draw on Department of Defense stocks, up to an amount specified by Congress each year, to supplement appropriations available for grant military assistance. Prior to 1973 section 506 required that the President find that use of the drawdown authority was "vital" to the United States and, as a consequence, the authority had not been used for many years. In 1973 Congress amended the law to require only that the President find that providing military aid through this device was "*in the security interests of the United States*," a far less demanding criterion. This change was made for the express purpose of allowing the drawdown authority to be used to provide additional aid to Cambodia, and it was used only for that purpose during fiscal year 1974 and fiscal year 1975.

The Senate has voted to repeal this provision for each of the last two years, only to have the proposal rejected in conference.

The provision approved by the Committee amends section 506(a) to authorize the President to draw up to \$75,000,000 each fiscal year in Department of Defense stocks for emergency military assistance, subject to advance approval through the appropriation process and only under the following conditions:

(1) That the determination to draw from Defense stocks is reported in advance to Congress in accordance with section 652 of the Foreign Assistance Act;

(2) That an unforeseen emergency exists which requires immediate military assistance to a foreign country or international organization;

(3) That a failure to respond immediately to that emergency will result in serious harm to vital United States security interests; and

(4) That the emergency requirement cannot be met by any other means.

All drawdowns of Defense stocks or services are subject to subsequent reimbursement from military assistance appropriations.

The President must keep the Congress fully and currently informed of all defense articles and defense services ordered under the authority of this provision.

Section 103. Ineligibility

Section 103 establishes a procedure under which either the President or the Congress could terminate grant military assistance when that country has violated provisions of military assistance agreements entered into under the Foreign Assistance Act. The section also sets forth criteria and procedures for restoration of a country's eligibility for assistance.

The section amends section 505(d) of the Foreign Assistance Act. Under the new paragraph (2) of 505(d) grant assistance would be terminated if the President so notifies the Congress in writing or if the Congress makes such a determination by concurrent resolution.

The new paragraph (1) provides that grant military assistance and deliveries of assistance shall be terminated to any country which uses defense articles or defense services furnished under the Act or any predecessor act, in substantial violation (either in terms of quantities, or in terms of the gravity of the consequences regardless of quantities involved) of the provision of any agreements entered into pursuant to any of these Acts, (A) by using the articles or services for a purpose not authorized under section 502, or (B) by transferring the articles to, or permitting any use of any of the articles by, anyone not an officer, employee, or agent of the recipient country without the consent of the President, or (C) by failing to maintain the security of the articles.

The new paragraph (3) to be added to 505(d) sets forth a procedure for restoration of assistance to a country. It provides that assistance to a country will remain terminated until the President determines that the violation has ceased and that the country concerned has given assurances satisfactory to the President that the violation will not recur. These requirements are similar to the provisions of section 3(d) of the Foreign Military Sales Act relative to resumption of sales following a suspension.

Use of section 614(a) waiver authority is limited so as to prevent new grants of assistance to a country determined to be ineligible under this section. Under paragraph (4) of the revised Section 505(d), the waiver authority could be used only to permit delivery of items previously ordered if the President determined that delivery of such pipeline items was important to the national security.

Section 104. Prohibition Against Discrimination.

Section 104 sponsored by Senators Case, Humphrey, and Javits, adds a new subsection (g) to section 505 of the Foreign Assistance Act.

Paragraph (1) states that the policy of the United States is that no grant military assistance should be furnished to any foreign country, the laws, regulations, official policies, or governmental practices of which prevent any United States national from participating in the furnishing of defense articles or defense services under this chapter on the basis of race, religion, national origin, or sex.

Paragraph (2) provides that no agency performing military assistance functions shall, in employing or assigning personnel to participate in the performance of any such function whether in the United States or abroad, take into account the exclusionary policies or practices of any foreign, government where such policies or practices are based upon race, religion, national origin, or sex.

It also requires that each contract entered into by any agency for the performance of any military assistance function shall contain a provision to the effect that no person, partnership, corporation, or other entity performing functions pursuant to that contract, shall, in employing or assigning personnel to participate in the performance of any such function whether in the United States or abroad, take into account the exclusionary policies or practices of any foreign government where those policies or practices are based upon race, religion, national origin, or sex.

Paragraph (3) provides that the President shall promptly transmit reports to the Speaker of the House of Representatives and the Chairman of the Committee on Foreign Relations concerning any transaction in which any person of the United States is prevented by a foreign government on the basis of race, religion, national origin or sex from participating in the furnishing of assistance under this chapter, or education and training under chapter 5 to any foreign country. The report shall include a description of the facts and circumstances of any discrimination, the response on the part of the United States and the result of such response, if any. The intent of this requirement is to establish, in effect, a performance test.

Paragraph (4) provides that if the discrimination by a foreign government reported pursuant to paragraph (3) continues so that such person would be prevented from participating in the furnishing of such military assistance transaction or military education or training transaction under the provisions of this Act, then the President shall immediately terminate such assistance or training transaction.

For the purpose of this section an assistance or training transaction means, in the case of an isolated order for the grant of defense articles or defense services or a training assignment, the order or assignment concerned. However, in the case of discrimination frustrating the participation by a U.S. person in a broader program of a continuing nature, such as organizing MAP material support or training for an entire unit of the armed forces of a foreign country, then the affected program would have to be discontinued.

A comparable provision, applicable to military sales and export licenses, is contained in section 205 of the bill.

Section 105—Stockpiling of Defense Articles for Foreign Countries

Section 514 of the Foreign Assistance Act prohibits use of Department of Defense funds to create new, or to maintain and store existing stockpiles of defense articles or war reserve materiel if such articles and materiel are set aside or in any way intended for future use by any foreign country. It also prohibits transfer of such stockpiles to a foreign country, additions to such stockpiles or creation of new stockpiles, unless the value of such transfer, addition, or new stockpile, is charged against funds authorized in security assistance legislation.

This section was enacted during the Indochina War when the Congress learned that DOD was using stockpiles to provide military assistance outside of identified accounts and that they were requesting money outside of MAP channels to create new stockpiles.

This section removes the prohibitions in existing law relating to use of DOD funds to store and maintain existing stockpiles. It also removes the requirement that the value of additions to existing stockpiles or new stockpiles be charged against funds authorized in foreign assistance legislation.

Subsection (a) states that no stockpiled article may be made available to any foreign country unless such transfer is authorized in foreign assistance legislation and the value of the transfer charged against funds authorized in such legislation.

Subsection (b) limits in each fiscal year the value of new stockpiles or additions to existing stockpiles located in foreign countries, other than for NATO purposes, to an amount specified in security assistance legislation for that fiscal year. The bill, by not including a value for fiscal year 1976, prohibits activities pursuant to this subsection in 1976. It is the intent of the Committee that no activities take place during the period July 1, 1976 to September 30, 1976.

Subsection (c) states that, except in NATO countries, no stockpile may be located outside the boundaries of a U. S. military base or a base used primarily by the United States.

Subsection (d) states that no defense articles transferred from a stockpile to a foreign country may be considered an excess defense article for purposes of determining its value.

Section 106. Military Assistance Advisory Groups and Missions

The purpose of this section is to require the termination by October 1, 1977 of all U.S. military missions and similar groups abroad which are not specifically authorized by country, subsequent to the enactment of this bill.

For a number of years the Committee has attempted to reduce the number and size of U.S. military missions and groups abroad. There are, for example, military missions to seven countries in Western Europe where grant aid programs were terminated years ago. There are now 44 military missions and groups abroad. In addition, personnel are attached to the office of the U.S. defense attache in 8 countries to handle security assistance matters. Data concerning the number of personnel assigned to those organizations and the costs to the U.S. Government involved are shown on the tables below:

AUTHORIZED PERSONNEL STRENGTHS IN MAAG, MISSION AND EQUIVALENT ORGANIZATIONS

MAAG, missions and equivalent organizations	Actual, fiscal year 1974			Actual, fiscal year 1975			Proposed, fiscal year 1976			Proposed, fiscal year 1977		
	Military	Civilian	Local	Military	Civilian	Local	Military	Civilian	Local	Military	Civilian	Local
East Asia and Pacific:												
Australia	3			3			3			3		
China (Taiwan)	166	27	25	46	4	11	43	5	12	43	5	12
Indonesia	45	4	20	55	6	22	55	6	22	55	6	22
Japan	7	5	5	7	5	5	7	5	5	7	5	5
Khmer Republic	77			82		5						
Korea	397	61	128	159	41	53	155	44	50	155	44	50
Laos ¹	15	7		15	7							
Malaysia ¹				1			1			1		
Philippines	50	9	6	45	9	6	39	9	6	39	9	6
Singapore ¹	1			1			1			1		
Thailand	258	3	4	169	5	8	166	7	8	166	7	8
Regional total	1,019	116	188	583	77	110	470	76	103	470	76	103
Near East and South Asia:												
Asia:												
India	4	1	5	4	1	5	4	1	5	4	1	5
Iran	192	16	39	191	18	39	191	18	39	191	18	39
Jordan ¹	8		4	9	1	5	10	1	5	10	1	5
Kuwait				9			9			9		
Morocco	18	3	6	18	3	6	19	2	6	19	2	6
Pakistan	5	5	10	8		6	9		7	9		7
Saudi Arabia	133	2	6	140	2	9	148	2	10	148	2	10
Tunisia	8	1	3	9	1	3	9	1	3	9	1	3
Regional total	368	28	73	388	26	73	399	25	75	399	25	75
Europe:												
Austria ¹	2			2			2			2		
Bellux	7	1	6	7	1	5	7	1	5	7	1	5
Denmark	7	1	6	7	1	6	7	1	6	7	1	6
France	7	2	7	6	1	6	6	1	6	6	1	6
Germany	26	7	9	22	5	9	22	5	9	22	5	9
Greece	46	9	27	46	9	27	29	7	16	29	7	16
Italy	11	2	3	11	2	6	11	2	6	11	2	6
Netherlands	8		6	8		6	8		5	8		5
Norway	6	1	5	6	1	5	6	1	5	6	1	5
Portugal	11	3	7	11	3	7	11	3	7	11	3	7
Spain	38	15	19	31	11	19	29	8	19	29	8	19
Turkey	146	28	86	146	28	86	113	22	58	113	22	58
United Kingdom ¹							2	1		2	1	
Regional total	315	69	181	303	62	182	253	53	142	253	53	142
Africa:												
Ethiopia	80	5	33	79	4	33	46	4	28	46	4	28
Liberia	16		5	12		3	9		3	9		3
Nigeria ¹	1	1	1	1	1	1	1	1	1	1	1	1
Zaire	20		6	10		3	10		3	10		3
Regional total	117	6	45	102	5	40	66	5	35	66	5	35
Latin America:												
Argentina ¹	29	1	7	27	1	9	27	1	9	27	1	9
Bolivia ²	29	2	8	29	2	8	29	2	8	29	2	8
Brazil ²	40	6	26	40	6	26	31	2	14	31	2	14
Chile ²	15	6	6	15	6	6	15	6	6	15	6	6
Colombia ²	24	1	6	24	1	6	22	1	6	22	1	6
Costa Rica ²	4		2	4		1	2		1	2		1
Dominican Republic	11		3	8		3	8		2	8		2
Ecuador			6	6	1	3	8	1	3	8	1	3
El Salvador ²	10		3	10		3	10		3	10		3
Guatemala ²	19	4	19	19	4	15	4	15	4	15	4	15
Honduras ²	11		3	11		3	11		3	11		3
Mexico ¹	1			1			1			1		
Nicaragua ²	17		3	17		3	15		3	15		3
Panama ²	9	1	1	9	1	1	9	1	1	9	1	1
Paraguay ²	15		3	14		3	14		3	14		3
Peru	7		3	7		3	7		4	7		4
Uruguay ²	13		5	13		5	13		5	13		5
Venezuela ²	36	1	4	31		4	30		4	30		4
Regional total	290	12	86	283	12	91	267	8	79	267	8	79
Worldwide total	2,109	231	573	1,659	182	496	1,455	167	434	1,455	167	434

¹ Defense Attache Office augmentation for security assistance.

² Funds for administrative expenses are provided from Military Department appropriations.

³ The strengths of these MAAG's are under review with the objective of further reducing their personnel authorizations during fiscal year 1976.

Source: Department of Defense.

COSTS OF MAAG AND SIMILAR ORGANIZATIONS, FISCAL YEAR 1976¹

(In thousands of dollars)

Country	MAP funds	DOD funds	Total cost
Austria		81.5	81.5
Belgium		552.7	552.7
Denmark		476.6	476.6
Ethiopia	1,361.7	2,018.2	3,379.9
France		516.3	516.3
Germany		1,630.6	1,630.6
Greece	893.6	964.4	1,858.0
Iran	549.3	2,727.9	3,277.2
Italy		839.5	839.5
Jordan	279.8	217.2	497.0
Kuwait	258.4	232.3	490.7
Liberia	535.2	342.9	878.1
Morocco	344.7	480.0	824.7
Netherlands		456.9	456.9
Nigeria	86.0	35.9	121.9
Norway		402.0	402.0
Portugal	230.2	259.7	489.9
Saudi Arabia	995.2	3,421.8	4,417.0
Spain	341.6	818.6	1,160.2
Tunisia	258.9	271.3	530.2
Turkey	1,490.9	3,344.1	4,835.0
Zaire	502.0	244.5	746.5
United Kingdom		95.2	95.2
Australia	14.4	69.7	84.1
China (Taiwan)	393.4	1,304.4	1,697.8
India	214.8	122.4	337.2
Indonesia	1,131.7	1,309.0	2,440.7
Japan		578.2	578.2
Korea	2,209.4	4,333.0	6,542.4
Laos	101.1	236.0	337.1
Malaysia	8.6	16.6	25.2
Pakistan	245.8	165.0	410.8
Philippines	594.4	1,317.2	1,911.6
Singapore	5.8	18.9	24.7
Thailand	795.0	4,363.6	5,158.6
Argentina		1,633.8	1,633.8
Bolivia		1,548.5	1,548.5
Brazil		2,945.8	2,945.8
Chile		867.8	867.8
Colombia		1,006.7	1,006.7
Costa Rica		119.0	119.0
Dominican Republic	186.5	234.0	420.5
Ecuador		313.3	313.3
El Salvador		492.6	492.6
Guatemala		764.8	764.8
Honduras		507.0	507.0
Mexico		24.1	24.1
Nicaragua		580.2	580.2
Panama		422.8	422.8
Paraguay		693.5	693.5
Peru	141.8	163.0	304.8
Uruguay		761.2	761.2
Venezuela		1,327.1	1,327.1
Total	14,170.2	48,669.3	62,839.5

¹ Costs to the United States for operating the MAAG's will be reduced by approximately \$4,500,000 in contributed currency paid by the host countries directly to the U.S. Treasury.

Note: Figures in the table do not take into account the goods, services, and facilities made available by the host Government. The host country contribution for this support is estimated to be \$12,100,000 in fiscal year 1976.

Section 106 amends section 515 of the Foreign Assistance Act to require the termination by October 1, 1977 of all military missions and groups whose continuation is not specifically authorized by Congress. The new paragraph (1) of subsection (b) requires after September 30, 1977, no military assistance advisory groups, military mission, or other organization of United States military personnel performing similar military advisory functions under the Act may operate in any foreign country unless specifically authorized by the Congress.

Paragraph (2) provides that the President may assign to those countries in which military missions are terminated after the date of enactment of the bill not more than three members of the Armed Forces of the United States to the Chief of each United States Diplomatic Mission to perform such functions as such Chief of Mission determines necessary for security assistance purposes. Funds made available for grant assistance (including training) may be used to pay the salaries, allowances, and other administrative expenses incurred for such personnel.

As a first step in the implementation of the new policy the bill requires that the number of military missions be reduced to not more than 34 and the total of U.S. personnel, military and civilian, assigned to those organizations reduced to not more than 1,400 by June 30, 1976. This will bring about the termination of 10 military missions and reduce the number of authorized personnel by 222.

Section 107. Authority to Furnish Grant Military Assistance

Section 107 adds a new section 516 to the Foreign Assistance Act which is designed to phase out the major elements of the grant military assistance program by the end of FY 1977. No new grant military assistance, other than for limited types of training, could be provided after September 30, 1977, unless specifically authorized by Congress on a country-by-country basis.

Subsection (a) of the new section 516 provides that except to the extent that the Congress may, subsequent to the enactment of this bill, authorize the furnishing of military assistance to specified countries in specified amounts, the general military grant assistance authorities in the Foreign Assistance Act may no longer be exercised after September 30, 1977. However, those authorities shall remain available until September 30, 1980, to the extent necessary to carry out obligations incurred prior to September 30, 1977.

The new subsection (b) provides needed authority to use funds for the closing out of existing military grant assistance programs, including payment of the costs of packing, crating, handling, and transporting defense articles furnished under this chapter and of related administrative costs; and for costs incurred under section 503(c) with respect to defense articles on loan to countries no longer eligible under section 504(a) for military assistance.

Section 108. International Military Education and Training

This section adds to part II of the Act a new chapter 5, providing specific authority for a program of international military education and training.

It provides specific authorization for training programs previously carried out under the general authorities governing the military assistance program.

The new section 541 authorizes the President to provide military education on such terms and conditions as he shall determine and describes the kind of activities that can be engaged in under this chap-

ter. These activities include attendance by foreign military personnel and related civilians at U.S. and foreign military facilities for education or training purposes. This includes international military educational facilities such as those under NATO auspices. Also permitted is attendance by such foreign personnel at pertinent courses of instruction at non-military public and private educational and research institutions. In addition, observation and orientation visits by foreign military and related civilian personnel would be permitted under this chapter.

On and after June 30, 1976, no training may be conducted outside the United States unless the President has reported and justified the training to the Speaker of the House of Representatives and the Committee on Foreign Relations of the Senate.

The new section 542 authorizes the appropriation of \$25,000,000 for fiscal year 1976 to carry out the training program, a reduction of \$5,000,000 in the President's budget request.

The new section 543 states the purposes of the education and training program. Education and training activities conducted under the new chapter are to be designed to encourage effective and mutually beneficial relationships and increased understanding between the United States and foreign countries, in furtherance of the goals of international peace and security; and to improve the ability of participating foreign countries to utilize their resources, including defense articles and defense services obtained by them from the United States, with maximum effectiveness.

Subsection (b) states that no training may be provided under the chapter which is directly associated with the operation of major weapons systems of United States origin which, at the time the training would be provided, the country involved neither owns, nor is programmed to receive through grant assistance, nor has ordered under section 21 or section 22 of the Arms Export Control Act.

Subsection (b) makes a number of conforming amendments to the Foreign Assistance Act to reflect the addition of a separate chapter for training.

Subsection (c) provides that, except as may be expressly provided to the contrary in this Act, all terminations, authorizations, regulations, orders, contracts, agreements, and other actions issued, undertaken, or entered into under authority of any provision of law amended or repealed by this section shall continue in full force and effect until modified, revoked, or superseded by appropriate authority.

Subsection (d) states that funds made available pursuant to other provisions of law for foreign military educational and training activities shall remain available for obligation and expenditure for their original purposes in accordance with the provisions of law originally applicable to those purposes.

Forty-five countries have been programmed by the Executive Branch to receive grants for military training in fiscal year 1976 as shown on the table below:

FOREIGN MILITARY TRAINING PROGRAM

[In thousands of dollars]

Country	Fiscal year—			
	Actual 1974 ¹	Actual 1975 ¹	Proposed 1976	Proposed 1977
East Asia and Pacific:				
China (Taiwan).....	392	412	500	100
Indonesia.....	1,663	2,784	2,000	700
Khmer Republic.....	5,318	3,220		
Korea.....	1,521	1,407	2,700	500
Laos.....		1,321		
Malaysia.....	180	283	300	100
Philippines.....	558	471	750	200
Thailand.....	1,502	1,801	1,750	500
Regional costs.....	219	364		
Regional total.....	11,353	12,063	8,000	2,100
Near East and South Asia:				
Afghanistan.....	150	212	200	50
India.....	187	54	200	30
Jordan.....	628	1,011	800	
Lebanon.....	139	131	200	
Morocco.....	627	852	800	200
Nepal.....	25	32	35	10
Pakistan.....	230	277	350	80
Saudi Arabia.....	173	38		
Sri Lanka.....			15	5
Tunisia.....	331	391	400	125
Yemen.....			500	
Regional costs.....	53	52		
Regional total.....	2,543	3,050	3,500	500
Europe:				
Austria.....	25	9	25	10
Finland.....	15	15	25	10
Greece.....			800	
Portugal.....	272	337	1,025	180
Spain.....	335	1,589	725	
Turkey.....	3,086	541	1,800	500
Regional costs.....	14	23		
Regional total.....	3,747	2,524	4,400	700
Africa:				
Ethiopia.....	832	776	900	300
Ghana.....	45	70	100	20
Kenya.....		32	965	135
Liberia.....	99	89	100	45
Senegal.....	7	35	35	10
Zaire.....	378	299	400	190
Regional costs.....	45	43		
Regional total.....	1,406	1,344	2,500	700
Latin America:				
Argentina.....	496	100	920	170
Bolivia.....	463	667	720	130
Brazil.....	693	901	1,120	240
Chile.....	1,030	656		200
Colombia.....	547	737	750	
Dominican Republic.....	491	516	670	130
Ecuador.....		400	970	100
El Salvador.....	446	505	840	150
Guatemala.....	504	414	430	100
Haiti.....		28	200	25
Honduras.....	515	849	840	150
Mexico.....	30	109	100	30
Nicaragua.....	435	661	840	170
Panama.....	261	330	380	190
Paraguay.....	191	313	410	190
Peru.....	958	852	940	375
Uruguay.....	306	401	520	160
Venezuela.....	900	731	750	390
Regional costs.....	344	350		
Regional total.....	8,610	9,520	11,400	2,900
General costs.....	871	204	200	100
Worldwide total.....	28,530	28,705	30,000	7,000

¹ Training included in MAP total. Shown here for purposes of comparability.

Source: Department of Defense.

Section 109. Special Authorities.

This section repeals subsections (b) and (c) of section 614 of the Foreign Assistance Act. Subsection (b) is obsolete and subsection (c) contains discretionary spending authority, without public accountability, which is not appropriate or desirable public policy.

Section 110. Annual Foreign Sales Report

Section 110 amends section 657 of the Foreign Assistance Act which requires an annual report to Congress on foreign assistance data. The purposes of the amendments are to insure that the annual report presents a complete picture of all U.S. arms transfers to foreign countries and that all such data is available to Congress in an unclassified form. Under existing practice the portions concerning military exports to nations in the Middle East have been submitted on a classified basis. Under the new provision all information required under the section must be submitted in an unclassified form.

Section 111. Human Rights

This section revises Section 502B of the Foreign Assistance Act. The Committee feels strongly that human rights considerations should be a key factor in determining both the recipients and levels of security assistance. While the Committee recognizes that the United States has other national interests that are served by such assistance, it believes that where proposed recipient is a gross violator of human rights, the burden of proof is on those who wish to provide the assistance, not those who want to terminate it.

Subsection (a) (1) states that it is the policy of the United States that security assistance not be provided to any country the government of which engages in a consistent pattern of gross violations of human rights, except in accordance with provisions stated in this section. Subsection (a) (2) specifies that a principal goal of U.S. foreign policy shall be to promote the increased observance of internationally recognized human rights. In furtherance of this policy subsection (a) (3) directs the President to formulate and conduct international security assistance programs so as to accomplish that objective. This subsection also directs that such programs be conducted in a manner which does not identify the U.S. Government with gross violations of human rights, including those enumerated in this subsection.

The new subsection (b) requires that the Director of the Office of Human Rights in the Department of State (a new position created by subsection (b) (1) of this section) transmit a full report on the human rights practices of each proposed recipient of security assistance as part of the Congressional presentation materials each year. The Director shall take into account findings of international and regional organizations, and the extent of cooperation given such organizations in their investigations, in preparing the report.

The first such report shall be submitted in conjunction with the fiscal year 1977 security assistance request or, in the event such requests are submitted prior to the enactment of this legislation, promptly following its enactment.

Subsection (c) (1) requires that the Secretary of State, upon request of the Senate or House of Representatives, or of the Committee

on Foreign Relations of the Senate or the Committee on International Relations of the House, transmit a statement within thirty days after receipt of such request setting forth:

A detailed description of the human rights practices of the recipient

The steps taken by the United States (1) to discourage practices inimical to human rights and (2) to call attention to and to disassociate any assistance provided from such practices

Whether, notwithstanding such practices, assistance should be continued because it is in the national interest and the reasons therefor.

Subparagraph (2) provides that a resolution to request a report under subparagraph (1) shall be considered in accordance with the expedited procedures outlined in Section 301(b) of the bill.

Subparagraph (3) states that if a report requested pursuant to Subparagraph (1) is not transmitted within thirty days of this request, no security assistance shall be delivered to that country for the remainder of the fiscal year.

Subparagraph (4) provides that Congress would have thirty days of continuous session, as defined in Section 301(b)(1) of the bill, after receipt of a requested report to (1) disapprove the report or (2) terminate or restrict the provision of assistance to such country by concurrent resolution. Restrictions short of termination may be directed against particular kinds of assistance and may also limit the amount of financial support provided by the United States to such country. Any such resolution shall be considered in accordance with the provisions of Section 301.

Subsection (b)(1) establishes in the State Department an Office of Human Rights, the Director to be appointed by the President and subject to Senate confirmation.

Subsection (b)(2) outlines the responsibilities of the Director—continuous review of all foreign assistance programs for the purpose of:

Gathering detailed information on the observance of human rights by each recipient of security assistance; preparing the annual presentation to Congress required by Subsection (b) and reports requested under Subsection (c).

Determining whether such assistance is being furnished in compliance with this section and Section 116 of the Foreign Assistance Act.

Making recommendations to the President, the Secretary of State, and the Administrator for the correction of any deficiencies in compliance.

The Committee anticipates that in exercising his role with respect to the administration of Section 116 of the Foreign Assistance Act of 1961 (which prohibits furnishing development assistance to countries that engage in a consistent pattern of gross violations of human rights unless the assistance directly benefits needy people), the Director will review programs designed by AID, the Departments of State and Defense and other agencies in order to ensure that assistance in fact benefits needy people and that it does not contribute in the support of repressive practices or result in the identification of the U.S. Government with such practices.

Subsection (b)(3) provides that prior to the establishment of the Office of Human Rights, any report or statement required by this section shall be submitted by the Secretary of State.

Section 112. Assistance to Turkey

This section, an amendment originally introduced by Senator Eagleton, permits government cash sales to Turkey as the President may determine to be necessary to enable Turkey to fulfill her defense responsibilities as a member of NATO, provided that Turkey observes the ceasefire on Cyprus, does not increase its forces or civilian population on Cyprus and does not transfer to Cyprus U.S. supplied military supplies and equipment. Presidential determinations under the section shall be reported to Congress and shall include certain specified information.

With regard to such cash sales, the Committee notes that prospective Turkish purchases in FY 1976 and the transition quarter, as estimated in Congressional presentation documents, are not expected to exceed a level of approximately \$125 million.

Elsewhere in the bill the Committee has authorized \$25,000,000 in grant military assistance for Turkey subject to the restrictions of section 620(x) of the Foreign Assistance Act. Credits can also be extended when the conditions in that provision are fulfilled.

Section 113. Angola

This section adds a new section 665 to the Foreign Assistance Act entitled "Limitation on Certain Assistance to and Activities in Angola".

Subsection (a) expresses the sense of Congress that:

The Angolan people should decide their own future without military interference;

Supports efforts by the Organization for African Unity to achieve a settlement and calls upon all countries to cease giving military aid;

A disengagement by foreign countries would reaffirm detente, and that

The President should seek an agreement to end hostilities.

Subsection (b)(1) prohibits any covert or overt assistance, directly or indirectly, in, to, for, or on behalf of Angola unless such assistance is specifically authorized under the Foreign Assistance Act.

Subparagraph (2) of subsection (b) invites the President, if he desires to provide security assistance to Angola, to transmit to the Congress an unclassified report describing the foreign policy interests requiring such assistance, and the amounts and types of past and proposed assistance. Such assistance may be furnished in accordance with the Foreign Assistance Act after the end of the first thirty days in which Congress is in session after transmission of such report unless, within that period, either House of Congress disapproves the assistance by simple resolution. Any such resolution shall be considered in accordance with the expedited procedures of section 301(b) of this bill.

Subsection (c) requires that the President transmit a report to the Congress within thirty days after enactment of this section describing (1) the military and military assistance activities of foreign countries in Angola and (2) the steps he has taken to seek agreement among the parties involved to end hostilities.

Subsection (d) defines "security assistance" for purposes of this section.

Subsection (e) prohibits use of the section 614(a) waiver authority with regard to this section.

TITLE II—ARMS EXPORT CONTROLS

Section 201. Change in Title and Restriction on Commercial Sales

Subsection (a) changes the title of what is now the Foreign Military Sales Act to the Arms Export Control Act to reflect the changes in policy encompassed in this bill, designed to emphasize greater control over the U.S. arms exports.

Subsection (b) makes an important change in a statement of policy in the current Foreign Military Sales Act. The last paragraph of section 1 of that Act now states that:

In order to reduce the role of the United States Government in the furnishing of defense articles and defense services to foreign countries and international organizations, and return such transactions to commercial channels, the United States Government shall reduce its sales, credit sales, and guaranties of such articles, and defense services as soon as, and to the maximum extent, practicable.

Subsection (b) amends that provision to make an exception to this general policy statement for sales of major defense equipment. "Major defense equipment" is defined in section 208 of the bill (the new section 21(e) (3) of the Arms Export Control Act) as ". . . a defense equipment or weapons systems have a total research and development investment for hardware of \$50,000,000 or more, or a total estimated production cost both recurring and nonrecurring, of \$200,000,000 or more." This definition is sufficiently broad to encompass all types of significant items of military equipment. After the enactment of this bill the U.S. government will, by law, be the prime procurement source for the purchase of major military items by foreign countries. No commercial export license may be issued for the shipment to a foreign country of major defense equipment valued at \$25,000,000 or more. The purpose of this restriction is to bring about strengthened foreign policy control over exports of items of significant military hardware.

Section 202. Statement of Policy

Section 202 adds a new statement of policy to section 1 of the newly designated Arms Export Control Act.

The provision states that it shall be the policy of the United States to exert leadership in the world community to bring about arrangements for reducing the international trade in implements of war and to lessen the danger of outbreak of regional conflict and the burdens of armaments, United States programs for or procedures governing the export, sale, and grant of arms and munitions to foreign countries and international organizations shall be administered in a manner which will carry out this policy.

It also states the sense of the Congress that the President should seek to initiate multilateral discussions for the purpose of reaching

agreements among the principal arms suppliers and arms purchasers and other countries with respect to the control of the international trade in armaments. It also expresses the sense of Congress that the President should work actively with all nations to check and control the international sale and distribution of conventional weapons of death and destruction and to encourage regional arms control arrangements. In furtherance of this policy, the President is required to undertake a concerted effort to convene an international conference of major arms-supplying and arms-purchasing nations which shall consider measures to limit conventional arms transfers in the interest of international peace and stability. The President must report to the Congress not later than June 30, 1976, and as may be appropriate thereafter, on the steps taken to carry out this provision. The policy provision in S. 2662 as introduced, relating to international conventional arms control agreements, was amended by the Committee to incorporate suggestions made by Senators Culver, Mondale, and Kennedy.

While supporting the concept of a conference of major arms-supplying nations, the Committee wishes to emphasize that there is much this country can do through bilateral relations with other arms-supplying states in attempts to restrain the transfer of conventional arms. The Committee on Foreign Relations believes that the spiral of conventional arms sales by our own country, the Soviet Union and others must be turned around. Our relationships with other supplier countries should be continually reviewed in light of this problem.

Section 203. Transfer of Defense Services

This section, an amendment sponsored by Senators Case and Nelson, amends section 3(a) (2) of the Foreign Military Sales Act, effective July 1, 1976, to require that a country which purchases defense articles and defense services from the United States, either on a government-to-government basis or through commercial channels, must have agreed in advance, among other conditions, not to permit the use of any defense service or training for purposes other than those for which the service or training was provided without United States consent. Under existing law the restrictions on prior consent for transfers by a purchasing country to third countries, or for uses other than those originally stipulated, applies only to defense articles. This change will make the requirement for prior consent applicable to defense services, including training, as well.

This provision is related to section 206 of the bill concerning the ineligibility of a country which violates agreements, such as those involved here, for further credits or guarantees for purchases of U.S. military equipment or services.

Section 204. Approval for Transfer of Defense Articles and Services

This section, an amendment sponsored by Senators Case and Nelson, sets forth additional restrictions relating to U.S. approval of requests by foreign countries for permission to transfer certain equipment, and training related to that equipment, which was granted or sold by the United States.

The section adds a new subsection (e) to section 3 of the Act which states that the President may not give his consent under section 3(a)

(2) or under the third sentence of subsection (a) to a transfer of defense articles having a value of \$25,000,000 or more or any major defense equipment, as defined in section 208 of the bill, or training related to such articles or equipment sold under the Act, and he may not give his consent to such a transfer under section 505(a)(1) or 505(a)(4) of the Foreign Assistance Act of 1961 unless the President submits to the Speaker of the House of Representatives and the Committee on Foreign Relations of the Senate a certification with respect to the proposed transfer containing (1) the name of the country or international organization proposing to make such transfer, (2) a description of the article, equipment, or training proposed to be transferred, including the original acquisition cost of the defense article, (3) the name of the proposed recipient, (4) the reasons for the proposed transfer, and (5) the date on which the transfer is proposed to be made.

Congress may reject the proposed transfer by passage of a concurrent resolution within 30 calendar days after the President has submitted the required data to the Congress. However, if the President states in the certification to Congress that an emergency exists which requires the transfer in the national security interests of the United States, he may give immediate consent to the requested transfer.

The new subsection 3(f) requires that, if the President receives any information that a transfer of any defense article has been made without his consent he shall report that information immediately to the Speaker of the House of Representatives and the Committee on Foreign Relations of the Senate.

The new subsection 3(g) specifies that any resolution of disapproval introduced pursuant to the new provision shall be considered in accordance with the expedited procedure set forth in section 301(b) of this bill.

Subsection (b) makes technical changes in the Foreign Military Sales Act and the Foreign Assistance Act to reflect the new change in policy concerning approval of transfers.

Section 205. Prohibitions Against Discrimination

Section 205, an amendment sponsored by Senators Case, Humphrey, and Javits, is a companion provision to section 104 of the bill and applies to military sales, government and commercial, whereas section 104 applies to the military grant assistance program.

It adds a new section 5 to the Foreign Military Sales Act by adding new anti-discrimination provisions.

Subsection (a) states the policy of the United States to be that no sales should be made, credits (including participations in credits) or guarantees extended to any foreign country, the laws, regulations, official policies, or governmental practices of which prevent any United States national from participating in the furnishing of defense articles or defense services under the Act on the basis of race, religion, national origin, or sex.

Subsection (b) provides that no agency performing functions under the Act shall, in employing or assigning personnel to participate in the performance of any function whether in the United States or abroad, take into account the exclusionary policies or practices of any

foreign government where such policies or practices are based upon race, religion, national origin, or sex.

It also requires that each contract entered into by any agency for the performance of any function under the Act shall contain a provision to the effect that no person, partnership, corporation, or other entity performing functions pursuant to such contract, shall, in employing or assigning personnel to participate in the performance of any such function whether in the United States or abroad, take into account the exclusionary policies or practices of any foreign government where such policies or practices are based upon race, religion, national origin, or sex.

Subsection (c) states that the President shall promptly transmit reports to the Speaker of the House of Representatives and the Chairman of the Committee on Foreign Relations of the Senate concerning any instance in which any United States person (as defined in section 7701(a)(30) of the Internal Revenue Code of 1954) is prevented by a foreign government on the basis of race, religion, national origin, or sex, from participating in the performance of any sale or licensed transaction under the Act. The report shall include (1) a description of the facts and circumstances of any such discrimination, (2) the response thereto on the part of the United States, and (3) the result of that response, if any.

Subsection (d) provides that, if the discrimination by a foreign government reported pursuant to subsection (c) continues so that that person would be prevented from participating in the performance of any or license transaction under the provisions of the Act on account of race, religion, national origin, or sex of the person or, in the case of a partnership, corporation, or other entity, of any officer, employee, agent, director, or owner of that partnership, corporation, or other entity, then the President shall immediately cancel the sale or suspend the license as the case may be.

Section 206. Ineligibility

Section 206 is a companion provision to section 103 which relates to the military grant assistance program. It revises subsection (c) of the Foreign Military Sales Act and repeals subsection (d) of that Act.

The new paragraph (c)(1) provides that no credits (including participations in credits), may be issued nor guarantees extended for any foreign country if that country uses defense articles or defense services furnished under this Act, or any predecessor Act, in substantial violation (either in terms of quantities, or in terms of the gravity of the consequences regardless of quantities involved) of the provision of any agreements entered into pursuant to any of those acts (A) by using defense articles or services for a purpose not authorized, or (B) by transferring defense articles to, or permitting any use of defense articles by, anyone not an officer, employee, or agent of the recipient country without the consent of the President, or (C) by failing to maintain the security of those articles or services.

Paragraph (2) states that no credits or guarantees may be issued or extended, as provided by paragraph (1) of this subsection, if the President so determines and so states in writing to the Congress, or if the Congress so determines by concurrent resolution.

A country shall remain ineligible until such time as the President determines that such violation has ceased and the country concerned has given assurances satisfactory to the President that the violation will not recur.

Subsection (b) of section 206 repeals subsection 3(d) of the Foreign Military Sales Act.

Section 207. Use of Civilian Contract Personnel

Section 207 amends section 4 of the Act by adding at the end a requirement designed to minimize the involvement abroad of military or civilian personnel of the U.S. government in providing defense services to foreign countries. It requires that civilian contract personnel be used to the maximum extent possible, consistent with the purposes of the Act, to perform defense services in a foreign country.

Section. 208. Sales from Stocks

Section 208 amends section 21 of the Foreign Military Sales Act, which authorizes the sale to foreign countries of the services of Department of Defense and U.S. military stocks.

The sale of defense services is limited to those specified in paragraph (2) of subsection (a), which are:

- (1) packing, crating, handling, and transportation services related to defense articles sold pursuant to the Act;
- (2) the repair and rehabilitation of defense articles of United States origin;
- (3) the sale of technical data;
- (4) the launching of satellites;
- (5) military education and training;
- (6) research and development;
- (7) architectural, engineering and construction supervision;
- (8) technical advice, evaluation and assistance; and
- (9) studies and surveys of purchaser requirements.

The Committee has also added a new quarterly reporting requirement for the sale of defense services. This will provide the Committee with information useful in considering further changes relative to the sale of defense services.

Paragraph (1) of the new subsection (a) requires payment for articles or services sold from Defense stocks on the following basis:

- (A) In the case of a defense article not intended to be replaced at the time the agreement is entered into with the purchasing country, not less than the actual value;
- (B) In the case of a defense article intended to be replaced at the time the agreement is entered into, the estimated cost of replacement of the article, including the contract or production costs less any depreciation in the value of the article; or
- (C) In the case of the sale of a defense service, the full cost to the United States Government of furnishing the service.

Payment must be made in advance or, if the President determines it to be in the national interest, upon delivery of the defense article or rendering of the defense service, except in exceptional circumstances as authorized by the new subsection (d) an additional period for payment is permitted.

Under subsection (d), if the President determines it to be in the national interest, billings for sales made under letters of offer issued under section 21 after the enactment of the subsection may be dated and issued upon delivery of the defense article or rendering of the defense service and shall be due and payable upon receipt thereof by the purchasing country or international organization. Interest must be charged on any net amount due and payable which is not paid within sixty days after the date of the billing. The rate of interest charged shall be a rate equivalent to the current average yield on short-term marketable securities of the United States as of the last day of the month preceding the billing and shall be computed from the date of billing. The President may extend the sixty-day period to one hundred and twenty days if he determines that emergency requirements of the purchaser for acquisition of the military items exceed the ready availability to the purchaser of funds sufficient to pay the United States in full for them within the sixty-day period and submits that determination to the Congress together with a special emergency request for the authorization and appropriation of additional funds to finance the purchases under the Act.

The new subsection (c) prohibits personnel performing defense services sold under the Act from performing any duties of a combatant nature, including any duties related to training, advising, or otherwise providing assistance regarding combat activities, outside the United States in connection with the performance of defense services.

The new subsection (e) is designed to insure that all government-to-government sales shall include a fair share of all indirect costs so that there are no longer any elements of subsidy in the program, except as authorized in paragraph (e)2 and subsection (g). After September 30, 1976, letters of offer for the sale of defense articles or for the sale of defense services that are issued pursuant to section 21 or section 22 of the Act shall include appropriate charges for (A) administrative services, calculated on an average percentage basis to recover the full estimated costs of administration of sales made under the Act to all purchasers of articles and services; (B) any use of plant and production equipment in connection with those defense articles; and (C) a proportionate amount of any nonrecurring costs of research, development, and production of major defense equipment, as defined in paragraph (3) of subsection (e).

Under paragraph (2) the President may reduce or waive the charge or charges which would otherwise be considered appropriate under subparagraphs (1)(B) and (1)(C) for particular sales that would, if made, significantly advance United States Government interests in North Atlantic Treaty Organization standardization, or foreign procurement in the United States under corporation arrangements.

Paragraph (3) defines "major defense equipment" as a defense equipment or weapons system having a total research and development investment for hardware of \$50,000,000 or more, or a total estimated production cost, both recurring and nonrecurring, of \$200,000,000 or more.

The new subsection (f) requires that any contracts entered into between the United States and a foreign country under the authority

of section 21 or section 22 of the Act shall be prepared in a manner which will permit them to be made available for public inspection, to the fullest extent possible consistent with the national security of the United States. A basic purpose of this bill is to bring out into the open more data concerning U.S. arms transfer policies and programs. The Committee intends for the term "national security" to be narrowly construed for this purpose. Executive Branch officials, when in doubt in particular situations, should always keep in mind the basic intent of this bill to bring about greater public exposure of arms sales matters.

The new subsection (g) provides that in carrying out section 814 of Public Law 94-106, relating to North Atlantic Treaty Organization standardization programs, the President may enter into North Atlantic Treaty Organization standardization agreements for the cooperative furnishing of training on a bilateral or multilateral basis, if the financial principles of such agreements are based on reciprocity. Such agreements shall include reimbursement for all direct costs but may exclude reimbursement for indirect costs, administrative surcharges, and costs of billeting of trainees (except to the extent that members of the United States Armed Forces occupying comparable accommodations are charged for such accommodations by the United States). Each agreement shall be transmitted promptly to the Speaker of the House of Representatives and the Committee on Appropriations, Armed Services, and Foreign Relations of the Senate.

Section 209. Sales from Stocks Affecting United States Combat Readiness

Section 209 amends section 21 of the Act concerning the sale of defense articles and allowable services that would have an adverse effect on the combat readiness of the U.S. armed forces.

The section requires that the sale of defense articles and services which could have a significant effect on the combat readiness of the Armed Forces of the United States be kept to an absolute minimum. In the event such a sale is contemplated, the President shall transmit to the Speaker of the House of Representatives and the Committee on Armed Services and Foreign Relations of the Senate a written statement giving a complete explanation about any proposal to sell any defense articles or services if the sale could have a significant adverse effect on the combat readiness of the Armed Forces of the United States. Each statement shall be unclassified except to the extent that public disclosure of any item of required information would be clearly detrimental to the security of the United States. Any necessarily classified information shall be confined to a supplemental report.

Each statement shall set forth (A) the country or international organization to which the sale is proposed to be made; (B) the amount of the proposed sale; (C) a description of the defense article or services proposed to be provided; (D) a full description of the impact which the proposed sale will have on the Armed Forces of the United States; and (E) a justification for the proposed sale, including a certification that the sale is important to the security of the United States.

Subparagraph (2) of the new subsection 21(d) provides a procedure for Congress to stop deliveries under any agreement or contract which has been reported to Congress pursuant to the requirements of subsection 21(d).

No delivery may be made unless the certification required to be transmitted is in effect. The certification shall take effect on the date the certification has been transmitted to Congress and shall remain in effect for not to exceed one year unless, before the end of the first period of thirty calendar days of continuous session of Congress after the date on which the certification is transmitted, Congress adopts a concurrent resolution suspending the certification. Any resolution which is introduced to stop deliveries shall be considered in accordance with the expedited procedures set forth in section 301(b) of this bill.

Section 210. Procurement for Cash Sales

Section 210 amends section 22 of the Foreign Military Sales Act, which authorizes the U.S. government to procure defense articles and defense services from private industry on behalf of foreign governments or international organizations.

Subsection (a) adds a provision at the end of section 22(a) of the Act which requires that interest be charged on any net amount by which any purchasing country or international organization is in arrears under all of its outstanding unliquidated dependable undertakings to finance its procurements, considered collectively. The rate of interest charged shall be a rate not less than the current average yield on short-term marketable securities of the United States as of the last day of the month preceding the net arrearage and shall be computed from the date of net arrearage.

The billings and collecting activities for foreign military sales within the Department of Defense are accomplished by various procedures within each of the military departments. It is the Committee's desire that the Department of Defense take immediate action to improve and centralize the management and control of billing and collecting of foreign military sales. It is imperative that interests be calculated on all net arrearages and the country concerned be promptly notified.

Subsection (b) rewrites section 22(b) of the Act to specify that the President may, if he determines it to be in the national interest, issue letters of offer under this section which provide for billing upon delivery of the defense article or rendering of the defense service and for payment within one hundred and twenty days after the date of billing. This authority may be exercised, however, only if the President also determines that the emergency requirements of the country for acquisition of the defense articles and services exceed the ready availability to the country of funds sufficient to make payments on a dependable undertaking basis and submits both determinations to the Congress together with a special emergency request for authorization and appropriation of additional funds to finance such purchases under the Act. The purpose of this provision is to insure that the granting of 120 days for payment after billing is used only in genuine emergency cases, such as in the resupply of Israel during the 1973 Middle East conflict.

Section 211. Authorizations

Subsections (a) and (b) amend section 31 of the Foreign Military Sales Act (FMSA) to authorize the appropriation of \$1,014,500,000 for fiscal year 1976 and to establish a ceiling of \$2,324,700,000 on the aggregate amount of credits that may be extended and principal

amount of loans that may be guaranteed for that year. The Executive Branch requested \$1,065,000,000 to finance a total program of \$2,374,700,000. The Committee has reduced the aggregate credit ceiling by only \$50,000,000 to facilitate the shift from grant assistance to credit and finally to cash sales. The bill stipulates that not less than \$1,500,000,000 of the aggregate ceiling shall be available only for Israel.

FOREIGN MILITARY SALES CREDIT PROGRAM

(In thousands of dollars)

Country	Fiscal year—			
	Actual 1974	Actual 1975	Proposed by Executive Branch 1976	Proposed 1977
East Asia and Pacific:				
China (Taiwan).....	60,000	80,000	80,000	8,000
Indonesia.....	3,500	5,000	23,100	
Korea.....	56,683	59,000	126,000	1,500
Malaysia.....	18,750	4,700	15,000	
Philippines.....	8,600	14,000	17,400	
Thailand.....		8,000	36,700	
Regional total.....	147,533	170,700	298,200	9,500
Near East and South Asia:				
Israel.....	12,482,664	300,000	1,500,000	
Jordan.....		30,000	75,000	
Lebanon.....			5,000	
Morocco.....	3,000	14,000	30,000	
Tunisia.....	2,500	5,000	15,000	
Regional total.....	2,488,164	349,000	1,625,000	
Europe:				
Greece.....	52,500	86,000	110,000	46,000
Turkey.....	75,000	75,000	130,000	
Regional total.....	127,500	161,000	240,000	46,000
Africa:				
Ethiopia.....	11,000	25,000	10,000	
Kenya.....		5,000	2,000	
Liberia.....		1,800	500	
Zaire.....	3,500	3,500	19,000	
Regional total.....	14,500	35,300	31,500	
Latin America:				
Argentina.....	22,500	30,000	34,000	
Bolivia.....	4,000	4,000	6,000	
Brazil.....	51,743	60,000	60,000	
Chile.....	15,000			
Colombia.....			16,000	
Dominican Republic.....		500	1,000	
Ecuador.....			10,000	
El Salvador.....	500	3,000	2,500	
Guatemala.....		2,300	1,500	
Honduras.....		3,000	2,500	
Mexico.....			5,000	
Nicaragua.....		3,000	2,500	
Paraguay.....		500	500	
Peru.....	15,000	20,500	20,000	
Uruguay.....	2,000	7,500	2,500	
Venezuela.....	7,500		16,000	
Regional total.....	118,243	134,300	180,000	
Worldwide total (TOA).....	2,895,940	850,300	2,374,700	55,500

¹ Includes \$1,500,000,000 of nonreimbursable financing pursuant to the Emergency Security Assistance Act of 1973 (Public Law 93-199).

² Includes \$100,000,000 of nonreimbursable financing pursuant to sec. 31(b) of the Foreign Military Sales Act, as amended by the Foreign Assistance Act of 1974 (Public Law 93-559, dated Dec. 30, 1974).

³ \$750,000,000 to be nonreimbursable financing

Subsection (c)(1) adds a new subsection (d) to Section 31 of the FMSA providing that credit funds shall be obligated to finance purchases by Israel either by the extension of direct credits without regard to the limitations in Section 23, or by the issuance of credit guaranties. Repayment of up to one-half of purchases so financed is to be forgiven and the remainder to be provided with a repayment period of not less than 20 years following a grace period of ten years on repayment of principal.

Subsection (c)(1) also adds a new Subsection (e) to Section 31 of the FMSA establishing a ceiling of \$100,000,000 on the aggregate acquisition cost of excess defense articles that can be provided on a grant or sales basis to foreign countries in any fiscal year beginning in 1977.

Subsection (c)(2) repeals, effective July 1, 1976, those subsections of Section 8 of the Foreign Military Sales Act of 1971 that are superseded by enactment of the new provision on excess defense articles. Funds in the suspense account referred to in Subsection (a) of such section on July 1, 1976 are to be transferred to the general fund of the Treasury.

Section 212. Annual Estimate and Justification for Sales Program

Under this section the President is required to transmit to the Congress, as a part of the presentation materials for foreign assistance programs proposed for the fiscal year 1977, and for each year thereafter, an unclassified report which sets forth—

(1) An estimate of the amount of sales proposed to be made to each country under sections 21 and 22 of the Act, including a detailed explanation of the foreign policy and national security considerations involved in sales to each country;

(2) An estimate of the amount of credits and guaranties expected to be extended to each country;

(3) A list of all findings which are in effect on the date of such transmission made by the President pursuant to section 3(a)(1) of this Act, together with a full and complete justification for each such finding, explaining how sales to each country with respect to which that finding has been made will strengthen the security of the United States and promote world peace; and

(4) An arms control impact statement for each country including (A) an analysis of the relationship between expected sales to each country and arms control efforts relating to that country; and (B) the impact of the expected sales on the stability of the region that includes the purchasing country.

Subsection (b) amends section 634(d) of the Foreign Assistance Act to reflect the new requirement for a separate justification for military sales.

Section 213. Reports on Commercial and Governmental Military Exports

Section 213 revises and expands section 36 of the Foreign Military Sales Act.

The new subsection (a) revises the requirement for quarterly reports on certain military sales data to make the report more complete and

to require that all information included be unclassified except for limited data, the public disclosure of which would be clearly detrimental to the security of the United States.

Under the new provision the President must transmit to the Speaker of the House of Representatives and to the chairman of the Committee on Foreign Relations of the Senate not more than thirty days after the end of each quarter an unclassified report (except that any material which was transmitted in classified form under subsection (b) (1) of the revised section 36 may be contained in a classified addendum) containing—

- (1) A listing of all letters of offer to sell any defense articles or services under the Act, if the offer has not been accepted or canceled;
- (2) A cumulative listing of all letters of offer to sell that have been accepted during the fiscal year in which the quarterly report is submitted;
- (3) The cumulative dollar amounts, by foreign country and international organization, of sales credit agreements and guaranty agreements made before the submission of the quarterly report and during the fiscal year in which the report is submitted;
- (4) A cumulative statement with respect to all licenses issued during the fiscal year for the commercial export of defense articles and defense services in excess of \$100,000, which shall set forth—
 - (A) The items to be exported under the license;
 - (B) The quantity of each item to be furnished; and
 - (C) The name and address of the ultimate user of each item;
- (5) Projections of the dollar amounts, by foreign country and international organization, government-to-government cash sales expected to be made, credits to be extended, and guaranty agreements to be made in the quarter of the fiscal year immediately following the quarter for which the report is submitted;
- (6) A projection with respect to all cash sales expected to be made and credits expected to be extended to each country and organization for the remainder of the fiscal year in which the report is transmitted;
- (7) An estimate of the number of officers and employees of the Government and United States civilian contract personnel present in each country at the end of that quarter for assignments in implementation of sales and commercial exports under the Act; and
- (8) An analysis and description of the services being performed by officers and employees of the United States under section 21(a) (1) of this Act, including the number of personnel so employed.

For each letter of offer to sell on a government-to-government basis under paragraphs (1) and (2), the report shall specify (i) the foreign country or international organization to which the defense article or service is offered; (ii) the dollar amount of the offer to sell and the number of defense articles to be sold under paragraph (1) or of the completed sale under paragraph (2); (iii) a brief description of the defense article or service offered; and (iv) the United States Armed Force or other agency which is making the offer to sell.

The new subsection 36(b) revises and expands on the provision in existing law requiring advance reports to Congress on certain proposals to sell military articles or services on a government-to-government basis. Congress may now reject a proposal within twenty calendar days by passage of a concurrent resolution unless the President states that an emergency exists and that the sale is in the national security

interests of the United States. Under existing law only proposals to sell articles or services totaling \$25,000,000 or more must be submitted. The revised provision requires that, in addition to all proposals totaling \$25,000,000 or more, all proposals to sell major defense equipment, regardless of sales price, must be submitted to Congress. Additional information must also be submitted for all proposed sales and the period within which Congress is allowed to reject the proposal is lengthened from twenty to thirty calendar days. All information to be submitted shall be on an unclassified basis except that in extraordinary situations, where public disclosure of the dollar amount and the number of articles offered would be clearly detrimental to United States security, this type of data may be classified.

Advance notice to Congress of proposals to issue export licenses for major defense equipment or articles or services totaling \$25,000,000 or more which are sold through commercial channels is required by the new subsection 36(c). And similar notice must be given to Congress of the proposed approval of commercial agreements which involve the manufacture abroad of any significant defense article in a non-NATO country under the new subsection 36(d). The Secretary of State is assigned the responsibility for submission of all advance notices to Congress, in keeping with the bill's objective to strengthen the role of the Department of State over arms transfer policy matters.

The new subsection 36(b) (1) provides that in the case of any letter of offer to sell any defense articles or services under the Act for \$25,000,000 or more, or any major defense equipment as to be defined in section 21(e) (3) of the revised Act, before a letter of offer is issued, the Secretary of State shall submit to the Speaker of the House of Representatives and to the chairman of the Committee on Foreign Relations of the Senate a numbered certification with respect to the offer to sell containing the information specified in clauses (i) through (iv) in subsection (a) together with (A) a brief description of the capabilities of any defense article, (B) an estimate of the number of officers and employees of the United States and civilian contract personnel expected to be needed in the country to carry out the contract, (C) the name of each contractor expected to provide the defense article or defense service to be sold (if known on the date of transmittal of such report), and (D) an analysis of the arms control impact pertinent to the offer to sell. The certification shall be unclassified, except that the information specified in clause ii of subsection (a) may be classified if the public disclosure thereof would be *clearly* detrimental to the security of the United States. The letter of offer shall not be issued if the Congress, not later than thirty calendar days after receiving a certification, adopts a concurrent resolution stating that it objects to the certification, unless the Secretary of State in his certification states that an emergency exists which requires the sale in the national security interests of the United States.

Any resolution of disapproval shall be considered in accordance with the expedited procedures set forth in section 301 of the bill.

The new subsection 36(c) sets forth similar requirements for submission of data on certain proposed commercial export licenses, other than for licenses for shipments pursuant to government-to-government sales. In the case of an application by a person for a license for the export of any major defense equipment, as defined in section 21(e) (3) of the revised Act, or of defense articles or defense services,

including technical data relating thereto, valued in excess of \$25,000,000, before issuing a license the Secretary of State shall submit to the Speaker of the House of Representatives and to the chairman of the Committee on Foreign Relations of the Senate an unclassified numbered certification with respect to the application specifying (A) the foreign country or international organization to which the export will be made, (B) the dollar amount of the items to be exported, (C) a description of the items to be exported, including a description of their capabilities, (D) an estimate of the total number of United States personnel expected to be needed in the foreign country concerned in connection with the articles or services to be exported, and (E) an analysis of the arms control impact pertinent to the application. The license shall not be issued if the Congress, within thirty calendar days after receiving a certification, adopts a concurrent resolution stating that it objects to the certification, unless the President in his certification states that an emergency exists which requires the issuance of a license in the national security interests of the United States. Any resolution of disapproval shall be considered in accordance with the procedures set forth in section 301 of the bill.

The new subsection (d) requires that in the case of an approval under section 38 of the Act of a United States commercial technical assistance or manufacturing licensing agreement for or in a country not a member of the North Atlantic Treaty Organization which involves the manufacture abroad of any significant defense article on the U.S. Munitions List, before such approval is given, the Secretary of State shall submit a certification with respect to the proposed commercial agreement in a manner similar to the certification under paragraph (1) of the new subsection 36(b) containing comparable information.

The new subsection 36(e) is designed to insure that Congress is given advance notice of proposed government-to-government sales to, and of the proposed issuance of commercial export licenses for, countries to which no sales were made, or for which no export licenses were issued, during the preceding calendar year, in view of the fact that such a step would normally signify a change in policy by one or both countries.

It requires the Secretary of State to transmit promptly to the Speaker of the House of Representatives and the Committee on Foreign Relations of the Senate—

(1) In the case of any letter of offer to sell any defense articles or services under the Act to any country to which no articles or services were sold during the previous calendar year, a statement with respect to the initial offer to sell containing the information required for certifications under subsection (b) (1) of the new section 36; or

(2) In the case of an application for a license for the export of defense articles or defense services, including technical data, to or for the armed forces of a country to which no such items were exported during the previous calendar year, a statement with respect to the initial license containing the information specified in subparagraphs (A) through (D) of subsection (c) (1) of the new section 36.

Data concerning government-to-government sales and commercial deliveries for fiscal year 1974, fiscal year 1975 and estimates for fiscal year 1976 are shown in the following table:

FOREIGN MILITARY SALES AND COMMERCIAL SALES

(In thousands of dollars)

Country	Commercial sales (deliveries)			Foreign military sales orders (cash and credit)				
	Actual fiscal year 1974	Estimated fiscal year 1975	Proposed fiscal year 1976	Proposed fiscal year 1977	Actual fiscal year 1974	Actual fiscal year 1975	Proposed fiscal year 1976	Proposed fiscal year 1977
East Asia and Pacific:								
Australia.....	5,641	5,500	5,500	1,000	33,419	188,564	50,000	12,000
Burma.....	29	30	30		19	30	700	200
China (Taiwan) ¹	8,086	10,000	12,000	3,000	95,573	123,145	100,000	25,000
Indonesia ¹	58,644	60,000	3,000	20,000	57,931	48,514	40,000	10,000
Japan.....	1,090	500	80,000	600	113,121	29,647	50,000	12,500
Korea ¹	10,953	5,000	2,000	2,000	1,428	218,806	80,000	20,000
Malaysia ¹	571	250	8,000	50	4,156	4,218	25,000	6,500
New Zealand.....	1,986	500	2,000	500	5,049	4,196	2,600	500
Philippines ¹	1,723	6,000	6,000	1,500	5,593	31,356	25,000	11,700
Singapore.....	4,315	3,000	4,000	1,000	12,658	1,480	11,200	2,675
Thailand ¹					20,513	11,422	25,000	3,750
Vietnam.....					4			
Regional total.....	92,507	92,280	122,780	30,658	345,556	631,338	409,500	104,625
Near East and South Asia:								
Bahrain.....	58	250	250	50	2,623	7,939	2,000	500
India.....	35,322	100,000	200,000	50,000	3,917,121	2,587,903	2,500,000	625,000
Iran.....	50,018	150,000	150,000	50,000	2,437,310	868,650	1,000,000	300,000
Israel ¹	92	600	800	800	61,550	29,583	389,300	96,700
Jordan ¹	106	1,000	3,500	1,000	30,400	370,496	150,000	31,000
Kuwait.....	575	4,400	6,000	1,500	9,777	295	10,000	2,500
Lebanon ¹	1,048	4,200	4,500	1,100	12			
Libya.....	38	1,000	1,000	250	8,584	294,876	40,000	
Morocco ¹								
Nepal.....	40	25				1,613		
Oman.....	1,622	700	750	200	12,674	37,408	20,000	5,000
Pakistan.....	18,031	10,000	40,400	250	2,539,408	1,373,862	4,000,000	237,500
Saudi Arabia.....			1,000			450	15,000	1,200
Tunisia ¹		(?)			2,634	372	25,000	1,500
Yemen.....								
Regional total.....	107,709	272,675	1,708,200	104,250	9,022,832	5,553,465	8,151,300	1,300,900

See footnotes at end of table.

FOREIGN MILITARY SALES AND COMMERCIAL SALES—Continued

In thousands of dollars]

Country	Commercial sales (deliveries)				Foreign military sales orders (cash and credit)			
	Actual fiscal year 1974	Estimated fiscal year 1975	Proposed fiscal year 1976	Proposed fiscal year 1977	fiscal year 1974	Actual fiscal year 1975	Proposed fiscal year 1976	Proposed fiscal year 1977
Europe:								
Austria.....	428	400	500	100	4,040	6,967	6,000	2,000
Belgium.....	12,150	6,000	7,000	200	10,712	737,937	14,000	4,500
Denmark.....	4,462	3,000	3,500	900	22,196	367,742	10,000	2,500
Finland.....	471	400	500	100	12	1	100	1,400
France.....	19,351	10,000	12,000	4,000	22,601	4,565	5,300	62,500
Germany.....	61,327	35,000	36,000	9,000	225,151	291,698	250,000	25,000
Greece ¹	1,686	2,000	3,000	700	449,995	198,575	100,000	300
Iceland.....	17				16	21	100	
Ireland.....	222				48,643	46,219	15,600	1,400
Italy.....	26,701	25,000	24,000	6,000	21	25	600	
Luxembourg.....	1,081				18,207	686,387	45,000	10,000
Netherlands.....	4,117	5,000	6,000	1,500	51,451	458,931	14,000	4,500
Norway.....	3,065	3,000	4,000	1,000	2,183	2,456	500	
Portugal.....	2,079	800	900	2,400	150,265	52,581	125,000	25,000
Spain ¹	24,454	6,000	8,000	2,000	6,974	691	1,000	
Sweden.....	9,489	9,000	10,000	2,500	9,366	49,212	40,000	10,000
Switzerland.....	5,134	5,000	6,000	1,500	17,788	68,964	100,000	25,000
Turkey ¹	3,302	2,000	2,000	500	48,867	30,497	75,000	25,000
United Kingdom.....	17,719	15,000	15,000	4,000	6	257	5,000	1,300
Yugoslavia.....	324	1,000	4,000	1,000				
Regional total.....	197,579	128,600	142,400	37,400	1,088,494	3,003,726	807,500	200,100
Africa:								
Ethiopia ¹	46	500	500	150	7,447	28,018	50,000	5,000
Gabon.....	2				187	16	200	50
Ghana.....	1						8,000	2,000
Kenya ¹	1,986	1,700	2,000	500				
Regional total.....	4,672	6,300	56,100	2,750	13,899	34,656	81,105	13,300
Latin America:								
Argentina ¹	1,251	12,000	12,000	3,000	8,618	14,100	40,000	10,000
Bolivia ¹	158	100	100		137	920	3,000	1,000
Brazil ¹	4,002	1,000	1,000		69,059	27,025	45,000	11,000
Chile ¹	1,819	1,000	1,000		75,104	29,038	30,000	7,500
Colombia ¹	764	500	500		1,090	965	10,000	2,500
Costa Rica.....	46				31	259	300	100
Dominican Republic ¹	88				3	3	1,000	250
Ecuador ¹	48	1,000	1,000		14,822	15,000	15,000	4,000
El Salvador ¹	170	200	200		407	319	2,500	700
Guatemala ¹	209	100	100		1,115	468	1,500	500
Haiti.....	217	100	100		291	84	300	50
Honduras ¹	281				708	282	3,000	1,000
Jamaica.....	32	30	30	30	42	71	100	30
Mexico ¹	1,167	200	200		411	153	2,000	500
Nicaragua ¹	187	200	200		385	571	2,500	500
Panama.....	1,773	2,000	2,000	500	1,878	258	600	150
Paraguay ¹	193	100	100		12	37	500	100
Peru ¹	357	500	500		46,989	23,599	27,500	7,000
Uruguay ¹	210				1,206	8,208	3,000	1,000
Venezuela ¹	4,492	3,000	3,000	800	4,884	33,540	35,000	8,000
Regional total.....	17,464	22,030	22,030	4,330	212,367	154,722	222,800	55,880
Canada.....	78,738	80,000	75,000	20,000	107,621	102,126	100,000	25,000
International organizations.....	1,210				18,159	30,695		
Worldwide total.....	499,879	601,885	781,110	199,380	10,808,926	9,510,727	9,772,205	1,699,805

¹ Credit available for FMS and/or commercial sales in fiscal year 1974 and fiscal year 1975 and proposed for fiscal year 1976 and fiscal year 1977.

² Less than \$500.
Source: Department of Defense.

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Section 214. Contributions, Payments and Gifts

Section 214 requires the reporting of agreements to make, as well as the act of making, political contributions, payments in excess of \$100,000, and gifts of greater than minimal value in connection with the sale (or modification of an existing agreement) of defense articles or services. The section covers direct as well as indirect payments, guarantees access by the State Department to documents of "agents" and "consultants" and others they employ and ensures that funds paid will be traceable by requiring that such payments be made from the U.S. or from the country receiving or using the defense article being sold. Such contributions, payments or gifts cannot be included under a Section 22 contract unless reasonable, allocable, and not obtained through improper influence.

The need for this provision arose from facts developed during investigations and hearings by the Subcommittee on Multinational Corporations of the Committee on Foreign Relations. The Subcommittee uncovered contributions, payments and gifts that were not only made directly, but, more frequently, indirectly, through "agents", and "consultants" and their employees and through various "shell" corporations frequently established in countries with laws prohibiting disclosure of information on corporate operations.

Paragraph (f) (1) (A) requires a report to the Secretary of State of any offer or agreement to make a political contribution or payments in excess of \$100,000 or a gift of anything greater than minimal value in connection with the sale (including modification) of any defense article or service. The Secretary of State shall make all such information available to the public.

The requirement that this information be made public is not intended to require the publication of business information the disclosure of which could result in interference with contractual relations of United States firms. Subject to the quarterly reporting requirements of the new section 36 (f) (2), such information can be safeguarded against premature disclosure which could be harmful to U.S. business. The Secretary of State can promulgate all necessary rules and regulations relevant to this section.

Paragraph (f) (1) (B) disallows the inclusion of such contributions, payments of gifts in any procurement contract under Section 22 of this act unless it is reasonable, allocable to such contract, and made to a person who has not obtained, tried to obtain or held himself out as being able to obtain a sale through improper influence. "Improper influence" is defined as influence, direct or indirect, which induces or tends to induce consideration or action by any employee or officer, of a purchasing foreign government or international organization with respect to a purchase on any basis other than such considerations of merit as are involved in comparable United States procurements.

Paragraph (f) (1) (C) prohibits such contributions, payments or gifts unless made from the United States or from countries where the defense articles or services are sold.

Paragraph (f) (1) (D) requires that no contributions, payments or gifts exceeding \$200,000 may be made through any person who has

not agreed to maintain, for at least 5 years, records showing who was the ultimate recipient. The records will be maintained by the person making the contribution and made available to any U.S. Government agency as authorized by law.

Paragraph (f) (2) requires that the President include in quarterly reports on arms transfers specific information concerning the contributions, payments and fees.

Paragraph (f) (3) states that the provisions of the subsection shall take effect 60 days after enactment of this subsection.

Criminal penalties for violation of this provision are set forth in the new subsection 38(c) of the Act to be added by section 216 of this bill. Any person who willfully violates any provision of the subsection or any rule or regulation issued under it, or who willfully, makes any untrue statement of a material fact or omits to state a material fact required or needed to make a statement not misleading, shall upon conviction be fined not more than \$100,000 or imprisoned not more than two years, or both.

The Committee is aware that there is some concern that the requirement for disclosure of agents' fees will put American suppliers at a competitive disadvantage by revealing sensitive information which their competitors, particularly those in Western Europe, are not forced to reveal. The Committee expects that Executive Branch officials will make every effort to obtain the cooperation of other major arms suppliers to require their sellers to disclose similar information about agents' fees. The Committee will monitor closely the actions taken by the Executive Branch in this regard.

Section 215. Report on Sales of Excess Defense Articles

Section 215 requires a report to the Congress containing information necessary to appraise the Executive Branch's policies concerning the sale of excess defense articles. This report will help to formulate statutory guidelines for sale of materials which are excess to the needs of the U.S. Armed forces.

Not later than February 28, 1977, the President shall transmit to the Speaker of the House of Representatives and the Committee on Foreign Relations of the Senate a report regarding all sales made under the new Arms Export Control Act during the period July 1, 1976, through December 31, 1976, of excess defense articles to foreign governments and international organizations (except articles sold solely for scrap). The report shall set forth—

- (1) The number of sales;
- (2) The total acquisition costs of the articles sold;
- (3) The total gross price paid for the articles exclusive of administrative surcharges and costs of repairing, rehabilitating, or modifying such articles;
- (4) The data set forth under (1), (2), and (3) totaled separately for sales made at less than 33 $\frac{1}{3}$ per centum of acquisition cost; and
- (5) The estimated total proceeds of sale of articles included under (4) if the articles had been sold instead through United States Government surplus property disposal operations and the

percentage thereof that would have been paid out of the proceeds to meet direct expenses incurred in connection with dispositions pursuant to law.

Section 216. Control of Licenses With Respect to Arms Exports and Imports

Section 216 authorizes, and sets forth requirements for, the control of exports and imports of all defense articles and defense services. It replaces section 414 of the Mutual Security Act of 1954, now the basic authority for control of military related exports and imports. This brings the statutory controls on all arms exports and imports, government and commercial, under one act, the new Arms Export Control Act.

In restating former section 414 of the Mutual Security Act of 1954, which is repealed by this section, the new section 38 of the Arms Export Control Act substitutes the term "defense articles and defense services" for "arms, ammunition, and implements of war." This change is merely intended to conform section 38 to the style of the other sections of the Act. It is not intended to alter the scope of items subject to export control, or the extent of such control, under the regulations authorized by this bill.

Subsection (a) repeals section 414 of the Mutual Security Act of 1954.

Subsection (b) adds a section 38 to the new Arms Export Control Act. This section becomes the basic authority for, and sets forth the new requirements concerning, controls over arms exports and imports.

Subsection (a) of the new section 38 is the basic authority for control of exports and imports of military related materials and services. Paragraph (1) provides that in furtherance of world peace and the security and foreign policy of the United States, the President is authorized to control the import and, through the Secretary of State, the export of defense articles and defense services, including technical data relating thereto, and to provide foreign policy guidance to persons of the United States involved in the export and import of such articles and services.

The President is authorized to designate those items which shall be considered as defense articles and defense services, including technical data relating thereto, for the purposes of controlling exports and imports and to promulgate regulations for the export of those articles and services. After June 30, 1976, all such exports to or for the armed forces of a foreign country shall be subject to all of the restrictions applicable to government-to-government sales contained in sections 3 and 4 of what is now the Foreign Military Sales Act. As a matter of administrative practice, the most important restrictions now applicable to government sales, such as control over transfers to third countries, are already applicable to commercial sales. In delaying the effective date for the statutory requirement until July 1, 1976, the Committee expects that all existing controls and restrictions required by regulation will continue in effect during the interim period. The delay in the effective date is solely to allow time for administrative action necessary to making the changeover to the statutory requirements.

Paragraph (2) requires that decisions on the issuance of licenses for the export of articles on the United States munitions list shall be made in coordination with the Director of the United States Arms Control and Disarmament Agency and shall take into account the Director's opinion as to whether the export of an article will contribute to an arms race, or increase the possibility of outbreak or escalation of conflict, or prejudice the development of bilateral or multilateral arms control arrangements.

Paragraph (1) of the new subsection (b) requires that every person, other than an officer or employee of the United States Government acting in an official capacity, who engages in the business of manufacturing, exporting, or importing any defense articles or defense services, including technical data relating thereto, designated by the President under subsection 38 (a) shall register with the Department of State (or with the President in the case of importing) and shall pay a fee for each application for a license to export defense articles or services, including technical data relating thereto, or for approval of the technical assistance or manufacturing license agreement. Fees shall be set at a rate sufficient to pay for all administrative costs for the control of non-governmental exports of defense articles and services. The Committee is aware that some delay in the implementation of the fee requirement will be necessary for administrative reasons. However, the Committee expects that the new system will be in operation by not later than the beginning of fiscal year 1977.

As now required by existing law, regulations shall prohibit the return to the United States for sale in the United States (other than for the Armed Forces of the United States and its allies or for any State or local law enforcement agency) of any military firearms or ammunition of United States manufacture furnished to foreign governments by the United States under the Act or any other foreign assistance or sales program of the United States, whether or not enhanced in value or improved in condition in a foreign country. The prohibition shall not extend to similar firearms that have been so substantially transformed as to become, in effect, articles of foreign manufacture.

Paragraph (2) provides that, except as otherwise specifically provided in regulations issued under the new subsection 38(a)(1), no defense articles or defense services, including technical data relating thereto, may be exported or imported without a license for such export or import, issued in accordance with the Act and regulations issued under the Act, except that no license shall be required for exports or imports made by or for an agency of the United States Government for official use by a department or agency of the United States Government or for carrying out any foreign assistance or sales program authorized by law and subject to the control of the Secretary of State by other means.

Exceptions to this requirement may be made by regulation. The purpose of this is to give authority to continue this current exemption from licensing of items such as obsolete small arms, arms and ammuni-

tion for personal use, and similar categories now exempt under current International Traffic in Arms Regulations (ITAR).

The new subsection (c) sets forth the criminal penalties for violation of the section and subsection 36(f). Any person who willfully violates any provisions of this section or section 36(f), the new provision relative to agents' fees and contributions, or any rule or regulation issued under either section, or who willfully, in a registration or license application or required report, makes any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading, shall upon conviction be fined not more than \$100,000 or imprisoned not more than two years, or both.

The new subsection (d) makes the section applicable to and within the Canal Zone.

The new subsection (e) specifies that, in carrying out functions under the section with respect to the export of defense articles and defense services, the President is authorized to exercise the same powers concerning violations and enforcement which are conferred upon departments, agencies and officials by sections 6 (c), (d), (e), and (f) and 7 (a) and (c) of the Export Administration Act of 1969, as amended, subject to the same terms and conditions as are applicable to such powers under that Act. Nothing in the subsection is to be construed as authorizing the withholding of information from the Congress.

Subsections (c) and (d) of section 216 of the bill make technical changes in the Foreign Military Sales Act to reflect the substantive policy changes in preceding subsections.

Section 217. Cancellation and Suspension of Licenses and Contracts

Section 217 adds a new subsection (e) to section 42 of the Act which requires that all sales contracts and all export licenses be subject to cancellation or suspension in the national interest.

Under paragraph (1) of the new subsection (e) each contract for sale entered into under sections 21 and 22 of the Act must provide that the contract may be canceled in whole or in part, or its execution suspended, by the United States at any time under unusual or compelling circumstances if the national interest so requires.

Paragraph (2) provides that each export license issued under section 38 of the Act shall provide that the license may be revoked, suspended or amended by the Department of State without prior notice whenever the Department deems that action to be advisable.

Paragraph (3) provides that each contract and export license shall also provide that, in the event of the cancellation, revocation or suspension, any deliveries not yet made on the date of the cancellation, revocation, or suspension may be suspended or terminated.

Nothing in paragraph (2) or paragraph (3) are to be construed as limiting the regulatory authority of the President under the Act.

Paragraph (4) authorizes the appropriation of such sums as may be necessary to refund moneys received from purchasers under contracts of sale entered into under sections 21 and 22 of the Act that are canceled or suspended under this subsection to the extent such moneys have previously been disbursed to private contractors and United

States Government agencies for work in progress, and to pay damages and costs that accrue from the corresponding cancellation or suspension of the existing procurement contracts or United States Government agency work orders involved.

Section 218. Administrative Expenses

Section 218 amends section 43 of the Act by adding a new subsection (b) which states the policy concerning payment of administrative costs for the arms sales and export control program.

Under the new provision, administrative expenses incurred by any department or agency of the United States Government (including any mission or group) in carrying out functions under this Act which are primarily for the benefit of any foreign country or licensee shall be fully reimbursed from amounts received for sales under sections 21 and 22 and from fees for applications for licenses and approvals under section 38 of the Act. The purpose of the provision is to make sales and export control operations self-supporting to the maximum extent possible.

TITLE III—GENERAL

Section 301. Expedited Procedure With Respect to Resolutions of Approval or Disapproval of Certain Certifications

Section 301 establishes a procedure for expediting consideration by the Congress of concurrent resolutions of disapproval of certain Presidential certifications under the Foreign Assistance Act and the new Arms Export Control Act.

Subsection (b) (1) defines continuity of a session of Congress for purpose resolutions under the Act which must be acted upon within a certain number of days of "continuous session." For purposes of this provision the continuity of a session is broken only by an adjournment of the Congress sine die; and the days on which either House is not in session because of an adjournment of more than three days to a day certain are excluded in the computation of the period indicated.

Section 302. Contingency Fund

This section changes the heading of Chapter 5 of the Foreign Assistance Act from "Disaster Relief" to "Contingency Fund" and amends Section 451 of the Foreign Assistance Act by deleting the reference to Section 639—famine and disaster relief. A separate authorization for this purpose was established in Public Law 94-161, the International Development and Food Assistance Act. This section also authorizes the appropriation of \$5,000,000 in 1976 (the 1975 authorized level) to remain available until expended.

Section 303. International Narcotics Control

Subsection (a) amends Section 482 of the Foreign Assistance Act by authorizing the appropriation of \$37,500,000 for fiscal year 1976. An authorization of \$42,500,000 was requested by the Executive Branch.

The following tables provide a detailed fiscal summary for fiscal years 1975 and 1976 and a breakdown by functional activity.

INTERNATIONAL NARCOTICS CONTROL PROGRAM—DETAILED FISCAL SUMMARY

[In thousands of U.S. dollars]

	Actual fiscal year 1975	Planned fiscal year 1976
I. Country programs:		
Latin America:		
Argentina.....	\$81	\$19
Bolivia.....	500	395
Brazil.....	199	269
Chile.....	41	170
Colombia.....	552	1,322
Costa Rica.....	57	66
Ecuador.....	432	486
Paraguay.....	10	15
Peru.....	150	480
Uruguay.....	25	-----
Venezuela.....	72	-----
Jamaica.....	734	25
Mexico.....	15,829	7,362
Total.....	18,682	10,609
East Asia:		
Laos.....	924	-----
Burma.....	668	13,950
Philippines.....	324	110
Thailand.....	878	4,789
Indonesia.....	56	67
Vietnam.....	-----	-----
Total.....	2,850	18,916
Near East and South Asia:		
Lebanon.....	5	-----
Jordan.....	162	-----
Pakistan.....	8	84
NEA regional.....	-----	100
Total.....	175	184
Total country programs.....	21,707	29,699
II. International organizations:		
Colombo plan.....	159	50
INTERPOL.....	135	-----
CENPO.....	7	-----
U.N. fund for drug abuse control.....	5,000	5,000
Total.....	5,301	5,050
III. Training.....	4,897	6,299
IV. Treatment and rehabilitation.....	-----	450
V. Program support and development.....	816	1,002
Program total.....	32,721	42,500

INTERNATIONAL NARCOTICS CONTROL PROGRAM BY FUNCTIONAL ACTIVITY

[Dollars in millions]

	Fiscal year 1974 actual	Percent of total	Fiscal year 1975 estimate	Percent of total	Fiscal year 1976 proposed	Percent of total
Enforcement and control.....	\$23.2	(85.6)	\$24.4	(74.4)	\$30.6	(72.0)
Crop replacement.....	0.8	(3.0)	1.6	(4.8)	4.9	(11.5)
International organizations.....	2.0	(7.4)	5.3	(16.1)	5.1	(12.0)
Treatment and rehabilitation.....	0.7	(2.6)	0.5	(1.5)	0.8	(1.9)
Program development and support.....	0.4	(1.4)	1.1	(3.3)	1.1	(2.6)
Total program.....	27.1	-----	32.9	-----	42.5	-----

Subsection 303(b) amends section 481 of the Foreign Assistance Act relative to the program for control of the international narcotics traffic.

This provision, sponsored by Senator Mansfield, would prohibit U.S. personnel from engaging in any police action in any foreign country with respect to narcotics control efforts.

In adopting this restriction, the Committee seeks to reconcile two important U.S. interests; motivating foreign governments to cooperate to the fullest degree in stopping drugs from reaching the U.S. and avoiding excessive U.S. intervention in the internal affairs of other nations. The range of actions carried out by U.S. narcotic agents overseas covers a wide spectrum—from the innocuous (exchanging information and intelligence) to the clearly objectionable (actions involving the use of force and actions involving arrest of foreign nationals).

It is the Committee's intent that "police action," as used in this provision, is meant to prohibit U.S. narcotics agents abroad from engaging in actions involving the use of force and actions involving the arrest of foreign nationals—whether unilaterally (acting on their own) or as members of teams involving agents or officials of other foreign governments. And more broadly, it is the Committee's intent that the Drug Enforcement Administration and Chiefs of U.S. diplomatic missions overseas exercise special care to insure that U.S. narcotics agents overseas not engage in any types of actions in which there is a reasonable risk of embroiling the U.S. in the internal affairs of other countries by tending to lead them into situations involving the use of force or the arrest of foreign nationals.

Paragraph (2) of the new subsection (c) requires the President to make a study of how to internationalize the current U.S. bilateral program of anti-drug traffic assistance to foreign countries. The drug traffic problem is an international problem, not one solely of concern to the United States. The provision calls only for a study and a report. Congress will have complete flexibility to accept, reject, or modify any recommendations made by the President.

Section 304. Indochina Assistance

Subsection (a) of section 304 repeals part V of the Act, which authorized funds for the relief and reconstruction of South Vietnam, Cambodia and Laos, and also repeals sections 34 through 40 of the Foreign Assistance Act of 1974, which set forth certain policies and principles regarding aid to Indochina and authorized funds for Indochina during fiscal year 1975 subject to certain allocations and restrictions. These separate and detailed provisions are no longer necessary. The validity of actions taken under the authorities repealed by this section are preserved by a standard saving clause.

Subsection (b) authorizes, but does not require, the President to adopt and assume the liabilities of the South Vietnamese, Cambodian or Laotian Governments under any contract of such government which was financed or approved for financing by the Agency for International Development before the end of fiscal year 1975. It also authorizes the President to adopt as a contract of the U.S. Government any equitable claim based upon a letter of intent issued prior to April 30, 1975, in which the Agency had expressed its intention to finance a transaction subject to the availability of funds.

Subsection (c) authorizes funds appropriated for economic assistance in Indochina to remain available for purposes of subsection (b) and meeting other costs arising from the termination of the programs for which the funds were appropriated. This subsection does not authorize the appropriation of any additional funds for these purposes.

Section 305. Interim Quarter Authorizations

This section authorizes additional appropriations for the period July 1, 1976, to September 30, 1976, in amounts equal to one-fourth of any amount authorized for fiscal year 1976 in this Act, or in any amendment to any other law made by this Act, unless appropriations for the same purpose are specifically authorized in a law hereinafter enacted. Assistance provided during this period shall be provided in accordance with the authorities applicable to such programs in fiscal year 1976. A ceiling equal to one-fourth of the ceiling on the aggregate total of credits and face value or guarantees established for fiscal year 1976 is established for the interim quarter.

It is the intent of the Committee in adopting this amendment that within authorization categories, specified country programs, including earmarking, could be carried forward into the transition quarter in proportions conforming with FY 1976 country programs including, in the case of the FMS credit program, Congressional presentation allocations, to the extent that subsequent appropriations are provided. Any such transition quarter extensions of FY 1976 programs would be subject, of course, to the provisions of subsequent authorizing legislation.

The Committee expects the Executive Branch, in carrying out operations during the transition quarter, to apply and observe limitations of authority which are applicable during fiscal year 1976 in a manner consistent with the brief duration of the interim quarter and the clear intent of Congress in enacting those limitations.

Section 306. Security Supporting Assistance

Subsection (a) authorizes the appropriation of \$1,705,000,000 for fiscal year 1976.

Subsection (b) allocates these funds by country/function and establishes country ceilings.

COUNTRY ALLOCATIONS OF SUPPORTING ASSISTANCE

(In millions of dollars)

Country	Fiscal year 1975 actual	Fiscal year 1976		Reduction
		Administration request	Committee recommendation	
Israel.....	324.5	740.0	725.0	-15.0
Egypt.....	251.2	750.0	700.0	-50.0
Jordan.....	77.5	77.5	67.0	-10.5
Syria.....	(1)	90.0	50.0	-40.0
Portugal.....	(2)	55.0	50.0	-5.0
Greece.....		65.0	65.0	
Cyprus.....	(3)	25.0	(4)	-25.0
UNFICYP.....	9.6	9.6	9.6	
Zaire.....	(5)	22.8	15.0	-7.8
Malta.....	9.5	9.5	9.5	
Bahrain.....		.6	.6	
Operating expenses.....	2.2	* 22.6	22.6	
Total program.....	677.7	1,867.6	1,714.3	-153.3
Less financing.....	-17.7	-9.3	-9.3	
Budget authority.....	660.0	1,858.3	1,705.0	-153.3

¹ \$83,000,000 financed from Middle East Special Requirements Fund.

² \$15,000,000 financed from special assistance accounts for Portugal and its colonies.

³ \$25,000,000 financed from Famine and Disaster Relief Funds.

⁴ Funded in International Development and Food Assistance Act in 1976.

⁵ \$1,600,000 financed from development assistance.

⁶ Prior to 1976, operating expenses for supporting assistance were funded in other accounts.

The Committee has generously funded the programs for Middle Eastern countries because it strongly supports the Sinai Agreement and efforts to achieve further disengagement of forces and movement toward peace among all parties to the Middle East conflict. The Committee has reduced the proposed program for Egypt by only \$50 million, despite budget stringencies, because Egypt has responded positively toward U.S. efforts to secure peace in the Middle East and is beset with serious economic problems.

The request for Syria was cut more severely, however, because Syria has not yet demonstrated that it seriously intends to negotiate even an interim, let alone more permanent arrangements looking toward a peaceful resolution of issues currently endangering peace in the Middle East.

Military and supporting assistance programs for Jordan were reduced because that country is the recipient of significant assistance from other Arab States, some of which enables Jordan to pay for its military purchases in the United States. Thus, even military credits for Jordan are, effectively grants since they are underwritten by third countries.

Section 307. Middle East Special Requirements Fund

This section amends Section 903 of the Foreign Assistance Act to authorize appropriations of \$50,000,000 for fiscal year 1976, the full amount requested by the Executive Branch. Subsection (c) of Section 903 is rewritten to clarify the Executive Branch's authority to use these funds to assist Egypt and Israel in carrying out the Sinai Agreement and to pay the costs of the Early Warning Systems in the Sinai.

Section 308. Strife in Lebanon

Section 308, sponsored by Senator Javits, is a sense of the Congress statement concerning the current situation in Lebanon.

It states the sense of the Congress that the situation in Lebanon poses a serious danger to peace in the Middle East. The Congress deplores the armed civil strife there which threatens to destroy the political and economic fabric of Lebanon, a nation traditionally friendly to the United States, with such tragic impact on all its people. The Congress views with grave concern outside efforts to exploit the current strife for the purpose of transforming Lebanon into a radical state in confrontation with Israel. The Congress requests the President to use his good offices to bring about an end to the strife in Lebanon and to preserve the traditional friendly attitude of Lebanon toward the United States.

Section 309. Arms Control and Disarmament Agency

Section 309, sponsored by Senator McGovern, amends section 26 of the Arms Control and Disarmament Act to invite the General Advisory Committee of the ACDA to report to the Congress from time to time on its activities and on issues which the committee believes should be brought to the attention of Congress and the public.

The General Advisory Committee is made up of public citizens who meet from time to time to examine matters affecting arms control, disarmament and world peace. Existing law calls on the Committee to advise the President, the Secretary of State, and the Disarmament

Agency Director. This they do from time to time. The advice emanating from this group of distinguished citizens is secret; the public has no knowledge, therefore, of what advice is given to officers of the Executive Branch.

It is *not* the purpose of this provision to upset this arrangement or to breach the confidentiality of the Committee's advice to the Executive Department. The purpose is rather to invite the Committee from time to time, as it finds it appropriate, to make its views known to the Congress. The effect of this provision is to direct the General Advisory Committee that it has a duty from time to time to acquaint the Congress with its views and not to confine its advice solely to the Executive Branch of the government.

Section 310. Prohibition Against Military Assistance to Chile

This provision, a modification of an amendment sponsored by Senator Kennedy, prohibits the furnishing of any military grant assistance, security supporting assistance, military sales credits, and the guarantee of any military loan to Chile. This provision, which will be permanent law, replaces a similar provision in the Foreign Assistance Act of 1974 which applied to FY 1975. This section does not prohibit government-to-government military cash sales or commercial exports of military materials for Chile.

No grant military assistance, supporting assistance, military credits or guarantee of military loans are programmed for Chile by the Executive Branch in FY 1976.

Section 311. Control of Military Forces in the Indian Ocean

This provision, sponsored by Senators Kennedy, Cranston, Pell, and Culver, expressed the sense of the Congress that the President should undertake to enter into negotiations with the Soviet Union intended to achieve an agreement limiting the deployment of naval, air, and land forces of the Soviet Union and the United States in the Indian Ocean and littoral countries. It states that negotiations should be convened as soon as possible and should consider, among other things, limitations with respect to—

- (1) The establishment or use of facilities for naval, air, or land forces in the Indian Ocean and littoral countries;
- (2) The number of naval vessels which may be deployed in the Indian Ocean, or the number of "shipdays" allowed therein; and
- (3) The type and number of military forces and facilities allowed therein.

Not later than July 1, 1976, the President must transmit a report to the Speaker of the House of Representatives and the Committee on Foreign Relations of the Senate detailing the steps he has taken to carry out this provision.

Section 312. Employment of Consultants by A.I. D.

This section amends section 626(a) of the Foreign Assistance Act to authorize payment of per diem compensation to consultants hired by the Agency for International Development at the same rate which may be paid to consultants hired by other departments and agencies. The justification for this provision is set forth in the following letter

to Senator Humphrey, Chairman of the Subcommittee on Foreign Assistance from Mr. John E. Murphy, Deputy Administrator of the Agency for International Development:

DEPARTMENT OF STATE,
AGENCY FOR INTERNATIONAL DEVELOPMENT,
Washington, D.C.

HON. HUBERT H. HUMPHREY,
*Chairman, Subcommittee on Foreign Assistance and Economic Policy,
Senate Foreign Relations Committee, U.S. Senate, Wash-
ington, D.C.*

DEAR MR. CHAIRMAN: I would like to call your attention to a problem which the Agency for International Development is presently facing with respect to the hiring of consultants and experts as a result of a recent ruling by the Comptroller General.

The Agency, for several years, has relied in part upon the authority of section 626(a) of the Foreign Assistance Act and upon section 3109 of Title 5 of the United States Code to hire and compensate consultants and experts necessary to carry out the development and economic assistance programs authorized by the Act. Section 626(a) provides that individuals so employed may not be compensated at a rate in excess of \$100 a day. This provision, briefly stated, was in AID's view intended to permit payments at a higher rate than that permitted by the general, government-wide authority of Title 5 (which was linked to the highest rate payable under the General Schedule). As federal general schedule pay rates rose, however, the effect of the \$100 limitation was to prevent AID from compensating consultants and experts at the higher rate which would have been permitted by the general authority. Faced with this anomaly, the AID General Counsel ruled that in light of the Congressional intent to permit a higher than ordinary rate, the limitation of 626(a) became obsolete and should be deemed to have been superseded by the general limitation for pay rates contained in Title 5.

In late December AID received a Comptroller General's Opinion (B-90867, dated December 12, 1975) which took issue with AID's interpretation and concluded that if AID wished to compensate experts and consultants at a rate in excess of \$100 a day, legislative relief would be necessary.

Because of the substantial increase in federal pay schedules in recent years and the likelihood of continuing increments, we are convinced that relief is essential. Absent such relief, it would become increasingly more difficult to hire experts and consultants of the quality and experience required for the successful implementation and design of our economic and development assistance programs. The GAO ruling has placed AID at a competitive disadvantage with respect to both private entities and to other federal government agencies as well. At the current ceiling, AID can compensate experts and consultants only at the equivalent rate of a GS-12 or GS-13 employee in the federal service.

I have enclosed an amendment which would link the permissible compensation to the highest current rate that may be paid to an employee under the General Schedule. Today this would mean an effec-

tive ceiling of \$145 a day which is the same as the rate permitted by section 3109 of Title 5. Our budget presentation for fiscal years 1976 and 1977 was calculated on the basis of this higher rate and therefore no additional authorizations of appropriations would be required. The maximum rate permitted under section 3109 of Title 5 would only be paid, of course, in those cases which are clearly justified. Enclosed for your information, however, is a comparison of costs to the Agency based on the two rates.

We would greatly appreciate it if you would introduce this provision as an amendment to the Security Assistance Bill now pending before your committee. We hope that the amendment will be a non-controversial item and in this respect would point out that other agencies confronted with a similar dilemma have encountered no difficulties in amending their statutory authorities to ensure this result. Two that come to mind are the Department of Transportation and the National Aeronautics and Space Administration. (See section 314 of P.L. 92-398, August 22, 1972 and section 6 of P.L. 93-316, June 22, 1974.)

If you require any further information about this problem or our analysis of the situation, we will of course be happy to supply it. My thanks for your continued cooperation and assistance.

Sincerely yours,

JOHN E. MURPHY,
Deputy Administrator.

Enclosures.

COMPARISON OF COSTS

There follows a summary showing the estimated additional costs, projected on a fiscal year basis, to be incurred by AID should authorization be granted to exceed the current daily rate of \$100 for Expert/Consultants. The February 15 date was chosen as an estimate of the date of passage of the new authority.

The analysis of active EC employees on AID payroll files as of January 9, 1976 indicate 95.7% of our EC's exceeded the \$100 rate with the average daily rate amounting to \$126. The FY 1977 cost takes into consideration a 5% pay increase due in October 1976.

<i>Period</i>	<i>Additional cost</i>
Feb. 15, 1976 to June 30, 1976.....	\$107, 371
July 1, 1976 to Sept. 30, 1976.....	61, 034
Oct. 1, 1976 to Sept. 30, 1977.....	242, 592

AMENDMENT TO S. 2662

At the end of the bill add the following new section:

Section 312. Section 626(a) of the Foreign Assistance Act of 1961, relating to the employment of consultants and experts, is amended by deleting "of \$100 per diem" and inserting in lieu thereof the following:

of the highest rate that may be paid to an employee under the General Schedule established by section 5332 of title 5 of the United States Code.

Enactment of this provision should not be interpreted as a repudiation of AID's interpretation. The Committee does not believe that

AID's interpretation was unreasonable, and it does not believe that experts and consultants who were employed under the old rules should be required to return allegedly excessive compensation to the government.

CHANGES IN EXISTING LAWS

In compliance with paragraph 4 of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

THE FOREIGN ASSISTANCE ACT OF 1961, AS AMENDED

* * * * *

Chapter 5—[Disaster Relief] *Contingency Fund*

Sec. 451. Contingency Fund.—(a) There is authorized to be appropriated to the President for the fiscal year [1975] *1976* not to exceed \$5,000,000, to provide assistance authorized by this part [or by section 639] for any emergency purpose only in accordance with the provisions applicable to the furnishing of such assistance.

Amounts appropriated under this section are authorized to remain available until expended.

(b) The President shall submit quarterly reports to the Committee on Foreign Relations and the Committee on Appropriations of the Senate and the Speaker of the House of Representatives on the programming and obligation of funds under this section.

(c) No part of this fund shall be used to pay for any gifts to any officials of any foreign government made heretofore or hereafter.

* * * * *

Chapter 8—International Narcotics Control

Sec. 481. International Narcotics Control.—(a) It is the sense of the Congress that effective international cooperation is necessary to put an end to the illicit production, smuggling, trafficking in, and abuse of dangerous drugs. In order to promote such cooperation, the President is authorized to conclude agreements with other countries to facilitate control of the production, processing, transportation, and distribution of narcotic analgesics, including opium and its derivatives, other narcotic drugs and psychotropics, and other controlled substances as defined in the Comprehensive Drug Abuse Prevention and Control Act of 1970. Notwithstanding any other provision of law, the President is authorized to furnish assistance to any country or international organization, on such terms and conditions as he may determine, for the control of the production of, processing of, smuggling of, and traffic in, narcotic and psychotropic drugs. The President shall suspend economic and military assistance furnished under this or any other Act, and shall suspend sales under the Foreign Military Sales Act and under title I of the Agricultural Trade Development and Assistance Act of 1954, with respect to any country when the

President determines that the government of such country has failed to take adequate steps to prevent narcotic drugs and other controlled substances (as defined by the Comprehensive Drug Abuse Prevention and Control Act of 1970) produced or processed, in whole or in part, in such country, or transported through such country, from being sold illegally within the jurisdiction of such country to United States Government personnel or their dependents, or from entering the United States unlawfully. Such suspension shall continue until the President determines that the government of such country has taken adequate steps to carry out the purposes of this chapter.

(b) (1) Not later than forty-five days after the date on which each calendar quarter of each year ends, the President shall transmit to the Speaker of the House of Representatives, and to the Committee on Foreign Relations of the Senate, a report on the programming and obligation, on a calendar quarter basis, of funds under this chapter prior to such date.

(2) Not later than forty-five days after the date on which the second calendar quarter of each year ends and not later than forty-five days after the date on which the fourth calendar quarter of each year ends, the President shall transmit to the Speaker of the House of Representatives, and to the Committee on Foreign Relations of the Senate, a complete and detailed semiannual report on the activities and operations carried out under this chapter prior to such date. Such semiannual report shall include, but shall not be limited to—

(A) the status of each agreement concluded prior to such date with other countries to carry out the purposes of this chapter; and

(B) the aggregate of obligations and expenditures made, and the types and quantity of equipment provided, on calendar quarter basis, prior to such date—

(i) to carry out the purposes of this chapter with respect to each country and each international organization receiving assistance under this chapter including the cost of United States personnel engaged in carrying out such purposes in each such country and with each such international organization;

(ii) to carry out each program conducted under this chapter in each country and by each international organization, including the cost of United States personnel engaged in carrying out each such program; and

(iii) for administrative support services within the United States to carry out the purposes of this chapter, including cost of United States personnel engaged in carrying out such purposes in the United States.

(c) (1) *Notwithstanding any other provision of law, no officer or employee of the United States may engage in any police actions in any foreign country with respect to narcotics control efforts.*

(2) *The President shall carry out a study with respect to methods through which United States narcotics control programs in foreign countries might be placed under the auspices of international or regional organizations. The results of such study shall be transmitted to the Speaker of the House of Representatives and the President of the Senate not later than January 1, 1977.*

Sec. 482. Authorization.—To carry out the purposes of section 481, there are authorized to be appropriated to the President \$42,500,000 for each of the fiscal years 1974 and 1975 and \$37,500,000 for the fiscal year 1976.

Amounts appropriated under this section are authorized to remain available until expended.

[Sec. 502B. Human Rights.—(a) It is the sense of Congress that, except in extraordinary circumstances, the President shall substantially reduce or terminate security assistance to any government which engages in a consistent pattern of gross violations of internationally recognized human rights, including torture or cruel, inhuman or degrading treatment or punishment; prolonged detention without charges; or other flagrant denials of the right to life, liberty, and the security of the person.

(b) Whenever proposing or furnishing security assistance to any government falling within the provisions of paragraph (a), the President shall advise the Congress of the extraordinary circumstances necessitating the assistance.

(c) In determining whether or not a government falls within the provisions of subsection (a), consideration shall be given to the extent of cooperation by such government in permitting an unimpeded investigation of alleged violations of internationally recognized human rights by appropriate international organizations, including the International Committee of the Red Cross and anybody acting under the authority of the United Nations or of the Organization of American States.

(d) For purposes of this section, 'security assistance' means assistance under chapter 2 (military assistance) or chapter 4 (security supporting assistance) of this part, assistance under part V (Indochina Postwar Reconstruction) or part VI (Middle East Peace) of this Act, sales under the Foreign Military Sales Act, or assistance for public safety under this or any other Act.]

SEC. 502B. HUMAN RIGHTS.—(a) (1) It is the policy of the United States that, except under circumstances specified in this section, no security assistance may be provided to any country the government of which engages in a consistent pattern of gross violations of internationally recognized human rights.

(2) It is further the policy of the United States, in accordance with its international obligations as set forth in the Charter of the United Nations and in keeping with the constitutional heritage and traditions of the United States, to promote and encourage increased respect for human rights and fundamental freedoms for all without distinction as to race, sex, language or religion. To this end, a principal goal of the foreign policy of the United States is to promote the increased observance of internationally recognized human rights by all countries.

(3) In furtherance of the foregoing policy the President is directed to formulate and conduct international security assistance programs of the United States in a manner which will promote and advance human rights and avoid identification of the United States, through such programs, with governments which deny to their people internationally recognized human rights and fundamental freedoms, par-

particularly the rights to life, liberty and the security of person (through such gross violations as torture or cruel, inhuman, or degrading treatment or punishment, or prolonged detention without charges) in violation of international law or in contravention of the policy of the United States.

(b) The Director of the Office of Human Rights, Department of State, shall transmit to the Congress, as part of the presentation materials for security assistance for each fiscal year, a full and complete report with respect to practices regarding the observance of and respect for such human rights in each country proposed to be a recipient of security assistance. In the preparation of such report the Director shall take into account—

(1) the relevant findings of appropriate international organizations, including nongovernmental organizations (such as the International Committee of the Red Cross) having consultative status with the United Nations; and organizations acting under the authority of the United Nations, the Organization of American States, the Council of Europe, or other appropriate regional organizations of states; and

(2) the extent of cooperation by such government in permitting an unimpeded investigation by any such organization of alleged violations of internationally recognized human rights.

(c) (1) Upon the request of the Senate or the House of Representatives by resolution of either such House, or of the Committee on Foreign Relations of the Senate or the Committee on International Relations of the House of Representatives, the Director of the Office of Human Rights shall, within thirty days after receipt of such request, transmit to both such committees a statement setting forth—

(A) a detailed description of practices by the recipient government of the type described in subsection (b) of this section;

(B) the steps the United States has taken to—

(i) discourage any practices which are inimical to internationally recognized human rights; and

(ii) publicly or privately call attention to, and disassociate any assistance provided under this Act from, such practices;

(C) whether, in the opinion of the Secretary of State, notwithstanding any such practices, exceptional circumstances that such assistance should be continued, and, if so, a description of such circumstances and the extent to which assistance should be continued; and

(D) such other information as such committee or such House may request.

(2) (A) A resolution of request under paragraph (1) of this subsection shall be considered in accordance with the provisions of section 301(b) of the International Security Assistance and Arms Export Control Act of 1975.

(B) The term "certification", as used in section 301(b) of such Act, means, for the purposes of this subsection, a resolution of request of either House under paragraph (1) of this subsection.

(C) The term "resolution", as used in section 301(b) of such Act, means, for the purposes of paragraphs (1) and (2) of this subsection, only a simple resolution of either House, the matter after the resolving

clause of which is as follows: That the (Senate/House of Representatives) requests a statement pursuant to section 502B(c)(1) of the Foreign Assistance Act of 1961 with respect to _____, the appropriate term being selected from the parentheses, and the blank space therein being filled with the name of the foreign country with respect to which such request is made.

(3) In the event a statement with respect to a country is requested pursuant to subsection (c)(1) of this section but is not transmitted in accordance therewith, not later than thirty days after receipt of a request for such statement has been requested no security assistance shall be delivered to such country except as may be specifically authorized by law for such country unless and until such statement is transmitted.

(4) (A) In the event a statement with respect to a country is transmitted under subsection (c) of this section, the Congress may, within the first period of thirty days of continuous session after such report is transmitted, adopt a concurrent resolution terminating or restricting the provision of security assistance to such country. In the event such concurrent resolution is adopted, such assistance shall be so terminated or so restricted, as the case may be.

"(B) Such resolution shall be considered in accordance with the provisions of section 301(b) of the International Security Assistance and Arms Export Control Act of 1975.

"(C) The term 'certification', as used in section 301(b) of such Act, means for purposes of this paragraph, a statement transmitted under subsection (c) of this section.

"(D) The term 'resolution', as used in section 301(b) of such Act, means, for the purposes of this paragraph, only a concurrent resolution, the matter after the resolving clause of which is as follows: 'That the Congress, in consideration of the statement transmitted on

_____, 19____, pursuant to section 502(c)(1) of the Foreign Assistance Act of 1961 with respect to _____, directs that the provision of security assistance to such country be _____'; the first

blank therein being filled with the date of the transmittal of such certification, the second blank therein being filled with the name of the country to which such certification pertains, and the third blank therein being filled with either the word 'terminated' or the words, 'restricted as follows:' followed by the terms of such restriction.

"(d) For the purposes of this section 'security assistance' means—

(1) assistance under chapter 2 (military assistance) or chapter 4 (security supporting assistance) or chapter 5 (military education and training) of this part or part VI (Middle East Peace) of this Act;

(2) sales of defense articles or services, extensions of credits (including participations in credits), and guarantees of loans under the Arms Export Control Act;

(3) any license in effect with respect to the export of defense articles or defense services (including technical data relating thereto) to or for the armed forces, police, intelligence, or other internal security forces of a foreign country, under section 38 of the Arms Export Control Act.

Sec. 504. Authorization.—(a) There is authorized to be appropriated to the President to carry out the purposes of this part not to exceed \$600,000,000 for the fiscal year 1975; *Provided*, That funds made available for assistance under this chapter (other than (1) training in the United States, or (2) for Western Hemisphere countries, training in the United States or in the Canal Zone) shall not be used to furnish assistance to more than thirty-one countries in any fiscal year: *Provided further*, That none of the funds appropriated pursuant to this subsection shall be used to furnish sophisticated weapons systems, such as missile systems and jet aircraft for military purposes to any underdeveloped country, unless the President determines that the furnishing of such weapons systems is important to the national security of the United States and reports within thirty days each such determination to the Congress. Amounts appropriated under this subsection are authorized to remain available until expended. Amounts appropriated under this subsection shall be available for cost-sharing expenses of United States participation in the military headquarters and related agencies program.]

(a) (1) *There is authorized to be appropriated to the President to carry out the purposes of this chapter \$180,900,000 for fiscal year 1976. Not more than the following amounts of funds available for carrying out this chapter may be allocated and made available to each of the following countries for such fiscal year:*

Country	Amount
Greece	\$25,000,000
Indonesia	13,000,000
Jordan	50,000,000
Korea	54,000,000
Phillippines	17,000,000
Thailand	15,000,000
Turkey	25,000,000
Ethiopia	5,000,000

The amount specified in this paragraph for military assistance to any such country for the fiscal year 1976 may be increased by not more than 10 per centum of such amount if the President deems such increase necessary for the purposes of this chapter.

(2) *Not to exceed \$5,200,000 of the funds made available for fiscal year 1976 to carry out the purposes of this chapter may be used to provide assistance to countries and international organizations which are not designated in paragraph (1).*

(3) *Funds made available for assistance under this chapter may not be used to furnish assistance to more than twenty countries (including those countries designated in paragraph (1)) in fiscal year 1976.*

(4) *The authority of section 610(a) and of section 614(a) may not be used to increase any amount specified in paragraph (1). The limitation contained in paragraphs (1), (2), and (3) shall not apply to emergency assistance furnished under section 506(a).*

(5) *There is authorized to be appropriated to the President for administrative and other related expenses incurred in carrying out the purposes of this chapter \$32,000,000 for the fiscal year 1976.*

(6) *None of the funds appropriated under this subsection shall be used to furnish sophisticated weapons systems, such as missile systems or jet aircraft for military purposes, to any less developed country not specified in paragraph (1), unless the President determines that the*

furnishing of such weapons systems is important to the national security of the United States and reports within thirty days each such determination to the Congress.

(7) *Amounts appropriated under this subsection are authorized to remain available until expended.*

(8) *With respect to future requests for foreign military assistance and security supporting assistance authorizations, the President shall take into account, in determining the level of security assistance requests for individual countries, the positions taken by such countries in international organizations which affect important United States interests.*

(9) *Assistance for Turkey under this chapter shall be subject to the requirements of section 620(x) of this Act.*

(The following changes in section 505(a) are to be effective July 1, 1976.)

Sec. 505. Conditions of Eligibility.—(a) In addition to such other provisions as the President may require, no defense articles or related training or other defense service shall be furnished to any country on a grant basis unless it shall have agreed that—

(1) it will not, without the consent of the President—

(A) permit any use of such articles or related training or other defense service by anyone not an officer, employee, or agent of that country,

(B) transfer, or permit any officer, employee, or agent of that country to transfer such articles or related training or other defense service by gift, sale, or otherwise, or

(C) use or permit the use of such articles or related training or other defense service for purposes other than those for which furnished;

(2) it will maintain the security of such articles or related training or other defense service and will provide substantially the same degree of security protection afforded to such articles or related training or other defense service by the United States Government;

(3) it will, as the President may require, permit continuous observation and review by, and furnish necessary information to, representatives of the United States Government with regard to the use of such articles or related training or other defense service; and

(4) unless the President consents to other disposition, it will return to the United States Government for such use or disposition as the President considers in the best interests of the United States, such articles or related training or other defense service which are no longer needed for the purposes for which furnished.

(b) No defense articles shall be furnished on a grant basis to any country at a cost in excess of \$3,000,000 in any fiscal year unless the President determines—

(1) that such country conforms to the purposes and principles of the Charter of the United Nations;

(2) that such defense articles will be utilized by such country for the maintenance of its own defensive strength, or the defensive strength of the free world;

(3) that such country is taking all reasonable measures, consistent with its political and economic stability, which may be needed to develop its defense capacities; and

(4) that the increased ability of such country to defend itself is important to the security of the United States.

(c) The President shall regularly reduce and, with such deliberate speed as orderly procedure and other relevant considerations, including prior commitments, will permit, shall terminate all further grants of military equipment and supplies to any country having sufficient wealth to enable it, in the judgment of the President, to maintain and equip its own military forces at adequate strength, without undue burden to its economy.

[(d) Any country which hereafter uses defense articles or defense services furnished such country under this Act, the Mutual Security Act of 1954, as amended, or any predecessor foreign assistance Act, in substantial violation of the provisions of this chapter or any agreements entered into pursuant to any of such Acts shall be immediately ineligible for further assistance.]

(d) (1) *Assistance and deliveries of assistance under this chapter to any country shall be terminated, as hereinafter provided, if such country uses defense articles or defense services furnished under this Act, the Mutual Security Act of 1954, as amended, or any predecessor Foreign Assistance Act, in substantial violation (either in terms of quantities, or in terms of the gravity of the consequences regardless of quantities involved) of the provision of any agreements entered into pursuant to any of such Acts, (A) by using such articles or services for a purpose not authorized under section 502, or (B) by transferring any such articles to, or permitting any use of any such articles by, anyone not an officer, employee, or agent of the recipient country without the consent of the President, or (C) by failing to maintain the security of such articles or such services.*

(2) *Assistance and deliveries of assistance shall be terminated pursuant to paragraph (1) of this subsection if the President so determines and so states in writing to the Congress, or if the Congress so finds by concurrent resolution.*

(3) *Such assistance to a country shall remain terminated in accordance with paragraph (1) of this subsection until such time as*

(A) *the President determines that such violation has ceased; and*

(B) *the country concerned has given assurances satisfactory to the President that such violation will not recur.*

(4) *The authority contained in section 614(a) of this Act may not be used to waive the provisions of this section with respect to further assistance under this chapter.*

(e) In considering a request for approval of any transfer of any weapon, weapons system, munitions, aircraft, military boat, military vessel, or other implement of war to another country, the President shall not give his consent under subsection (a) (1) or (a) (4) to the transfer unless the United States itself would transfer the defense article under consideration to that country [, and prior to the date he intends to give his consent to the transfer, the President notifies the Speaker of the House of Representatives and the Committee on

Foreign Relations of the Senate in writing of each such intended consent, the justification for giving such consent, the defense article for which he intends to give his consent to be so transferred, and the foreign country to which that defense article is to be transferred]. In addition, the President shall not give his consent under subsection (a) (1) or (a) (4) to the transfer of any significant defense articles on the United States Munitions List unless the foreign country requesting consent to transfer agrees to demilitarize such defense articles prior to transfer, or the proposed recipient foreign country provides a commitment in writing to the United States Government that it will not transfer such defense articles if not demilitarized, to any other foreign country or person without first obtaining the consent of the President.

(f) Effective July 1, 1974, no defense article shall be furnished to any country on a grant basis unless such country shall have agreed that the net proceeds of sale received by such country in disposing of any weapon, weapons system, munition, aircraft, military boat, military vessel, or other implement of war received under this chapter will be paid to the United States Government and shall be available to pay all official costs of the United States Government payable in the currency of that country, including all costs relating to the financing of international educational and cultural exchange activities in which that country participates under the programs authorized by the Mutual Educational and Cultural Exchange Act of 1961.

(g) (1) *It is the policy of the United States that no assistance under this chapter should be furnished to any foreign country, the laws, regulations, official policies, or governmental practices of which prevent any United States national from participating in the furnishing of defense articles or defense services under this chapter on the basis of race, religion, national origin, or sex.*

(2) (A) *No agency performing functions under this chapter shall, in employing or assigning personnel to participate in the performance of any such function whether in the United States or abroad, take into account the exclusionary policies or practices of any foreign government where such policies or practices are based upon race, religion, national origin, or sex.*

(B) *Each contract entered into by any agency referred to in subparagraph (A) for the performance of any function under this chapter shall contain a provision to the effect that no person, partnership, corporation, or other entity performing functions pursuant to such contract, shall, in employing or assigning personnel to participate in the performance of any such function whether in the United States or abroad, take into account the exclusionary policies or practices of any foreign government where such policies or practices are based upon race, religion, national origin, or sex.*

(3) *The President shall promptly transmit reports to the Speaker of the House of Representatives and the Chairman of the Committee on Foreign Relations of the Senate concerning any transaction in which any United States person (as defined in section 7701(a) (30) of the Internal Revenue Code of 1954) is prevented by a foreign government on the basis of race, religion, national origin, or sex, from parti-*

icipating in the furnishing of assistance under this chapter, or education and training under chapter 5, to any foreign country. Such report shall include (A) a description of the facts and circumstances of any such discrimination, (B) the response thereto on the part of the United States or any agency or employee thereof, and (C) the result of such response, if any.

(4) If the discrimination by a foreign government reported pursuant to paragraph (3) of this subsection continues so that such person would be prevented from participating in the furnishing of such military assistance transaction, or military education or training transaction, under the provisions of this Act on account of race, religion, national origin, or sex of such person (including, in the case of a partnership, corporation, association, or other entity, any officer, employee, agent, director, or owner thereof), then the President shall immediately terminate such assistance or training transaction.

Sec. 506. Special Authority.—[(a) During the fiscal year 1975 the President may, if he determines it to be in the security interests of the United States, order defense articles from the stocks of the Department of Defense and defense services for the purposes of part II, subject to subsequent reimbursement therefor from subsequent appropriations available for military assistance. The value of such orders under this subsection in the fiscal year 1975 shall not exceed \$150,000,000.]

(a) (1) If the President first determines and reports to Congress in accordance with section 652 of this Act—

(A) that an unforeseen emergency exists which requires immediate military assistance to a foreign country or international organization;

(B) that a failure to respond immediately to that emergency will result in serious harm to vital United States security interests; and

(C) that the emergency requirement cannot be met under authority of the Arms Export Control Act or any other law except this section;

he may order defense articles from the Department of Defense and defense services for the purposes of this part, subject to reimbursement from subsequent appropriations made specifically therefor under subsection (b).

(2) The total value of defense articles and defense services ordered under this subsection in any fiscal year may not exceed \$75,000,000. The authority contained in this subsection shall be effective in any fiscal year only to the extent provided in an appropriation Act.

(3) The President shall keep the Congress fully and currently informed of all defense articles and defense services ordered under this subsection.

(b) The Department of Defense is authorized to incur, in applicable appropriations, obligations in anticipation of reimbursements in amounts equivalent to the value of such orders under subsection (a) of this section. Appropriations to the President of such sums as may be necessary to reimburse the applicable appropriation, fund, or account for such orders are hereby authorized.

* * * * *

Sec. 510. Restrictions on Training Foreign Military Students.—The number of foreign military students to be trained in the United States in any fiscal year, out of funds appropriated pursuant to this part, may not exceed a number equal to the number of foreign civilians brought to the United States under the Mutual Educational and Cultural Exchange Act of 1961 in the immediately preceding fiscal year.

Sec. 511. Considerations in Furnishing Military Assistance.—Decisions to furnish military assistance made under this part shall take into account whether such assistance will—

(1) contribute to an arms race;

(2) increase the possibility of outbreak or escalation of conflict; or

(3) prejudice the development of bilateral or multilateral arms control arrangements.

Sec. 512. Military Assistance Advisory Groups and Missions.—* * * [Repealed—1973]

Sec. 513. Military Assistance Authorizations for Thailand and Laos, and South Vietnam.—(a) After June 30, 1972, no military assistance shall be furnished by the United States to Thailand directly or through any other foreign country unless that assistance is authorized under this Act or the Foreign Military Sales Act.

(b) After June 30, 1974, no military assistance shall be furnished by the United States to Laos directly or through any other foreign country unless that assistance is authorized under this Act or the Foreign Military Sales Act.

(c) After June 30, 1976, no military assistance shall be furnished by the United States to South Vietnam directly or through any other foreign country unless that assistance is authorized under this Act or the Foreign Military Sales Act.

[Sec. 514. Stockpiling of Defense Articles for Foreign Countries.—(a) Notwithstanding any other provision of law, no funds, other than funds made available under this chapter or section 401 (a) of Public Law 89-367 (80 Stat. 37), or any subsequent corresponding legislation, may be obligated for the purpose of stockpiling any defense article or war reserve material, including the acquisition, storage, or maintenance of any war reserve equipment, secondary items, or munitions, if such article or material is set aside, reserved, or in any way earmarked or intended for future use by any foreign country under this Act or such section.]

[(b) The cost of any such article or material set aside, reserved, or in any way earmarked or intended by the Department of Defense for future use by, for or on behalf of the country referred to in section 401 (a) (1) of Public Law 89-367 (80 Stat. 37) shall be charged against the limitation specified in such section or any subsequent corresponding legislation, for the fiscal year in which such article or material is set aside, reserved, or otherwise earmarked or intended; and the cost of any such article or material set aside, reserved or in any way earmarked or intended for future use by, for, or on behalf of any other foreign country shall be charged against funds authorized under this chapter for the fiscal year in which such article or material is set aside, reserved, or otherwise earmarked. No such article or material may be made available to or for use by any foreign country unless such article

or material has been charged against the limitation specified in such section, or any subsequent corresponding legislation or against funds authorized under this chapter, as appropriate.]

SEC. 514. STOCKPILING OF DEFENSE ARTICLES FOR FOREIGN COUNTRIES.—(a) No defense article in the inventory of the Department of Defense which is set aside, reserved, or in any way earmarked or intended for future use by any foreign country may be made available to or for use by any foreign country unless such transfer is authorized under this Act or the Arms Export Control Act, or any subsequent corresponding legislation, and the value of such transfer is charged against funds authorized under such legislation or against the limitations specified in such legislation, as appropriate, for the fiscal period in which such defense article is transferred. For purposes of this subsection, "value" means the acquisition cost plus crating, packing, handling and transportation costs incurred in carrying out this section.

(b) The value of defense articles to be set aside, earmarked, reserved, or intended for use as war reserve stocks for allied or other foreign countries (other than for purposes of the North Atlantic Treaty Organization) in stockpiles located in foreign countries may not exceed in any fiscal year an amount greater than is specified in security assistance authorizing legislation for that fiscal year.

(c) Except for stockpiles located in countries which are members of the North Atlantic Treaty Organization no stockpile may be located outside the boundaries of a United States military base or a military base used primarily by the United States.

(d) No defense article transferred from any stockpile which is made available to or for use by any foreign country may be considered an excess defense article for the purpose of determining the value thereof.

Sec. 515. Military Assistance Advisory Groups and Missions.—

(a) Effective June 1, 1976, an amount equal to each sum expended under any provision of law, other than section 504 of this Act, with respect to any military assistance advisory group, military mission, or other organization of the United States performing activities similar to such group or mission, shall be deducted from the funds made available under such section 504, and (1) if reimbursement of such amount is requested by the agency of the United States Government making the expenditure, reimbursed to that agency, or (2) if no such reimbursement is requested, deposited in the Treasury as miscellaneous receipts.

(b) (1) After September 30, 1977, no military assistance advisory group, military mission, or other organization of United States military personnel performing similar military advisory functions under this Act may operate in any foreign country unless specifically authorized by the Congress.

(2) The President may assign to those countries in which military missions are terminated after the date of enactment of this subsection not more than three members of the Armed Forces of the United States to the Chief of each United States Diplomatic Mission to perform such functions as such Chief of Mission determines necessary with respect to international military training provided under chapter 5 of this part, to sales of defense articles and services under the Foreign Mili-

tary Sales Act or to such other international security assistance programs as the President may designate.

(c) After June 30, 1976—

"(1) the number of military missions, groups, and similar organizations may not exceed 34; and

(2) the number of officers and employees of the United States (including military personnel) assigned to duty with, detailed to, or employed by such missions, groups, and organizations may not exceed 1,400.

* * * * *

SEC. 516. TERMINATION OF AUTHORITY.—(a) Except to the extent that the Congress may, subsequent to the enactment of this section, authorize the furnishing of military assistance in accordance with this chapter to specified countries in specified amounts, the authorities contained in this chapter (other than the authorities contained in sections 506 and 515 may no longer be exercised after September 30, 1977, except that such authorities shall remain available until September 30, 1980, to the extent necessary to carry out obligations incurred under this chapter prior to September 30, 1977.

"(b) Funds available to carry out this chapter shall be available notwithstanding the limitations contained in paragraphs (2) and (3) of section 504(a) of this Act—

(1) for the winding up of military assistance programs under this chapter, including payment of the costs of packing, crating, handling, and transporting defense articles furnished under this chapter and of related administrative costs; and

(2) for costs incurred under section 503(c) with respect to defense articles on loan to countries no longer eligible under section 504(a) for military assistance.

* * * * *

Chapter 4—Security Supporting Assistance

Sec. 531. General Authority.—The President is authorized to furnish assistance to friendly countries, organizations, and bodies eligible to receive assistance under this Act on such terms and conditions as he may determine, in order to support or promote economic or political stability. The authority of this chapter shall not be used to furnish assistance to more than twelve countries in any fiscal year.

Sec. 532. Authorization.—There is authorized to be appropriated to the President to carry out the purposes of this chapter [for the fiscal year 1975 not to exceed \$660,000,000] for the fiscal year 1976 \$1,705,000,000, of which \$725,000,000 shall be available only for Israel: Provided, That where commodities are furnished on a grant basis under this chapter under arrangements which will result in the accrual of proceeds to the Government of Vietnam from the sale thereof, arrangements should be made to assure that such proceeds will not be budgeted by the Government of Vietnam for economic assistance projects or programs unless the President or his representative has given prior written approval. Amounts appropriated under this section are authorized to remain available until expended. None of the funds authorized by this section shall be made available

to the Government of Vietnam unless, beginning in January 1971, and quarterly thereafter, the President of the United States shall determine that the accommodation rate of exchange, and the rate of exchange for United States Government purchases of piasters for goods and services, between said Government and the United States is fair to both countries.

* * * * *

CHAPTER 5—INTERNATIONAL MILITARY EDUCATION AND TRAINING

SEC. 541. GENERAL AUTHORITY.—(a) *The President is authorized to furnish, on such terms and conditions consistent with this Act as the President may determine, military education and training to military and related civilian personnel of any friendly foreign country or international organization. Such training and education may be provided through—*

(1) *attendance at military educational and training facilities in the United States (other than Service academies) and abroad; and*

(2) *attendance in special courses of instruction at schools and institutions of learning or research in the United States or abroad; and*

(3) *observation and orientation visits to military facilities and related activities in the United States and abroad.*

(b) *On and after June 30, 1976, no such training may be conducted outside the United States unless the President has reported and justified such training to the Speaker of the House of Representatives and the Committee on Foreign Relations of the Senate.*

SEC. 542. AUTHORIZATION.—*There are authorized to be appropriated to the President to carry out the purposes of this chapter \$25,000,000 for the fiscal year 1976.*

SEC. 543. PURPOSES.—(a) *Education and training activities conducted under this chapter shall be designed—*

(1) *to encourage effective and mutually beneficial relationships and increased understanding between the United States and foreign countries, in furtherance of the goals of international peace and security; and*

(2) *to improve the ability of participating foreign countries to utilize their resources, including defense articles and defense services obtained by them from the United States, with maximum effectiveness, thereby contributing to greater self-reliance by such countries.*

(b) *No training may be provided under this chapter which is directly associated with the operation of major weapons systems of United States origin which, at the time such training would be provided, the country involved neither owns, nor is programmed to receive under chapter 2, nor has ordered under section 21 or section 22 of the Arms Export Control Act.*

* * * * *

Sec. 620. Prohibitions Against Furnishing Assistance.—

(x)(1) All military assistance, all sales of defense articles and services (whether for cash or by credit, guaranty, or any other means), and all licenses with respect to the transportation of arms, ammunitions, and implements of war (including technical data relating

thereto) to the Government of Turkey, shall be suspended on the date of enactment of this subsection unless and until the President determines and certifies to the Congress that the Government of Turkey is in compliance with the Foreign Assistance Act of 1961, the Foreign Military Sales Act, and any agreement entered into under such Acts, and that substantial progress toward agreement has been made regarding military forces in Cyprus: [*Provided,*] **[That the President is authorized to suspend the provisions of this section and such acts if he determines that such suspension will further negotiations for a peaceful solution of the Cyprus conflict. Any such suspension shall be effective only until February 5, 1975, and only if, during that time, Turkey shall observe the ceasefire and shall neither increase its forces on Cyprus nor transfer to Cyprus any U.S. supplied implements of war.]**

(NOTE.—The proviso was repealed by P.L. 94-104, to be effective upon enactment of security assistance legislation for FY 1976.)

[That the President is authorized to suspend the provisions of this section and of section 3(c) of the Foreign Military Sales Act only with respect to sales, credits, and guaranties under the Foreign Military Sales Act, as amended, for the procurement of such defense articles and defense services as the President determines and certifies to the Congress are necessary in order to enable Turkey to fulfill her defense responsibilities as a member of the North Atlantic Treaty Organization.]

Provided, That during fiscal year 1976 and the transition quarter, the President may suspend the provisions of this subsection and of section 3(c) of the Foreign Military Sales Act with respect to cash sales under such Act of such defense articles and services as the President determines are necessary to enable Turkey to fulfill her defense responsibilities as a member of the North Atlantic Treaty Organization. Each determination under this subsection shall be reported to the Congress prior to the sale with respect to which it is made and shall be accompanied by a full and complete statement of the reasons supporting the President's determination and a statement containing the information specified in clauses (A) through (D) of section 2 (c) (4) of the Act of October 6, 1975 (Public Law 94-104).

Any such suspension shall be effective only while Turkey shall observe the cease-fire and shall neither increase its forces or its civilian population on Cyprus nor transfer to Cyprus any United States supplied arms, ammunition, and implements of war.

(2) The President shall submit to the Congress within sixty days after the enactment of this paragraph, and at the end of each succeeding sixty-day period, a report on progress made during such period toward the conclusion of a negotiated solution of the Cyprus conflict.

(Note paragraph (2) is to become effective upon enactment of security assistance legislation for fiscal year 1976.)

(Note: Paragraphs (4) and (5) of Public Law 94-104 are as follows:)

(4) Pursuant to the provisions of this section, in the case of any letter of offer to sell any defense article or defense service pursuant to

the Foreign Military Sales Act for \$25,000,000 or more, the President shall submit to the Speaker of the House of Representatives and to the chairman of the Committee on Foreign Relations of the Senate a statement containing (A) a brief description of the defense article or defense service to be offered, (B) the dollar amount of the proposed sale, (C) the United States Armed Force which is making the sale, and (D) the date on which any letter of offer to sell is to be issued. The letter of offer shall not be issued if the Congress, within twenty calendar days after receiving any such statement, adopts a concurrent resolution stating in effect that it objects to such proposed sale.

(5) This subsection shall become effective only upon enactment of foreign assistance legislation authorizing sales, credits, and guaranties under the Foreign Military Sales Act for fiscal year 1976.

Sec. 622. Coordination With Foreign Policy.—(a) Nothing contained in this Act shall be construed to infringe upon the powers or functions of the Secretary of State.

(b) The President shall prescribe appropriate procedures to assure coordination among representatives of the United States Government in each country, under the leadership of the Chief of the United States Diplomatic Mission. The Chief of the Diplomatic Mission shall make sure that recommendations of such representatives pertaining to military assistance (including civic action) and military education and training programs are coordinated with political and economic considerations, and his comments shall accompany such recommendations if he so desires.

[(c) Under the direction of the President, the Secretary of State shall be responsible for the continuous supervision and general direction of economic assistance and military assistance programs, including but not limited to determining whether there shall be a military assistance (including civic action) program for a country and the value thereof, to the end that such programs are effectively integrated both at home and abroad and the foreign policy of the United States is best served thereby.]

(c) Under the direction of the President, the Secretary of State shall be responsible for the continuous supervision and general direction of economic assistance, military assistance, and military education and training programs, including but not limited to determining whether there shall be a military assistance (including civic action) or a military education and training program for a country and the value thereof, to the end that such programs are effectively integrated both at home and abroad and the foreign policy of the United States is best served thereby.

Sec. 623. The Secretary of Defense.—(a) In the case of assistance under part II of this Act, the Secretary of Defense shall have primary responsibility for—

- (1) the determination of military end-item requirements;
- (2) the procurement of military equipment in a manner which permits its integration with service programs;
- (3) the supervision of end-item use by the recipient countries;
- (4) the supervision of the training of foreign military and related civilian personnel;
- (5) the movement and delivery of military end-items; and

(6) within the Department of Defense, the performance of any other functions with respect to the furnishing of military assistance, education and training.

(b) The establishment of priorities in the procurement, delivery, and allocation of military equipment shall be determined by the Secretary of Defense.

* * * * *

Sec. 624. Statutory Officers.—

* * * * *

“(f) (1) There is established in the Department of State an Office of Human Rights, to be headed by a Director who shall be appointed by the President by and with the advice and consent the Senate.

(2) The Director shall maintain continuous observation and review of all foreign assistance programs, including security assistance programs, for the purpose of—

(A) gathering detailed information regarding the observance of and respect for internationally recognized human rights in each country receiving security assistance under this Act, and preparing, for transmission to the Congress, the annual reports required by subsection (b) of this section and statements requested under subsection (c) of this section;

(B) determining whether such assistance is being furnished in compliance with the provisions of this section and section 116 of this Act; and

(C) making recommendations to the President, the Secretary of State, and the Administrator for the correction of any deficiencies in such compliance.

Sec. 626. Experts, Consultants, and Retired Officers.—(a) Experts and consultants or organizations thereof may, as authorized by section 3109 of title 5 of the United States Code, be employed for the performance of functions under this Act, and individuals so employed may be compensated at rates not in excess [of \$100 per diem] of the highest rate that may be paid to an employee under the General Schedule established by section 5332 of title 5 of the United States Code, and while away from their homes or regular places of business, they may be paid actual travel expenses and per diem in lieu of subsistence at the applicable rate prescribed in the standardized Government travel regulations, as amended from time to time. Contracts for such employment with such organizations, employment of personnel as experts and consultants, not to exceed ten in number, contracts for such employment of retired military personnel with specialized research and development experience, not to exceed ten in number, and contracts for such employment of retired military personnel with specialized experience of a broad politico-military nature, not to exceed five in number, may be renewed annually.

* * * * *

Sec. 632. Allocation and Reimbursement Among Agencies.—(a) The President may allocate or transfer to any agency of the United States Government any part of any funds available for carrying out the purposes of this Act, including any advance to the United States Government by any country or international organization for the pro-

curement of commodities, defense articles, *military education and training* or services (including defense services). Such funds shall be available for obligation and expenditure for the purposes for which authorized, in accordance with authority granted in this Act or under authority governing the activities of the agencies of the United States Government to which such funds are allocated or transferred.

(b) Any officer of the United States Government carrying out functions under this Act may utilize the services (including defense services) and facilities of, or procure commodities [and defense articles], *defense articles or military education and training* from, any agency of the United States Government as the President shall direct, or with the consent of the head of such agency, and funds allocated pursuant to this subsection to any such agency may be established in separate appropriation accounts on the books of the Treasury.

(c) In the case of any commodity, service, or facility procured from any agency of the United States Government to carry out part I, reimbursement or repayment shall be made to such agency from funds available to carry out such part. Such reimbursement or payment shall be at replacement cost, or, if required by law, at actual cost, or at any other price authorized by law and agreed to by the owning or disposing agency. The amount of any such reimbursement or payment shall be credited to current applicable appropriations, funds, or accounts, from which there may be procured replacements of similar commodities, services, or facilities, except that where such appropriations, funds, or accounts are not reimbursable except by reason of this subsection, and when the owning or disposing agency determines that such replacement is not necessary, any funds received in payment therefor shall be deposited into the Treasury as miscellaneous receipts.

(d) Except as otherwise provided in section 506, reimbursement shall be made to any United States Government agency, from funds available for use under part II, for any assistance furnished under part II from, by, or through such agency. Such reimbursement shall be in an amount equal to the value (as defined in section 644(m)) of the defense articles or of the defense services (other than salaries of members of the Armed Forces of the United States), or other assistance furnished, plus expenses arising from or incident to operations under part II. The amount of such reimbursement shall be credited to the current applicable appropriations, funds, or accounts of such agency.

(e) In furnishing assistance under this Act, accounts may be established on the books of any agency of the United States Government or, on terms and conditions approved by the Secretary of the Treasury, in banking institutions in the United States, (1) against which letters of commitment may be issued which shall constitute recordable obligations of the United States Government, and moneys due or to become due under such letters of commitment shall be assignable under the Assignment of Claims Act of 1940, as amended (second and third paragraphs of 31 U.S.C. 203 and 41 (U.S.C. 15)), and (2) from which disbursements may be made to, or withdrawals may be made by, recipient countries or agencies, organizations, or persons upon presentation of contracts, invoices, or other appropriate documentation. Expenditure of funds which have been made available through accounts so

established shall be accounted for on standard documentation required for expenditure of funds of the United States Government: *Provided*, That such expenditures for commodities, defense articles, *military education and training* services (including defense services), or facilities procured outside the United States may be accounted for exclusively on such certification as may be prescribed in regulations approved by the Comptroller General of the United States.

* * * * *

Sec. 636. Provisions on Uses of Funds.—(a) Appropriations for the purposes of or pursuant to this Act (except for Part II), allocations to any agency of the United States Government, from other appropriations, for functions directly related to the purposes of this Act, and funds made available for other purposes to the agency primarily responsible for administering part I, shall be available for:

(1) rent of buildings and space in buildings in the United States, and for repair, alteration, and improvements of such leased properties;

(2) expenses of attendance at meetings concerned with the purposes of such appropriations of this Act, including (notwithstanding the provisions of section 9 of Public Law 60-328 (31 U.S.C. 673)) expenses in connection with meetings and persons whose employment is authorized by section 626;

(3) contracting with individuals for personal service abroad: *Provided*, That such individuals shall not be regarded as employees of the United States Government for the purpose of any law administered by the Civil Service Commission;

(4) purchase, maintenance, operation, and hire of aircraft: *Provided*, That aircraft for administrative purposes may be purchased only as specifically provided for in an appropriation or other Act;

(5) purchase and hire of passenger motor vehicle: *Provided*, That, except as may otherwise be provided in an appropriation or other Act, passenger motor vehicles for administrative purposes outside the United States may be purchased for replacement only, and such vehicles may be exchanged or sold and replaced by an equal number of such vehicles and the cost, including exchange allowance, of each such replacement shall not exceed \$3,500 in the case of an automobile for the chief of any special mission or staff outside the United States established under section 631: *Provided further*, That passenger motor vehicles other than one for the official use (without regard to the limitations contained in section 5 of Public Law 63-127, as amended (31 U.S.C. 638a (c) (2)), and section 201 of Public Law 85-468 (31 U.S.C. 638 (c)) of the head of the agency primarily responsible for administering part I, may be purchased for use in the United States only as may be specifically provided in an appropriation or other Act;

(6) entertainment (not to exceed \$25,000 in any fiscal year except as may otherwise be provided in an appropriation or other Act);

(7) exchange of funds without regard to section 3651 of the Revised Statutes (31 U.S.C. 543) and loss by exchange;

(8) expenditures (not to exceed \$50,000 in any fiscal year except as may otherwise be provided in an appropriation or other Act) of a confidential character other than entertainment: *Provided*, That a certificate of the amount of such expenditure, the nature of which it is considered inadvisable to specify, shall be made by the head of the agency primarily responsible for administering part I or such person as he may designate, and every such certificate shall be deemed a sufficient voucher for the amount therein specified;

(9) insurance of official motor vehicles or aircraft acquired for use in foreign countries;

(10) rent or lease outside the United States for not to exceed ten years of offices, buildings, grounds, and quarters, including living quarters to house personnel, and payments therefor in advance; maintenance, furnishings, necessary repairs, improvements, and alterations to properties owned or rented by the United States Government or made available for use to the United States Government outside the United States; and costs of fuel, water, and utilities for such properties;

(11) expenses of preparing and transporting to their former homes, or, with respect to foreign participants engaged in any program under part I, to their former homes or places of burial, and of care and disposition of, the remains of persons or members of the families of persons who may die while such persons are away from their homes participating in activities carried out with funds covered by this subsection;

(12) purchase of uniforms;

(13) payment or per diem in lieu of subsistence to foreign participants engaged in any program under part I while such participants are away from their homes in countries other than the United States, at rates not in excess of those prescribed by the standardized Government travel regulations, notwithstanding any other provision of law;

(14) use in accordance with authorities of the Foreign Service Act of 1946, as amended (22 U.S.C. 801 et seq.), not otherwise provided for;

(15) ice and drinking water for use outside the United States;

(16) services of commissioned officers of the Environmental Science Services Administration and for the purposes of providing such services the Environmental Science Services Administration may appoint not to exceed twenty commissioned officers in addition to those otherwise authorized;

(17) expenses in connection with travel of personnel outside the United States, including travel expenses of dependents (including expenses during necessary stopovers while engaged in such travel), and transportation of personal effects, household goods, and automobiles of such personnel when any part of such travel or transportation begins in one fiscal year pursuant to travel orders issued in that fiscal year, notwithstanding the fact that such travel or transportation may not be completed during the same fiscal year, and cost of transporting automobiles to and from a place of storage, and the cost of storing automobiles of

such personnel when it is in the public interest or more economical to authorize storage.

(b) Funds made available for the purposes of this Act may be used for compensation, allowances, and travel of personnel including Foreign Service personnel whose services are utilized primarily for the purposes of this Act, for printing and binding without regard to the provisions of any other law, and for expenditures outside the United States for the procurement of supplies and services and for other administrative and operating purposes (other than compensation of personnel) without regard to such laws and regulations governing the obligation and expenditure of funds of the United States Government as may be necessary to accomplish the purposes of this Act.

(c) Notwithstanding any other law, not to exceed \$3,000,000 of the funds available for assistance under this Act (other than title I of chapter 2 of part I) may be used in any fiscal year (in addition to funds available for such use under other authorities in this Act) to construct or otherwise acquire outside the United States (1) essential living quarters, office space, and necessary supporting facilities for use of personnel carrying out activities authorized by this Act, and (2) schools (including dormitories and boarding facilities) and hospitals for use of personnel carrying out activities authorized by this Act, United States Government personnel, and their dependents. In addition, funds made available for assistance under this Act (other than title I of chapter 2 of part I) may be used, notwithstanding any other law, to equip, staff, operate, and maintain such schools and hospitals.

(d) Not to exceed \$2,500,000 of funds available for assistance under this Act (other than title I of chapter 2 of part I) may be used in any fiscal year to provide assistance, on such terms and conditions as are deemed appropriate, to schools established, or to be established, outside the United States whenever it is determined that such action would be more economical or would best serve the interests of the United States in providing for the education of dependents of personnel carrying out activities authorized by this Act and dependents of United States Government personnel, in lieu of acquisition or construction pursuant to subsection (c) of this section.

(e) Funds available under this Act (other than title I of chapter 2 of part I) may be used to pay costs of training United States citizen personnel employed or assigned pursuant to section 625(d)(2) (through interchange or otherwise) at any State or local unit of government, public or private nonprofit institution, trade, labor, agricultural, or scientific association or organization, or commercial firm; and the provisions of Public Law 84-918 (7 U.S.C. 1881 et seq.) may be used to carry out the foregoing authority notwithstanding that interchange of personnel may not be involved or that the training may not take place at the institutions specified in that Act. Such training shall not be considered employment or holding of office under section 5533 of title 5 of the United States Code, and any payments or contributions in connection therewith may, as deemed appropriate by the head of the agency of the United States Government authorizing such training, be made by private or public sources and be accepted by any trainee, or may be accepted by and credited to the current applicable

appropriation of such agency: *Provided, however*, That any such payments to any employee in the nature of compensation shall be in lieu or in reduction, of compensation received from the United States Government.

(f) Funds made available under section 212 may be used for expenses (other than those provided for under section 637(a)) to assist in carrying out functions under title I of chapter 2 of part 5, under the Agricultural Trade Development and Assistance Act of 1954, as amended (7 U.S.C. 1691 et seq.), and under the Latin American Development Act, as amended (22 U.S.C. 1942 et seq.), performed by the agency primarily responsible for administering part I or by the Corporation established under title IV of chapter 2 of part I with respect to loan activities which it carries out under the provisions of the Agricultural Trade Development and Assistance Act of 1954, as amended.

(g) Funds made available for the purposes of part II shall be available for—

(1) administrative, extraordinary (not to exceed \$300,000 in any fiscal year), and operating expenses incurred in furnishing defense articles, *military education and training* and defense services on a grant or sales basis by the agency primarily responsible for administering part II;

(2) reimbursement of actual expenses of military officers detailed or assigned as tour directors in connection with orientation visits of foreign military [personnel] and related civilian personnel, in accordance with the provisions of section 5702(c) of title 5 of the United States Code, applicable to civilian officers and employees; and

(3) maintenance, repair, alteration, and furnishing of United States-owned facilities in the District of Columbia or elsewhere for the training of foreign military [personnel] and related civilian personnel, without regard to the provisions of section 3733 of the Revised Statutes (41 U.S.C. 12) or other provision of law requiring a specific authorization or specific appropriation for such public contracts.

* * * * *

Sec. 644. Definitions.—As used in this Act—

(a) “Agency of the United States Government” includes any agency, department, board, wholly or partly owned corporation, instrumentality, commission, or establishment of the United States Government.

(b) “Armed Forces” of the United States means the Army, Navy, Air Force, Marine Corps, and Coast Guard.

(c) “Commodity” includes any material, article, supply, goods, or equipment used for the purposes of furnishing nonmilitary assistance.

(d) “Defense article” includes—

(1) any weapon, weapons system, munition, aircraft, vessel, boat, or other implement of war;

(2) any property, installation, commodity, material, equipment, supply, or goods used for the purposes of furnishing military assistance;

(3) any machinery, facility; tool, material, supply, or other item necessary for the manufacture, production, processing, repair,

servicing storage, construction, transportation, operation, or use of any article listed in this subsection; or

(4) any component or part of any article listed in this subsection; but

shall not include merchant vessels or, as defined by the Atomic Energy Act of 1954, as amended (42 U.S.C. 2011), source material, byproduct material, special nuclear material, production facilities, utilization facilities, or atomic weapons or articles involving Restricted Data.

(e) “Defense information” includes any document, writing, sketch, photograph, plan, model, specification, design, prototype, or other recorded or oral information relating to any defense article or defense service, but shall not include Restricted Data as defined by the Atomic Energy Act of 1954, as amended, and data removed from the Restricted Data category under section 142d of that Act.

[(f) “Defense service” includes any service, test, inspection, repair, training, publication, or technical or other assistance, or defense information used for the purposes of furnishing military assistance. “Training” includes formal or informal instruction of foreign students in the United States or overseas by officers or employees of the United States, contract technicians, contractors (including instruction at civilian institutions), or by correspondence courses, technical, educational, or information publications and media of all kinds, training aid, orientation, training exercise, and military advice to foreign military units and forces.]

(f) ‘Defense service’ includes any service, test, inspection, repair, publication, or technical or other assistance of defense information used for the purposes of furnishing military assistance, but shall not include military educational and training activities under chapter 5 of part II.

* * * * *

(n) “Military education and training” includes formal or informal instruction of foreign students in the United States or overseas by officers or employees of the United States, contract technicians, contractors (including instruction at civilian institutions), or by correspondence courses, technical, educational, or information publications and media of all kinds, training aids, and orientation.

* * * * *

Sec. 614. Special Authorities.—[(a) The President may authorize in each fiscal year the use of funds made available for use under this Act and the furnishing of assistance under section 506 in a total amount not to exceed \$250,000,000 and the use of not to exceed \$100,000,000 of foreign currencies accruing under this Act or any other law without regard to the requirements of this Act, any law relating to receipts and credits accruing to the United States, any Act appropriating funds for use under this Act, or the Mutual Defense Assistance Control Act of 1951 (22 U.S.C. 1611 et seq.), in furtherance of any of the purposes of such Acts, when the President determines that such authorization is important to the security of the United States. Not more than \$50,000,000 of the funds available under this [subsection] section may be allocated to any one country in any fiscal year. The limitation contained in the preceding sentence shall not

apply to any country which is a victim of active Communist or Communist-supported aggression. The authority of this section shall not be used to waive the limitations on transfers contained in section 601 (a) of this Act.

[(b) Whenever the President determines it to be important to the national interest, he may use funds available for the purposes of chapter 4 of part I in order to meet the responsibilities or objectives of the United States in Germany, including West Berlin, and without regard to such provisions of law as he determines should be disregarded to achieve this purpose.]

[(c) The President is authorized to use amounts not to exceed \$50,000,000 of the funds made available under this Act pursuant to his certification that it is inadvisable to specify the nature of the use of such funds, which certification shall be deemed to be a sufficient voucher for such amounts. The President shall promptly and fully inform the Speaker of the House of Representatives and the chairman and ranking minority member of the Committee on Foreign Relations of the Senate of each use of funds under this subsection.]

* * * * *

Sec. 657. Annual Foreign Assistance Report.—(a) In order that the Congress and the American people may be better and more currently informed regarding the volume and cost of assistance extended by the United States Government to foreign countries and international organizations, and in order that the Congress and the American people may be better informed regarding the sale of arms to foreign countries and international organizations by private industry of the United States, not later than December 31 of each year the President shall transmit to the Congress an annual report, for the fiscal year in which the report is transmitted, showing—

[(1) the aggregate dollar value of all foreign assistance provided by the United States Government by any means to all foreign countries and international organizations, and the aggregate dollar value of such assistance by category provided by the United States Government to each such country and organization, during that fiscal year;]

(1) the aggregate dollar value of all foreign assistance, foreign military sales, sales credits, and guaranties provided or made by the United States Government by any means to all foreign countries and international organizations, and the aggregate dollar value of such assistance, sales, sales credits, and guaranties by category provided or made by the United States Government to and for each such country or organization during that fiscal year;

(2) the total amounts of foreign currency paid by each foreign country or international organization to the United States Government in such fiscal year, what each payment was made for, whether any portion of such payment was returned by the United States Government to the country or organization from which the payment was obtained or whether any such portion was transferred by the United States Government to another foreign country or international organization, and, if so returned or transferred, the kind of assistance obtained by that country or

organization with those foreign currencies and the dollar value of such kind of assistance;

(3) the aggregate dollar value of all weapons, weapons systems, munitions, aircraft, military boats, military vessels, and other implements of war, and the aggregate dollar value of each category of such implements of war, exported [under any export license,] to all foreign countries and international organizations and to each such country and organization, during that fiscal year, and specifying whether such export was sold under chapter 2 of the Arms Export Control Act or was a commercial export for which a license was granted pursuant to chapter 3 thereof.

(4) all exports of significant defense articles on the United States Munitions List to any foreign government, international organization, or other foreign recipient or purchaser, by the United States under this Act or any other authority, or by any individual corporation, partnership, or other association doing business in the United States, including but not limited to, full information as to the particular defense articles so exported, the particular recipient or purchaser, the terms of the export, including the selling price, if any, and such other information as may be appropriate to enable the Congress to evaluate the distribution of United States defense articles abroad; and

(5) such other matters relating to foreign assistance provided by the United States Government as the President considers appropriate, including explanations of the information required under clauses (1) through (4) of this subsection.

(b) All information contained in any report transmitted under this section shall be public information. [However, in the case of any item of information to be included in any such report that the President, on an extraordinary basis, determines is clearly detrimental to the security of the United States, he shall explain in a supplemental report why publication of each specific item would be detrimental to the security of the United States. A supplemental report shall be transmitted to the Congress at the same time that the report is transmitted.]

(c) If the Congress is not in session at the time a report [or supplemental report] is transmitted to the Congress, the Secretary of the Senate and the Clerk of the House of Representatives shall accept the report [or supplement report] on behalf of their respective Houses of Congress and present the report [or supplemental report] to the two Houses immediately upon their convening.

* * * * *

SEC. 665. LIMITATION ON CERTAIN ASSISTANCE TO AND ACTIVITIES IN ANGOLA.—(a) *It is the sense of Congress that—*

(1) the people of Angola should be allowed to determine their own political future without military interference from any foreign country;

(2) the Congress supports efforts by the Organization of African Unity to achieve a settlement of the conflict in Angola and calls upon all countries to terminate any military assistance such countries may be giving to any group, organization, movement, or individual in Angola;

(3) a disengagement by such countries would be a welcome reaffirmation of the spirit of detente, both throughout the world and in Africa; and

(4) the President should do his utmost to seek an agreement among the various parties involved in hostilities or in the support of such hostilities in Angola to terminate such hostilities or such support.

(b) (1) Notwithstanding any other provision of law, except as provided by paragraph (2) (B) of this subsection, no payment of money may be made, no security assistance may be furnished or delivered, and no assistance may be furnished or delivered for military or paramilitary operations, or to provide, in connection with such operations, police training, assistance, or advice, directly or indirectly, in, to, for, or on behalf of, Angola, any individual, group, organization, or movement in Angola, or any other country for the purpose of furnishing or delivering such assistance, unless such assistance is specifically authorized under this Act.

(2) (A) The President shall, in the event he believes the furnishing of such security assistance is necessary, transmit to the Speaker of the House of Representatives and the Committee on Foreign Relations of the Senate a full and complete report describing—

(i) the extent to which the foreign policy interests of the United States require such assistance; and

(ii) the amounts and types of assistance which have been furnished and which are proposed to be furnished.

Such report shall be furnished to the Congress in unclassified form.

(B) (i) Security assistance, the furnishing of which would otherwise be prohibited under paragraph (1) of this subsection, may be furnished in accordance with this Act after the end of the first period of thirty days in Congress is in session following the transmission of any such report under subparagraph (A) of this paragraph, unless before the end of such thirty-day period either House of the Congress has agreed to a resolution disapproving the furnishing of such assistance.

(ii) Such resolution shall be considered in accordance with the provisions of section 301(b) of the International Security Assistance and Arms Export Control Act of 1975.

(iii) For the purposes of such section, the term 'certification', as used in section 301(b) of such Act, shall be deemed to mean a report transmitted under subparagraph (A) of this paragraph.

(iv) The term 'resolution', as used in section 301(b) of such Act, means, for purposes of this paragraph, only a simple resolution of either House, the matter after the resolving clause of which is as follows: 'That the (Senate/House of Representatives) does not approve of the report regarding security assistance with respect to Angola, transmitted to the Congress by the President on 19 ?; the appropriate term being selected from the parentheses, and the blank space therein being filled with the date of the transmittal of the request.

(c) Not later than thirty days after the date of enactment of this section, the President shall transmit on the same day to the Speaker of the House of Representatives and the Committee on Foreign Re-

lations of the Senate a full and complete report describing—

(1) the military activities of foreign countries in Angola and any military assistance or support provided by such countries; and

(2) steps he has taken to carry out paragraph (4) of subsection (a) of this section.

(d) For the purposes of this section, 'security assistance' means—

(1) assistance under chapter 2 (military assistance), chapter 5 (international military education and training) or chapter 4 (security supporting assistance) of part II of this Act;

(2) sales of defense articles or services, extensions of credits (including participations in credits), and guarantees of loans under the Foreign Military Sales Act;

(3) deliveries pursuant to any license in effect with respect to the transportation of arms, ammunitions, or implements of war (including technical assistance relating thereto) under section 414 of the Mutual Security Act of 1954 or subsequent corresponding legislation.

(e) The authority contained in section 614(a) of this Act may not be used to waive the provisions of this section.

[PART V—Indochina Postwar Reconstruction]

[Sec. 801. General Authority.]—The President is authorized to furnish, on such terms and conditions as he may determine, assistance for relief and reconstruction of South Vietnam, Cambodia, and Laos, including especially humanitarian assistance to refugees, civilian war casualties, and other persons disadvantaged by hostilities or conditions related to those hostilities in South Vietnam, Cambodia, and Laos. No assistance shall be furnished under this section to South Vietnam unless the President receives assurances satisfactory to him that no assistance furnished under this part, and no local currencies generated as a result of assistance furnished under this part, will be used for support of police, or prison construction and administration, within South Vietnam.]

[Sec. 802. Authorization.]—There are authorized to be appropriated to the President to carry out the purposes of this chapter, in addition to funds otherwise available for such purposes, for the fiscal 1974 not to exceed \$504,000,000, which amount is authorized to remain available until expended.]

[Sec. 803. Assistance to South Vietnamese Children.]—(a) It is the sense of the Congress that inadequate provision has been made (1) for the establishment, expansion and improvement of day care centers, orphanages, hotels, school feeding programs, health and welfare programs, and training related to these programs which are designed for the benefit of South Vietnamese children, disadvantaged by hostilities, in Vietnam or conditions related to those hostilities, and (2) for the adoption by United States citizens of South Vietnamese children who are orphaned or abandoned, or whose parents or sole surviving parent, as the case may be, has irrevocably relinquished all parental rights, particularly children fathered by United States citizens.

(b) The President is, therefore, authorized to provide assistance, on terms and conditions he considers appropriate, for the purposes de-

scribed in clauses (1) and (2) of subsection (a) of this section. Of the funds appropriated pursuant to section 802 for fiscal year 1974, \$5,000,000, or its equivalent in local currency, shall be available until expended solely to carry out this section. Not more than 10 per centum of the funds made available to carry out this section may be expended for the purposes referred to in clause (2) of subsection (a). Assistance provided under this section shall be furnished, to the maximum extent practicable, under the auspices of and by international agencies or private voluntary agencies.】

【Sec. 804. Center for Plastic and Reconstructive Surgery in Saigon.—Of the funds appropriated pursuant to section 802 for the fiscal year 1974, not less than \$712,000 shall be available solely for furnishing assistance to the Center for Plastic and Reconstructive Surgery in Saigon.】

【Sec. 805. Authority.—All references to part I whether heretofore or hereafter enacted, shall be deemed to be references also to this part unless otherwise specifically provided. The authorities available to administer part I of this Act shall be available to administer programs authorized in this Part.】

【Sec. 806. Population, Narcotics, International Humanitarian and Regional Programs.—The provisions of sections 36(c), 38, 39, and 40 of the Foreign Assistance Act of 1974 shall not apply to: (1) funds obligated for purposes of title X of chapter 2 of part I (programs relating to population growth); (2) funds made available under section 482 (programs relating to narcotics control); (3) funds made available for humanitarian assistance through international organizations; or (4) funds obligated for regional programs.】

* * * * *

PART VI—Assistance to the Middle East

Sec. 901. Statement of Policy.—The Congress recognizes that a peaceful and lasting resolution of the divisive issues that have contributed to tension and conflict between nations in the Middle East is essential to the security of the United States and the cause of world peace. The Congress declares and finds that the United States can and should play a constructive role in securing a just and durable peace in the Middle East by facilitating increased understanding between the Arab nations and Israel, and by assisting the nations in the area in their efforts to achieve economic progress and political stability, which are the essential foundations for a just and durable peace. It is the sense of Congress that United States assistance programs in the Middle East should be designated to promote mutual respect and security among the nations in the area and to foster a climate conducive to increase economic development, thereby contributing to a community of free, secure, and prospering nations in the Middle East.

It is further the sense of Congress that none of the funds authorized by this Act should be provided to any nation which denies its citizens the right or opportunity to emigrate.

Sec. 902. Allocations.—(a) Of the funds appropriated to carry out chapter 2 of part II of this Act during the fiscal year 1975, not to exceed \$100,000,000 may be made available for military assistance in the Middle East.

(b) Of the funds appropriated to carry out chapter 4 of part II of this Act during the fiscal year 1975, not to exceed \$652,000,000 may be made available for security supporting assistance in the Middle East.

(c) Of the aggregate ceiling on credits and guaranties established by section 31(b) of the Foreign Military Sales Act during the fiscal year 1975, not to exceed \$330,000,000 shall be available for countries in the Middle East.

Sec. 903. (a) Special Requirement Fund.—There are authorized to be appropriated to the President [for the fiscal year 1975 not to exceed \$100,000,000] *for the fiscal year 1976 not to exceed \$50,000,000* to furnish assistance under part I of this Act to meet special requirements arising from time to time in carrying out the purposes of this part, in addition to funds otherwise available for such purposes. The funds authorized to be appropriated by this section shall be available for use by the President for assistance authorized by such part in accordance with the provisions applicable to the furnishing of such assistance. Such funds are authorized to remain available until expended.

(b) The President may only obligate or expend, for each foreign country or international organizations, funds authorized under this section—

(1) after he reports to the Speaker of the House of Representatives and the Committee on Foreign Relations and the Committee on Appropriations of the Senate concerning (A) the name of such foreign country or international organizations, (B) the amount of such funds to be made available to such country or organization, and (C) the purpose for which such funds are to be made available to such country or organization; and

(2) unless the Congress, within thirty calendar days after receiving any report under paragraph (1), adopts a concurrent resolution stating in substance that it does not favor the provisions of the report provided by clauses (A), (B), and (C) of paragraph (1).

【(c) Of the amount authorized under subsection (a), not less than \$6,000,000 shall constitute a contribution by the United States toward the settlement of the deficit of the United Nations Relief and Works Agency for Palestine Refugees in the Middle East, if the President determines that a reasonable number of other countries will contribute a fair share toward the settlement of such deficit within a reasonable period of time after the date of enactment of the Foreign Assistance Act of 1974. In determining such fair share, the President shall take into consideration the economic position of each such country. Such \$6,000,000 shall be in addition to any other contribution to such Agency by the United States pursuant to any other provision of law.】

(c) Funds appropriated under subsection (a) shall be available to assist the Governments of Egypt and Israel in carrying out activities under the Agreement of October 10, 1975, and to pay the costs of implementing the United States Proposal for the Early Warning System in Sinai. Such funds may be obligated without regard to the provisions of subsection (b) of this section, to the extent that the proposed obligation has been justified to the Congress prior to the enactment of this subsection.

* * * * *
【The Foreign Military Sales Act, as amended】

Arms Export Control Act

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as "[The Foreign Military Sales Act] The Arms Export Control Act."

Chapter 1—Foreign and National Security Policy Objectives and Restraints

Sec. 1. The Need for International Defense Cooperation and Military Export Controls.—As declared by the Congress in the Arms Control and Disarmament Act, an ultimate goal of the United States continues to be a world which is free from the scourge of war and the dangers and burdens of armaments; in which the use of force has been subordinated to the rule of law; and in which international adjustments to a changing world are achieved peacefully. In furtherance of that goal, it remains the policy of the United States to encourage regional arms control and disarmament agreements and to discourage arms races.

The Congress recognizes, however, that the United States and other free and independent countries continue to have valid requirements for effective and mutually beneficial defense relationships in order to maintain and foster the environment of international peace and security essential to social, economic, and political progress. Because of the growing cost and complexity of defense equipment, it is increasingly difficult and uneconomic for any country, particularly a developing country, to fill all of its legitimate defense requirements from its own design and production base. The need for international defense cooperation among the United States and those friendly countries to which it is allied by mutual defense treaties is especially important, since the effectiveness of their armed forces to act in concert to deter or defeat aggression is directly related to the operational compatibility of their defense equipment.

Accordingly, it remains the policy of the United States to facilitate the common defense by entering into international arrangements with friendly countries which further the objective of applying agreed resources of each country to programs and projects of cooperative exchange of data, research, development, production, procurement, and logistics support to achieve specific national defense requirements and objectives of mutual concern. To this end, this Act authorizes sales by the United States Government to friendly countries having sufficient wealth to maintain and equip their own military forces at adequate strength, or to assume progressively larger shares of the costs thereof, without undue burden to their economies, in accordance with the restraints and control measures specified herein and in furtherance of the security objectives of the United States and of the purposes and principles of the United Nations Charter.

It is the sense of the Congress that all such sales be approved only when they are consistent with the foreign policy interests of the United States, the purposes of the foreign assistance program of the United States as embodied in the Foreign Assistance Act of 1961, as amended,² the extent and character of the military requirement, and the economic and financial capability of the recipient country, with

particular regard being given, where appropriate, to proper balance among such sales, grant military assistance, and economic assistance as well as to the impact of the sales on programs of social and economic development and on existing or incipient arms races.

It is further the sense of Congress that sales and guaranties under sections 21, 22, 23, and 24, shall not be approved where they would have the effect of arming military dictators who are denying the growth of fundamental rights or social progress to their own people: *Provided*, That the President may waive this limitation when he determines it would be important to the security of the United States, and promptly so reports to the Speaker of the House of Representatives and the Committee on Foreign Relations in the Senate.

In order to reduce the role of the United States Government in the furnishing of defense articles and defense services to foreign countries and international organizations, and return such transactions to commercial channels, the United States Government shall reduce its sales, credit sales, and guaranties of such articles, and defense services as soon as, and to the maximum extent, practicable[.], *except with respect to sales to foreign countries of major defense equipment, as defined in section 21(e)(3) of this Act. No license shall be issued under this Act for the export to a foreign country under a commercial sale of such major defense equipment valued at \$25,000,000 or more.*

It shall be the policy of the United States to exert leadership in the world community to bring about arrangements for reducing the international trade in implements of war and to lessen the danger of outbreak of regional conflict and the burdens of armaments, United States programs for or procedures governing the export, sale, and grant of arms and munitions to foreign countries and international organizations shall be administered in a manner which will carry out this policy.

It is the sense of the Congress that the President should seek to initiate multilateral discussions for the purpose of reaching agreements among the principal arms suppliers and arms purchasers and other countries with respect to the control of the international trade in armaments. It is further the sense of Congress that the President should work actively with all nations to check and control the international sale and distribution of conventional weapons of death and destruction and to encourage regional arms control arrangements. In furtherance of this policy, the President shall undertake a concerted effort to convene an international conference of major arms-supplying and arms-purchasing nations which shall consider measures to limit conventional arms transfers in the interest of international peace and stability. The President shall report to the Congress not later than June 30, 1976, and as may be appropriate thereafter, on the steps taken to carry out the provisions of this paragraph.

* * * * *

Sec. 2. Coordination With Foreign Policy.—(a) Nothing contained in this Act shall be construed to infringe upon the powers or functions of the Secretary of State.

(b) Under the direction of the President, the Secretary of State, taking into account other United States activities abroad, such as military assistance, economic assistance, and food for freedom, shall be

responsible for the continuous supervision and general direction of sales *and exports* under this Act, including, but not limited to, determining whether there shall be a sale to a country and the amount thereof, *and whether there shall be delivery or other performance by the United States under such sale or export*, to the end that sales and exports are integrated with other United States activities and the foreign policy of the United States is best served thereby.

(c) The President shall prescribe appropriate procedures to assure coordination among representatives of the United States Government in each country, under the leadership of the Chief of the United States Diplomatic Mission. The Chief of the diplomatic mission shall make sure that recommendations of such representatives pertaining to sales are coordinated with political and economic considerations, and his comments shall accompany such recommendations if he so desires.

* * * * *

Note: Effective July 1, 1976 Sections 3 and 4 of the Foreign Military Sales Act are amended as follows:

Sec. 3. Eligibility.—(a) No defense article or defense service shall be sold by the United States Government under this Act to any country or international organization, *and no license issued under section 38 of this Act to or for the armed forces of such country or international organization shall be effective*, unless—

(1) the President finds that the furnishing of defense articles and defense services to such country or international organization will strengthen the security of the United States and promote world peace;

(2) the country or international organization shall have agreed not to transfer title to, or possession of, any defense article or related training or other defense service so furnished to it to anyone not an officer, employee, or agent of that country or international organization and not to use or permit the use of such article or related training or other defense service for purposes other than those for which furnished unless the consent of the President has first been obtained;

(3) the country or international organization shall have agreed that it will maintain the security of such article and will provide substantially the same degree of security protection afforded to such article by the United States Government; and

(4) the country or international organization is otherwise eligible to purchase defense articles or defense services.

In considering a request for approval of any transfer of any weapon, weapons system, munitions, aircraft, military boat, military vessel, or other implement of war to another country, the President shall not give his consent under paragraph (2) to the transfer unless the United States itself would transfer the defense article under consideration to that country, and prior to the date he intends to give his consent to the transfer, the President notifies the Speaker of the House of Representatives and the Committee on Foreign Relations of the Senate in writing of each such intended consent, the justification for giving such consent, the defense article for which he intends to give his consent to be so transferred, and the foreign country to which that defense article is to be transferred. In addition, the President shall

not give his consent under paragraph (2) to the transfer of any significant defense articles on the United States Munitions List unless the foreign country requesting consent to transfer agrees to demilitarize such defense articles prior to transfer, or the proposed recipient foreign country provides a commitment in writing to the United States Government that it will not transfer such defense articles, if not demilitarized, to any other foreign country or person without first obtaining the consent of the President. The President shall promptly submit a report to the Speaker of the House of Representatives and to the Committee on Foreign Relations of the Senate on the implementation of each agreement entered into pursuant to clause (2) of this subsection.

(b) No sales, credits, or guaranties shall be made or extended under this Act to any country, *and no license issued under section 38 of this Act for export to any country or international organization shall be effective*, during a period of one year after such country seizes, or takes into custody, or fines an American fishing vessel for engaging in fishing more than twelve miles from the coast of that country. The President may waive the provisions of this subsection when he determines it to be important to the security of the United States or he receives reasonable assurances from the country involved that future violations will not occur, and promptly so reports to the Speaker of the House of Representatives and the Committee on Foreign Relations of the Senate. The provisions of this subsection shall not be applicable in any case governed by any international agreement to which the United States is a party.

* * * * *

Sec. 4. Purposes for Which Military Sales by the United States Are Authorized.—Defense articles and defense services shall be sold by the United States Government under this Act to friendly countries, *and licenses shall be issued under section 38 of this Act for export to or for the armed forces of such countries*, solely for internal security, for legitimate self-defense, to permit the recipient country to participate in regional or collective arrangements or measures consistent with the Charter of the United Nations, or otherwise to permit the recipient country to participate in collective measures requested by the United Nations for the purpose of maintaining or restoring international peace and security, or for the purpose of enabling foreign military forces in less developed friendly countries to construct public works and to engage in other activities helpful to the economic and social development of such friendly countries. It is the sense of the Congress that such foreign military forces should not be maintained or established solely for civic action activities and that such civic action activities not significantly detract from the capability of the military forces to perform their military missions and be coordinated with and form part of the total economic and social development effort: *Provided*, That none of the funds contained in this authorization shall be used to guarantee, or extend credit, or participate in an extension of credit in connection with any sale of sophisticated weapons systems, such as missile systems and jet aircraft for military purposes, to any underdeveloped country other than Greece, Turkey, Iran, Israel, the Republic of China, the Philippines and Korea unless the President deter-

mines that such financing is important to the national security of the United States and reports within thirty days each such determination to the Congress.

Note: End of changes to be effective July 1, 1976.

* * * * *
Sec. 3. Eligibility.—(a) No defense article or defense service shall be sold by the United States Government under this Act to any country or international organization unless—

(1) the President finds that the furnishing of defense articles and defense services to such country or international organization will strengthen the security of the United States and promote world peace;

(2) the country or international organization shall have agreed not to transfer title to, or possession of, any defense article so furnished to it to anyone not an officer, employee, or agent of that country or international organization and not to use or permit the use of such article for purposes other than those for which furnished unless the consent of the President has first been obtained;

(3) the country or international organization shall have agreed that it will maintain the security of such article and will provide substantially the same degree of security protection afforded to such article by the United States Government; and

(4) the country or international organization is otherwise eligible to purchase defense articles or defense services.

In considering a request for approval of any transfer of any weapon, weapons system, munitions, aircraft, military boat, military vessel, or other implement of war to another country, the President shall not give his consent under paragraph (2) to the transfer unless the United States itself would transfer the defense article under consideration to that country, and prior to the date he intends to give his consent to the transfer, the President notifies the Speaker of the House of Representatives and the Committee on Foreign Relations of the Senate in writing of each such intended consent, the justification for giving such consent, the defense article for which he intends to give his consent to be so transferred, and the foreign country to which that defense article is to be transferred. In addition, the President shall not give his consent under paragraph (2) to the transfer of any significant defense articles on the United States Munitions List unless the foreign country requesting consent to transfer agrees to demilitarize such defense articles prior to transfer, or the proposed recipient foreign country provides a commitment in writing to the United States Government that it will not transfer such defense articles, if not demilitarized, to any other foreign country or person without first obtaining the consent of the President. The President shall promptly submit a report to the Speaker of the House of Representatives and to the Committee on Foreign Relations of the Senate on the implementation of each agreement entered into pursuant to clause (2) of this subsection.

(b) No sales, credits, or guaranties shall be made or extended under this Act to any country during a period of one year after such country seizes, or takes into custody, or fines an American fishing vessel for engaging in fishing more than twelve miles from the coast of that

country. The President may waive the provisions of this subsection when he determines it to be important to the security of the United States or he receives reasonable assurances from the country involved that future violations will not occur, and promptly so reports to the Speaker of the House of Representatives and the Committee on Foreign Relations of the Senate. The provisions of this subsection shall not be applicable in any case governed by any international agreement to which the United States is a party.

[(c) Except as otherwise provided in subsection (d), any foreign country which hereafter uses defense articles or defense services furnished such country under this Act, in substantial violation of any provision of this Act or any agreement entered into under this Act, shall be immediately ineligible for further cash sales, credits, or guaranties.]

(c) (1) *No credits (including participation in credits), may be issued nor guaranties extended for any foreign country under this Act, as hereinafter provided, if such country uses defense articles or defense services furnished under this Act, the Mutual Security Act of 1954, as amended, or any predecessor Act, in substantial violation (either in terms of quantities, or in terms of the gravity of the consequences regardless of quantities involved) of the provision of any such articles or services for a purpose not authorized under section 4, or (B) by transferring any such articles to, or permitting any use of any such articles by, anyone not an officer, employee, or agent of the recipient country without the consent of the President, or (C) by failing to maintain the security of such articles or such services.*

(2) *No such credits or guaranties may be issued or extended, as provided by paragraph (1) of this subsection, if the President so determines and so states in writing to the Congress, or if the Congress so determines by concurrent resolution.*

(3) *A country shall remain ineligible in accordance with paragraph (1) of this subsection until such time as—*

(A) *the President determines that such violation has ceased; and*

(B) *the country concerned has given assurances satisfactory to the President that such violation will not recur.*

[(d) A country shall remain ineligible in accordance with subsection (c) of this section until such time as the President determines that such violation has ceased, that the country concerned has given assurances satisfactory to the President that such violation will not recur, and that, if such violation involved the transfer of sophisticated weapons without the consent of the President, such weapons have been returned to the country concerned.]

(e) *The President may not give his consent under paragraph (2) of subsection (a) or under the third sentence of such subsection to a transfer of defense articles having a value of \$25,000,000 or more or any major defense equipment as defined in section 21(e) of this Act, or training related to such articles or equipment sold or licensed for export under this Act, and may not give his consent to such a transfer under section 505(a)(1) or 505(a)(4) of the Foreign Assistance Act of 1961 unless—*

mines that such financing is important to the national security of the United States and reports within thirty days each such determination to the Congress.

Note: End of changes to be effective July 1, 1976.

* * * * *

Sec. 3. Eligibility.—(a) No defense article or defense service shall be sold by the United States Government under this Act to any country or international organization unless—

(1) the President finds that the furnishing of defense articles and defense services to such country or international organization will strengthen the security of the United States and promote world peace;

(2) the country or international organization shall have agreed not to transfer title to, or possession of, any defense article so furnished to it to anyone not an officer, employee, or agent of that country or international organization and not to use or permit the use of such article for purposes other than those for which furnished unless the consent of the President has first been obtained;

(3) the country or international organization shall have agreed that it will maintain the security of such article and will provide substantially the same degree of security protection afforded to such article by the United States Government; and

(4) the country or international organization is otherwise eligible to purchase defense articles or defense services.

In considering a request for approval of any transfer of any weapon, weapons system, munitions, aircraft, military boat, military vessel, or other implement of war to another country, the President shall not give his consent under paragraph (2) to the transfer unless the United States itself would transfer the defense article under consideration to that country, and prior to the date he intends to give his consent to the transfer, the President notifies the Speaker of the House of Representatives and the Committee on Foreign Relations of the Senate in writing of each such intended consent, the justification for giving such consent, the defense article for which he intends to give his consent to be so transferred, and the foreign country to which that defense article is to be transferred. In addition, the President shall not give his consent under paragraph (2) to the transfer of any significant defense articles on the United States Munitions List unless the foreign country requesting consent to transfer agrees to demilitarize such defense articles prior to transfer, or the proposed recipient foreign country provides a commitment in writing to the United States Government that it will not transfer such defense articles, if not demilitarized, to any other foreign country or person without first obtaining the consent of the President. The President shall promptly submit a report to the Speaker of the House of Representatives and to the Committee on Foreign Relations of the Senate on the implementation of each agreement entered into pursuant to clause (2) of this subsection.

(b) No sales, credits, or guaranties shall be made or extended under this Act to any country during a period of one year after such country seizes, or takes into custody, or fines an American fishing vessel for engaging in fishing more than twelve miles from the coast of that

country. The President may waive the provisions of this subsection when he determines it to be important to the security of the United States or he receives reasonable assurances from the country involved that future violations will not occur, and promptly so reports to the Speaker of the House of Representatives and the Committee on Foreign Relations of the Senate. The provisions of this subsection shall not be applicable in any case governed by any international agreement to which the United States is a party.

[(c) Except as otherwise provided in subsection (d), any foreign country which hereafter uses defense articles or defense services furnished such country under this Act, in substantial violation of any provision of this Act or any agreement entered into under this Act, shall be immediately ineligible for further cash sales, credits, or guarantees.]

(c)(1) *No credits (including participation in credits), may be issued nor guarantees extended for any foreign country under this Act, as hereinafter provided, if such country uses defense articles or defense services furnished under this Act, the Mutual Security Act of 1954, as amended, or any predecessor Act, in substantial violation (either in terms of quantities, or in terms of the gravity of the consequences regardless of quantities involved) of the provision of any agreements entered into pursuant to any of such Acts (A) by using such articles or services for a purpose not authorized under section 4, or (B) by transferring any such articles to, or permitting any use of any such articles by, anyone not an officer, employee, or agent of the recipient country without the consent of the President, or (C) by failing to maintain the security of such articles or such services.*

(2) *No such credits or guarantees may be issued or extended, as provided by paragraph (1) of this subsection, if the President so determines and so states in writing to the Congress, or if the Congress so determines by concurrent resolution.*

(3) *A country shall remain ineligible in accordance with paragraph (1) of this subsection until such time as—*

(A) *the President determines that such violation has ceased; and*

(B) *the country concerned has given assurances satisfactory to the President that such violation will not recur.*

[(d) A country shall remain ineligible in accordance with subsection (c) of this section until such time as the President determines that such violation has ceased, that the country concerned has given assurances satisfactory to the President that such violation will not recur, and that, if such violation involved the transfer of sophisticated weapons without the consent of the President, such weapons have been returned to the country concerned.]

(e) *The President may not give his consent under paragraph (2) of subsection (a) or under the third sentence of such subsection to a transfer of defense articles having a value of \$25,000,000 or more or any major defense equipment as defined in section 21(e) of this Act, or training related to such articles or equipment sold or licensed for export under this Act, and may not give his consent to such a transfer under section 505(a)(1) or 505(a)(4) of the Foreign Assistance Act of 1961 unless—*

(1) the President submits to the Speaker of the House of Representatives and the Committee on Foreign Relations of the Senate, on the same day, a written certification with respect to such proposed transfer containing—

- (A) the name of the country or international organization proposing to make such transfer,
- (B) a description of the article, equipment, or training proposed to be transferred, including the original acquisition cost of such defense article,
- (C) the name of the proposed recipient thereof,
- (D) the reasons for such proposed transfer, and
- (E) the date on which such transfer is proposed to be made; and

(2) either—

- (A) the Congress does not adopt a concurrent resolution disapproving the certification within the first period of thirty calendar days after the date on which such certification is submitted; or
- (B) the President states in his certification that an emergency exists which requires such transfers in the national security interests of the United States.

Any certification submitted to Congress pursuant to this subsection shall be unclassified except that information concerning the dollar value and number of defense articles or defense services proposed to be transferred may be classified if public disclosure thereof would be clearly detrimental to the security of the United States.

(f) If the President receives any information that a transfer of any defense article has been made without his consent as required under this section or under section 505 of the Foreign Assistance Act of 1961, he shall report such information immediately to the Speaker of the House of Representatives and the Committee on Foreign Relations of the Senate.

(g) (1) Such resolution shall be considered in accordance with the provisions of section 301(b) of the International Security Assistance and Arms Export Control Act of 1975.

(2) The term 'resolution', as used in section 301(b) of such Act, means, for the purposes of this subsection, only a concurrent resolution, the matter after the resolving clause of which is as follows: 'That the Congress does not approve the certification of intent to consent 505(d) of the Foreign Assistance Act of 1961 with respect to _____, transmitted to the Congress by the President on _____, 19____; the first blank therein being filled with the name of the foreign country to which such certification pertains, and the second blank therein being filled with the date of the transmittal of such certification; but does not include a resolution specifying a certification with respect to more than one country.'

Sec. 4. Purposes for Which Military Sales by the United States Are Authorized.—Defense articles and defense services shall be sold by the United States Government under this Act to friendly countries solely for internal security, for legitimate self-defense, to permit the recipient country to participate in regional or collective arrangements or measures consistent with the Charter of the United Nations, or

otherwise to permit the recipient country to participate in collective measures requested by the United Nations for the purpose of maintaining or restoring international peace and security, or for the purpose of enabling foreign military forces in less developed friendly countries to construct public works and to engage in other activities helpful to the economic and social development of such friendly countries. It is the sense of the Congress that such foreign military forces should not be maintained or established solely for civic action activities and that such civic action activities not significantly detract from the capability of the military forces to perform their military missions and be coordinated with and form part of the total economic and social development effort: *Provided*, That none of the funds contained in this authorization shall be used to guarantee, or extend credit, or participate in an extension of credit in connection with any sale of sophisticated weapons systems, such as missile systems and jet aircraft for military purposes, to any underdeveloped country other than Greece, Turkey, Iran, Israel, the Republic of China, the Philippines and Korea unless the President determines that such financing is important to the national security of the United States and reports within thirty days each such determination to the Congress. *The President shall, to the maximum extent possible and consistent with the purposes of this Act, use civilian contract personnel in any foreign country to perform defense services sold under this Act.*

SEC. 5. PROHIBITION AGAINST DISCRIMINATION.—(a) *It is the policy of the United States that no sales should be made, credits (including participations in credits) or guarantees extended to any foreign country, the laws, regulations, official policies, or governmental practices of which prevent any United States national from participating in the furnishing of defense articles or defense services under this Act on the basis of race, religion, national origin, or sex.*

(b) (1) *No agency performing functions under this Act shall, in employing or assigning personnel to participate in the performance of any such function whether in the United States or abroad, take into account the exclusionary policies or practices of any foreign government where such policies or practices are based upon race, religion, national origin, or sex.*

(2) *Each contract entered into by any such agency for the performance of any function under this Act shall contain a provision to the effect that no person, partnership, corporation, or other entity performing functions pursuant to such contract, shall, in employing or assigning personnel to participate in the performance of any such function whether in the United States or abroad, take into account the exclusionary policies or practices of any foreign government where such policies or practices are based upon race, religion, national origin, or sex.*

(c) *The President shall promptly transmit reports to the Speaker of the House of Representatives and the Chairman of the Committee on Foreign Relations of the Senate concerning any instance in which any United States person (as defined in section 7701(a)(30) of the Internal Revenue Code of 1954) is prevented by a foreign government on the basis of race, religion, national origin, or sex, from participating*

in the performance of any sale or licensed transaction under this Act. Such report shall include (1) a description of the facts and circumstances of any such discrimination, (2) the response thereto on the part of the United States or any agency or employee thereof, and (3) the result of such response, if any.

(d) If the discrimination by a foreign government reported pursuant to subsection (c) continues so that such person would be prevented from participating in the performance of any sale or license transaction under the provisions of this Act on account of race, religion, national origin, or sex of such person or, in the case of a partnership, corporation, or other entity, of any officer, employee, agent, director, or owner of such partnership, corporation, or other entity, then the President shall immediately cancel such sale or suspend such license, as the case may be.

Chapter 2—Foreign Military Sales Authorizations

[Sec. 21. Cash Sales From Stock.—The President may sell defense articles from the stocks of the Department of Defense and defense services of the Department of Defense to any friendly country or international organization if such country or international organization agrees to pay not less than the value thereof in United States dollars. Payment shall be made in advance or, as determined by the President to be in the best interests of the United States, within a reasonable period not to exceed one hundred and twenty days after the delivery of the defense articles or the rendering of the defense services.]

SEC. 21. SALES FROM STOCKS.—(a) (1) The President may sell defense articles and defense services specified in paragraph (2) of this subsection from the stocks of the Department of Defense to any eligible country or international organization if such country or international organization agrees to pay in United States dollars—

(A) in the case of a defense article not intended to be replaced at the time such agreement is entered into, not less than the actual value thereof;

(B) in the case of a defense article intended to be replaced at the time such agreement is entered into, the estimated cost of replacement of such article, including the contract or production costs less any depreciation in the value of such article; or

(C) in the case of the sale of a defense service, the full cost to the United States Government of furnishing such service.

(2) For the purposes of subsection (a) (1), defense services shall be limited to—

(A) packing, crating, handling, and transportation services related to defense articles sold pursuant to this Act;

(B) the repair and rehabilitation of defense articles of United States origin;

(C) the sale of technical data;

(D) the launching of satellites;

(E) military education and training;

(F) research and development;

(G) architectural, engineering and construction supervision;

(H) technical advice, evaluation and assistance; and

(I) studies and surveys of purchaser requirements.

(b) Except as provided by subsection (d) of this subsection, payment shall be made in advance or, if the President determines it to be in the national interest, upon delivery of the defense article or rendering of the defense service.

(c) Personnel performing defense services sold under this Act may not perform any duties of a combatant nature, including any duties related to training, advising, or otherwise providing assistance regarding combat activities, outside the United States in connection with the performance of those defense services.

(d) If the President determines it to be in the national interest, billings for sales made under letters of offer issued under this section after the enactment of this subsection may be dated and issued upon delivery of the defense article or rendering of the defense service and shall be due and payable upon receipt thereof by the purchasing country or international organization. Interest shall be charged on any net amount due and payable which is not paid within sixty days after the date of such billing. The rate of interest charged shall be a rate equivalent to the current average yield on short-term marketable securities of the United States as of the last day of the month preceding the billing and shall be computed from the date of billing. The President may extend such sixty-day period to one hundred and twenty days if he determines that emergency requirements of the purchaser for acquisition of such military items exceed the ready availability to the purchaser of funds sufficient to pay the United States in full for them within the said sixty-day period and submits that determination to the Congress together with a special emergency request for the authorization and appropriation of additional funds to finance such purchases under this Act.

(e) (1) After September 30, 1976, letters of offer for the sale of defense articles or for the sale of defense services that are issued pursuant to this section or pursuant to section 22 of this Act shall include appropriate charges for—

(A) administrative services, calculated on an average percentage basis to recover the full estimated costs of administration of sales made under this Act to all purchasers of such articles and services;

(B) any use of plant and production equipment in connection with such defense articles; and

(C) a proportionate amount of any nonrecurring costs of research, development, and production of major defense equipment, as defined in paragraph (3) of this subsection.

(2) The President may reduce or waive the charge or charges which would otherwise be considered appropriate under subparagraphs (1) (B) and (1) (C) for particular sales that would, if made, significantly advance United States Government interests in North Atlantic Treaty Organization standardization, or foreign procurement in the United States under coproduction arrangements.

(c) For the purposes of this Act, major defense equipment means a defense equipment or weapons system having a total research and development investment for hardware of \$50,000,000 or more, or a total estimated production cost, both recurring and nonrecurring, of \$20,000,000 or more.

(f) Any contracts entered into between the United States and a foreign country under the authority of this section or section 22 of this Act shall be prepared in a manner which will permit them to be made available for public inspection, to the fullest extent possible consistent with the national security of the United States.

(g) In carrying out section 814 of Public Law 94-106, relating to North Atlantic Treaty Organization standardization programs, the President may, without regard to the cost reimbursement requirements specified in this subsection, enter into North Atlantic Treaty Organization standardization agreements for the cooperative furnishing of training on a bilateral or multilateral basis if the financial principles of such agreements are based on reciprocity. Such agreements shall include reimbursement for all direct costs but may exclude reimbursement for indirect costs, administrative surcharges, and costs of billeting of trainees (except to the extent that members of the United States Armed Forces occupying comparable accommodations are charged for such accommodations by the United States). Each such agreement shall be transmitted promptly to the Speaker of the House of Representatives and the Committees on Appropriations, Armed Services, and Foreign Relations of the Senate.

* * * * *

(h) (1) Sales of defense articles and defense services which could have significant adverse effect on the combat readiness of the Armed Forces of the United States shall be kept to an absolute minimum. The President shall transmit to the Speaker of the House of Representatives and the Committees on Armed Services and Foreign Relations of the Senate on the same day a written statement giving a complete explanation with respect to any proposal to sell, under this section, any defense articles or defense services if such sale could have a significant adverse effect on the combat readiness of the Armed Forces of the United States. Each such statement shall be unclassified except to the extent that public disclosure of any item of information contained therein would be clearly detrimental to the security of the United States. Any necessarily classified information shall be confined to a supplemental report. Each such statement shall include an explanation relating to only one such proposal to sell and shall set forth—

(A) the country or international organization to which the sale is proposed to be made;

(B) the amount of the proposed sale;

(C) a description of the defense article or service proposed to be provided;

(D) a full description of the impact which the proposed sale will have on the Armed Forces of the United States;

(E) a justification for such proposed sale, including a certification that such sale is important to the security of the United States.

(2) (A) No delivery may be made under any agreement or contract which has been reported to Congress pursuant to this subsection unless the certification required to be transmitted by clause (E) of paragraph (1) of this subsection is in effect.

(B) Such certification shall take effect on the date the certification has been so transmitted and shall remain in effect for not to exceed one

year unless, before the end of the first period of thirty calendar days of continuous session of Congress after the date on which the certification is transmitted, Congress adopts a concurrent resolution suspending the certification.

(C) Such resolution shall be considered in accordance with the provisions of section 301(b) of the International Security Assistance and Arms Export Control Act of 1975.

(D) The term 'resolution', as used in section 301(b) of such Act, means, for the purposes of this section, only a concurrent resolution, the matter after the resolving clause of which is as follows: 'That the Congress suspends the certification transmitted pursuant to section 21(b)(1)(E) of the Arms Export Control Act with respect to to the Congress by the President on 19 ; the first blank therein being filled with the name of the foreign country to which such certification pertains, and the second blank therein being filled with the date of the transmittal of such certification; but does not include a resolution specifying a certification with respect to more than one country or international organization.'

Sec. 22. Procurement for Cash Sales.—(a) Except as otherwise provided in this section, the President may, without requirement for charge to any appropriation or contract authorization otherwise provided, enter into contracts for the procurement of defense articles or defense services for sale for United States dollars to any foreign country or international organization if such country or international organization provides the United States Government with a dependable undertaking (1) to pay the full amount of such contract which will assure the United States Government against any loss on the contract, and (2) to make funds available in such amounts and at such times as may be required to meet the payments required by the contract and any damages and costs that may accrue from the cancellation of such contract, in advance of the time such payments, damages, or costs are due. Interest shall be charged on any net amount by which any such country or international organization is in arrears under all of its outstanding unliquidated dependable undertakings, considered collectively. The rate of interest charged shall be a rate not less than the current average yield on short-term marketable securities of the United States as of the last day of the month preceding the net arrearage and shall be computed from the date of net arrearage.

[(b) The President may, when he determines it to be in the national interest, accept a dependable undertaking of a foreign country or international organization with respect to any such sale, to make full payment within 120 days after delivery of the defense articles or the rendering of the defense services. The President may, if he determines it to be in the national interest, issue letters of offer under this section which provide for billing upon delivery of the defense article or rendering of the defense service and for payment within one hundred and twenty days after the date of billing. This authority may be exercised, however, only if the President also determines that the emergency requirements of the purchaser for acquisition of such defense articles and services exceed the ready availability to the purchaser of funds sufficient to make payments on a dependable undertaking basis and submits both determinations to the Congress

together with a special emergency request for authorization and appropriation of additional funds to finance such purchases under this Act. Appropriations available to the Department of Defense may be used to meet the payments required by the contracts for the procurement of defense articles and defense services and shall be reimbursed by the amounts subsequently received from the country or international organization to whom articles or services are sold.

Sec. 23. Credit Sales.—The President is authorized to finance procurements of defense articles and defense services by friendly foreign countries and international organizations on terms requiring the payment to the United States Government in United States dollars of—

(1) the value of such articles or services within a period not to exceed ten years after the delivery of such articles or the rendering of such services; and

(2) interest on the unpaid balance of that obligation for payment of the value of such articles or services, at a rate equivalent to the current average interest rate, as of the last day of the month preceding the financing of such procurement, that the United States Government pays on outstanding marketable obligations of comparable maturity, unless the President certifies to Congress that the national interest requires a lesser rate of interest and states in the certification the lesser rate so required and the justification therefor.

Sec. 24. Guaranties.—(a) The President may guarantee any individual, corporation, partnership, or other juridical entity doing business in the United States (excluding United States Government agencies other than the Federal Financing Bank) against political and credit risks of nonpayment arising out of their financing of credit sales of defense articles and defense services to friendly countries and international organizations. Fees shall be charged for such guaranties.

(b) The President may sell to any individual, corporation, partnership, or other juridical entity (excluding United States Government agencies other than the Federal Financing Bank) promissory notes issued by friendly countries and international organizations as evidence of their obligations to make repayments to the United States on account of credit sales financed under section 23, and may guarantee payment thereof.

(c) Funds made available to carry out this Act shall be obligated in an amount equal to 10 per centum of the principal amount of²¹ contractual liability related to any guaranty issued under this section, and all the funds so obligated shall constitute a single reserve for the payment of claims under such guaranties. Any funds so obligated which are deobligated from time to time during any current fiscal year as being in excess of the amount necessary to maintain a fractional reserve of 10 per centum of the principal amount of contractual liability under outstanding guaranties shall be transferred to the general fund of the Treasury. Any guaranties issued hereunder shall be backed by the full faith and credit of the United States.

SEC. 25. ANNUAL ESTIMATE AND JUSTIFICATION FOR SALES PROGRAM.—(a) The President shall transmit to the Congress, as a part of the presentation materials for foreign assistance programs pro-

posed for the fiscal year 1977, and for each year thereafter, a report which sets forth—

(1) an estimate of the amount of sales expected to be made to each country under sections 21 and 22 of this Act, including a detailed explanation of the foreign policy and United States national security considerations involved in expected sales to each country;

(2) an estimate of the amount of credits and guaranties expected to be extended to each country under sections 23 and 24 of this Act;

(3) a list of all findings which are in effect on the date of such transmission made by the President pursuant to section 3(a)(1) of this Act, together with a full and complete justification for each such finding, explaining how sales to each country with respect to which such finding has been made will strengthen the security of the United States and promote world peace; and

(4) an arms control impact statement for each purchasing country by the Director of the Arms Control and Disarmament Agency, including (A) an analysis of the relationship between expected sales to each country and arms control efforts relating to that country; and (B) the impact of such expected sales on the stability of the region that includes the purchasing country.

* * * * *
Foreign Assistance Act of 1961, as amended

Sec. 634. Reports and Information.

* * * * *
(d) When requests are presented to the Congress for appropriations for fiscal year 1969 to carry out programs under this Act, the programs to be carried out with the funds appropriated for that fiscal year shall also be presented to the Committee on Foreign Relations of the Senate, if requested by the chairman of that committee, and to the Committee on Foreign Affairs of the House of Representatives, if requested by the chairman of that committee. At the end of each fiscal year, the President shall notify the Committee on Foreign Relations and the Committee on Appropriations of the Senate and the Speaker of the House of Representatives of all actions taken during the fiscal year under this Act which resulted in furnishing assistance of a kind, for a purpose, or to an area, substantially different from that included in the presentation to the Congress during its consideration of this Act or any Act appropriating funds pursuant to authorizations contained in this Act, or which resulted in obligations or reservations greater by 50 per centum or more than the proposed obligations or reservations included in such presentation for the program concerned, and in his notification the President shall state the justification for such changes. There shall also be included in the presentation material submitted to the Congress during its consideration of amendments to this Act, or of any Act appropriating funds pursuant to authorizations contained in this Act, a comparison of the current fiscal year programs and activities with those presented to the Congress in the previous year and an explanation of any substantial changes. Any such presentation mate-

rial shall also include (1) a chart showing on a country-by-country basis the full extent of all United States assistance planned or expected for each such country for the next fiscal year, including economic assistance, military grants (and including for any such grant of any excess defense article, the value of such article expressed in terms of its acquisition cost to the United States), [and military sales under this or any other Act] and sales under the Agricultural Trade Development and Assistance Act of 1954, as amended, (2) details of proposed contributions by the United States to multilateral financial agencies, for the next fiscal year, and (3) a statement of projects, on a country-by-country basis for which financing was supplied during the last fiscal year through the Export-Import Bank. In addition, the President shall promptly notify the Committee on Foreign Relations and the Committee on Appropriations of the Senate and the Speaker of the House of Representatives of any determination under section 303, 610(b), or 614(b) and of any findings, including his reasons therefor, under section 503 or 521(c).

Chapter 3—Military Export Controls

Sec. 31. Authorization and Aggregate Ceiling on Foreign Military Sales Credits.—(a) There is hereby authorized to be appropriated to the President to carry out this Act [not to exceed \$405,000,000 for the fiscal year 1975] and not to exceed \$1,014,500,000 for the fiscal year 1976. Unobligated balances of funds made available pursuant to this section are hereby authorized to be continued available by appropriations legislation to carry out this Act.

[(b) The aggregate total of credits, or participations in credits, extended pursuant to this Act and of the principal amount of loans guaranteed pursuant to section 24(a) shall not exceed \$872,500,000 for the fiscal year 1975 of which amount not less than \$300,000,000 shall be available to Israel only. Of the funds made available under subsection (a) of this section, \$100,000,000 shall first be obligated with respect to financing the procurement of defense articles and defense services by Israel under section 23 of this Act, except that Israel shall be released from contractual liability to repay the United States Government for the defense articles and defense services so financed.]

(b) *The aggregate total of credits, or participations in credits, extended pursuant to this Act and of the principal amount of loans guaranteed pursuant to section 24(a) shall not exceed \$2,324,700,000 for the fiscal year 1976, of which not less than \$1,500,000,000 shall be available only for Israel.*

(c) *Funds made available for the fiscal year 1976 under subsection (a) of this section shall be obligated to finance the procurement of defense articles and defense services by Israel on a long-term repayment basis either by the extension of credits, without regard to the limitations contained in section 23, or by the issuance of guarantees under section 24. Repayment shall be in not less than twenty years, following a grace period of ten years on repayment of principal. Israel shall be released from one-half of its contractual liability to repay the United States Government with respect to defense articles and defense services so financed.*

(d) *The aggregate acquisition cost to the United States of excess defense articles ordered by the President in any fiscal year after fiscal year 1976 for delivery to foreign countries or international organizations under the authority of chapter 2 of part II of the Foreign Assistance Act of 1961 or pursuant to sales under this Act may not exceed \$100,000,000.*

* * * * *
Effective July 1, 1976, the following provisions of Pub. L. 91-672 are repealed:

Foreign Military Sales Act Amendments, 1971, as amended

* * * * *
SEC. 8. [(a) Subject to the provisions of subsection (b), the value of any excess defense article granted to a foreign country or international organization by any department, agency, or independent establishment of the United States Government (other than the Agency for International Development) shall be considered to be an expenditure made from funds appropriated under the Foreign Assistance Act of 1961 for military assistance. Unless such department, agency, or establishment certifies to the Comptroller General of the United States that the excess defense article it is ordering is not to be transferred by any means to a foreign country or international organization, when an order is placed for a defense article whose stock status is excess at the time ordered, a sum equal to the value thereof shall (less amounts to be transferred under section 632(d) of the Foreign Assistance Act of 1961) (1) be reserved and transferred to a suspense account, (2) remain in the suspense account until the excess defense article is either delivered to a foreign country or international organization or the order therefor is cancelled, and (3) be transferred from the suspense account to (A) the general fund of the Treasury upon delivery of such article, or (B) to the military assistance appropriation for the current fiscal year upon cancellation of the order. Such sum shall be transferred to the military assistance appropriation for the current fiscal year upon delivery of such article if at the time of delivery the stock status of the article is determined, in accordance with section 644 (g) and (m) of the Foreign Assistance Act of 1961, to be nonexcess.]

[(b) In the case of excess defense articles which are generated abroad, the provisions of subsection (a) shall apply during any fiscal year only to the extent that the aggregate value of excess defense articles ordered during that year exceeds \$100,000,000.]

[(c) For purposes of this section, the term "value" has the same meaning as given it in section 644(m) of the Foreign Assistance Act of 1961; except that for any excess defense article such term shall not include a value for any such article which is less than 33½ percent of the amount the United States paid for such article when the United States acquired it.]

(d) The President shall promptly and fully inform the Speaker of the House of Representatives and the Committee on Foreign Relations and the Committee on Appropriations of the Senate of each decision to furnish on a grant basis to any country excess defense articles which are major weapons systems to the extent such major weapons system was not included in the presentation material previously submitted to

the Congress. Additionally, the President shall also submit a quarterly report to the Congress listing by country the total value of all deliveries of excess defense articles, disclosing both the aggregate original acquisition cost and the aggregate value at the time of delivery.

[(e) Except for excess defense articles granted under part II of the Foreign Assistance Act of 1961, the provisions of this section shall not apply to any excess defense article granted to South Vietnam prior to July 1, 1972.]

[End of changes effective July 1, 1976.]

* * * * *

Sec. 36. Reports on Commercial and Governmental Military Exports; Payment of Fees and Contributions.—

[(a) The President shall submit to the Speaker of the House of Representatives and to the chairman of the Committee on Foreign Relations of the Senate quarterly reports containing—

[(1) a listing of all letters of offer to sell any defense articles or services under this Act, if such offer has not been accepted or canceled;

[(2) a cumulative listing of all such letters of offer to sell that have been accepted during the fiscal year in which such report is submitted;

[(3) the cumulative dollar amounts, by foreign country and international organization, of credit sales under section 23 and guaranty agreements under section 24 made before the submission of such quarterly report and during the fiscal year in which such report is submitted; and

[(4) projections of the cumulative dollar amounts, by foreign country and international organization, of credit sales under section 23 and guaranty agreements under section 24 to be made in the quarter of the fiscal year immediately following the quarter for which such report is submitted.

For each letter of offer to sell under paragraphs (1) and (2), the report shall specify (A) the foreign country or international organization to which the defense article or service is offered, (B) the dollar amount of the offer to sell under paragraph (1) or of the completed sale under paragraph (2), (C) a brief description of the defense article or service offered, (D) the United States armed force which is making the offer to sell, (E) the date of such offer, and (F) the date of any acceptance under paragraph (2).

[(b) In the case of any letter of offer to sell any defense articles or services under this Act for \$25,000,000 or more, before issuing such letter of offer the President shall submit to the Speaker of the House of Representatives and the Chairman of the Committee on Foreign Relations of the Senate a statement with respect to such offer to sell containing the information specified in subparagraphs (A) through (E) in subsection (a). The letter of offer shall not be issued if the Congress, within twenty calendar days after receiving any such statement, adopts a concurrent resolution stating in effect that it objects to such proposed sale, unless the President in his statement certifies that an emergency exists which requires such sale in the national security interests of the United States.

[(c) Nothing in this section shall be construed as modifying in any way the provisions of section 414 of the Mutual Security Act of 1954, as amended, relating to munitions control.]

SEC. 36. REPORTS ON COMMERCIAL AND GOVERNMENTAL MILITARY EXPORTS.—(a) The President shall transmit to the Speaker of the House of Representatives and to the chairman of the Committee on Foreign Relations of the Senate not more than thirty days after the end of each quarter an unclassified report (except that any material which was transmitted in classified form under subsection (b) (1) of this section may be contained in a classified addendum to such report) containing—

(1) a listing of all letters of offer to sell any defense articles or defense services under this Act, if such offer has not been accepted or canceled;

(2) a cumulative listing of all such letters of offer to sell that have been accepted during the fiscal year in which such report is submitted;

(3) the cumulative dollar amounts, by foreign country and international organization, of sales credit agreements under section 23 and guaranty agreements under section 24 made before the submission of such quarterly report and during the fiscal year in which such report is submitted;

(4) a cumulative statement with respect to all licenses issued during the fiscal year for the commercial export of defense articles and defense services in excess of \$100,000, which statement shall set forth—

(A) the items to be exported under the license;

(B) the quantity of each item to be furnished; and

(C) the name and address of the ultimate user of each such item;

(5) projections of the dollar amounts, by foreign country and international organization, of cash sales expected to be made under sections 21 and 22, credits to be extended under section 23, and guaranty agreements to be made under section 24 in the quarter of the fiscal year immediately following the quarter for which such report is submitted;

(6) a projection with respect to all cash sales expected to be made and credits expected to be extended to each country and organization for the remainder of the fiscal year in which such report is transmitted;

(7) an estimate of the number of officers and employees of the Government and United States civilian contract personnel present in each such country at the end of that quarter for assignments in implementation of sales and commercial exports under this Act; and

(8) an analysis and description of the services being performed by officers and employees of the United States under section 21 (a) (1) of this Act, including the number of personnel so employed.

For each letter of offer to sell under paragraphs (1) and (2), the report shall specify (i) the foreign country or international organization to which the defense article or service is offered, (ii) the dollar amount of the offer to sell and the number of defense articles to be sold under paragraph (1) or of the completed sale under paragraph (2),

(iii) a description of the defense article or service offered, and (iv) the Armed Forces or other agency of the United States which is making the offer to sell.

(b) (1) In the case of any letter of offer to sell any defense articles or defense services under this Act for \$25,000,000 or more, or any major defense equipment as defined in section 21(e)(3) of this Act, before such letter of offer is issued by the President, the Secretary of State shall submit to the Speaker of the House of Representatives and to the chairman of the Committee on Foreign Relations of the Senate a numbered certification with respect to such offer to sell containing the information specified in clauses (i) through (iv) in subsection (a) together with (A) a brief description of the capabilities of any defense article, (B) an estimate of the number of officers and employees of the United States and civilian contract personnel expected to be needed in such country to carry out such contract, (C) the name of each contractor expected to provide the defense article or defense service to be sold (if known on the date of transmittal of such report), and (D) an analysis of the arms control import pertinent to such offer to sell. Such certification shall be unclassified, except that the information special in clause (ii) of subsection (a) may be classified if the public disclosure thereof would be clearly detrimental to the security of the United States. The letter of offer shall not be issued if the Congress, not later than thirty calendar days after receiving any such certification, adopts a concurrent resolution stating that it objects to such certification, unless the Secretary of State in his certification states that an emergency exists which requires such sale in the national security interests of the United States.

(2) Such resolution shall be considered in accordance with the provisions of section 301(b) of the International Security Assistance and Arms Export Control Act of 1975.

(3) The term 'resolution', as used in section 301(b) of such Act, means, for the purposes of this subsection, only a concurrent resolution, the matter after the resolving clause of which is as follows: 'That the Congress object to the proposed sale to _____, transmitted to the Congress by the Secretary of State on _____, 19 ____; the first blank space therein being filled with the number of the statement; and the second blank therein being filled with the date of the transmittal of such certification, but does not include a resolution specifying a certification with respect to more than one sale.'

(c) (1) (A) In the case of an application by a person (other than with regard to a sale under section 21 or section 22 of this Act) for a license for the export of any major defense equipment, as defined in section 21(e)(3) of this Act, or of defense articles or defense services, including technical data relating thereto, valued in excess of \$25,000,000, before issuing such license the Secretary of State shall submit to the Speaker of the House of Representatives and to the chairman of the Committee on Foreign Relations of the Senate an unclassified numbered certification with respect to such application specifying (A) the foreign country or international organization to which such export will be made, (B) the dollar amount of the items to be exported, (C) a description of the items to be exported, including a description of their capabilities, (D) an estimate of the total number of United States

personnel expected to be needed in the foreign country concerned in connection with the articles or services to be exported, and (E) an analysis of the arms control impact pertinent to such application. The license shall not be issued if the Congress, within thirty calendar days after receiving any such certification, adopts a concurrent resolution stating that it objects to such certification, unless the President in his certification states that an emergency exists which requires the issuance of such license in the national security interests of the United States.

(2) Such resolution shall be considered in accordance with the provisions of section 301(b) of the International Security Assistance and Arms Export Control Act of 1975.

(3) The term 'resolution', as used in section 301(b) of such Act, means, for the purposes of this subsection, only a concurrent resolution, the matter after the resolving clause of which is as follows: 'That the Congress objects to the certification _____, transmitted to the Congress by the Secretary of State on _____, 19 ____; the first blank space therein being filled with the number of the statement, and the second blank therein being filled with the date of the transmittal of such certification; but does not include a resolution specifying a certification with respect to more than one license or proposal under subsection (c) (1) (B) of this section.'

(d) In the case of an approval under section 38 of this Act of a United States commercial technical assistance or manufacturing licensing agreement for or in a country not a member of the North Atlantic Treaty Organization which involves the manufacture abroad of any significant defense article, before such approval is given, the Secretary of State shall submit a certification with respect to such proposed commercial agreement in a manner similar to the certification under paragraph (b) of subsection (1) containing comparable information.

(e) The Secretary of State shall transmit promptly to the Speaker of the House of Representatives and the Committee on Foreign Relations of the Senate—

(1) in the case of any letter of offer to sell any defense articles or services under this Act to any country to which no articles or services were sold during the previous calendar year, a statement with respect to the initial offer to sell containing the information required for certification under subsection (b) (1) of this section; or

(2) in the case of an application for a license for the export of defense articles or defense services, including technical data relating thereto, to or for the armed forces of a country to which no such items were exported during the previous calendar year, a statement with respect to the initial license containing the information specified in subparagraphs (A) through (E) of subsection (c) (1) of this section."

(f) (1) (A) Any person who is required to be registered under section 38 of this Act or who is a contractor under section 22 of this Act shall report to the Secretary of State—

(i) any offer or agreement of such person to make any contribution for political purposes, pay any fee in excess of \$100,000, or give anything of greater than minimal value in connection

with a sale of defense articles or defense services to or for the armed forces of a foreign country in order to solicit, promote, or otherwise to secure the conclusion of such sale, not less than thirty days after such offer or agreement has been made; and

(ii) such contribution, payment, or gift not less than thirty days after it has been made; together with the information specified in subparagraphs (A) through (D) of paragraph (2) of this subsection. This requirement shall apply if the sale involves any transaction made or to be made under section 22 or licensed or to be licensed under section 38. All such information shall be made available to the public by the Secretary of State. The Secretary of State shall promulgate such rules and regulations as he may deem necessary to carry out the provisions of subparagraphs (A) and (D) of this paragraph.

(B) No such contribution, payment, or gift may be included, in whole or in part, in the amount paid under any procurement contract entered into under section 22 of this Act, unless the amount thereof is reasonable, allocable to such contract, and made to a person who has not solicited, promoted, or otherwise secured such sale, or has not held himself out as being able to do so, through improper influence. For the purposes of this subsection, 'improper influence' means influence, direct or indirect, which induces or tends to induce consideration or action by any employee or officer, of a purchasing foreign government or international organization with respect to such purchase on any basis other than such consideration of merit as are involved in comparable United States procurements.

(C) No such contribution, payment, or gift may be made by or through any person unless such person is organized or doing business either in the United States or in the country to or for which the defense services are sold or to be sold.

(D) No such contribution, payment or gift or any combination thereof in total amount exceeding \$200,000 may be made in connection with any sale described in subparagraph (A) of paragraph (1) of this subsection through any agent or other person who has not first agreed to maintain for not less than five years and to make available upon request to the person making such contributions, payments or gifts adequate books and records to show the ultimate recipient of each such contribution, payment, or gift, or material amount thereof, whether furnished to such ultimate recipient directly or through another agent, subagent or other intermediary. Such books and records shall be obtained by the person making the contribution, payment or gift and made available by him to any agency of the United States Government authorized by law to have access to the books and records of such person relating to the sale in connection with which the contribution, payment or gift was made; upon the request of such agency. Access by an agency of the United States Government to books and records under this subparagraph shall be on the same terms and conditions which govern the access by such agency to the books and records of the person making the contribution, payment or gift in question.

(2) The President shall include in each quarterly report required to be transmitted by subsection (a) of this section a description of

each contribution or payment reported to the Secretary of State the previous quarter under paragraph (1) of this subsection, including—

(A) the name of person who made such contribution, payment, or gift;

(B) the name of person to whom such contribution, payment, or gift was made;

(C) the date and amount of such contribution, payment, or gift; and

(D) the reason such contribution, payment, or gift was made.

Sec. 37. Fiscal Provisions Relating to Foreign Military Sales Credits.—(a) Cash Payments received under sections 21 and 22 and advanced received under section 23 shall be available solely for payments to suppliers (including the military departments) and refunds to purchasers and shall not be available for financing credits and guaranties.

(b) Amounts received from foreign governments and international organizations as repayments for credits extended pursuant to section 23, amounts received from the disposition of instruments evidencing indebtedness under section 24(b) (excluding such portion of the sales proceeds as may be required at the time of disposition to be obligated as a reserve for payment of claims under guaranties issued pursuant to section 24(b), which sums are made available for such obligations), and other collections (including fees and interest) shall be transferred to the miscellaneous receipts of the Treasury.

SEC. 38. CONTROL OF ARMS EXPORTS AND IMPORTS.—(a)(1) In furtherance of world peace and the security and foreign policy of the United States, the President is authorized to control the import and, through the Secretary of State, the export of defense articles and defense services, including technical data relating thereto, and to provide foreign policy guidance to persons of the United States involved in the export and import of such articles and services. The President is authorized to designate those items which shall be considered as defense articles and defense services, including technical data relating thereto, for the purposes of this section and to promulgate regulations for the export of such articles and services. All such exports to or for the armed forces of a foreign country shall be subject to the provisions of sections 3 and 4 of this Act after June 30, 1976.

(2) Decisions on issuing licenses for the export of articles on the United States munitions list shall be made in coordination with the Director of the United States Arms Control and Disarmament Agency and shall take into account the Director's opinion as to whether the export of an article will contribute to an arms race, or increase the possibility of outbreak or escalation of conflict, or prejudice the development of bilateral or multilateral arms control arrangements.

(b)(1) As prescribed in regulations issued under this section, every person (other than an officer or employee of the United States Government acting in an official capacity) who engages in the business of manufacturing, exporting, or importing any defense articles or defense services, including technical data relating thereto, designated by the President under subsection (a) shall register with the Department of State (or with the President in the case of importing) and shall pay a fee for each application for (A) a license to export such defense arti-

cles or services, including technical data relating thereto, or (B) approval of a technical assistance or manufacturing license agreement. Such fees shall be set at a rate sufficient to pay for all administrative costs for the control of nongovernmental exports of defense articles and services. Such regulations shall prohibit the return to the United States for sale in the United States (other than for the Armed Forces of the United States and its allies or for any State or local law enforcement agency) of any military firearms or ammunition of United States manufacture furnished to foreign governments by the United States under this Act or any other foreign assistance program of the United States, whether or not enhanced in value or improved in condition in a foreign country. This prohibition shall not extend to similar firearms that have been so substantially transformed as to become, in effect, articles of foreign manufacture.

(2) Except as otherwise specifically provided in regulations issued under subsection (a) (1), no defense articles or defense services, including technical data relating thereto, may be exported or imported without a license for such export or import, issued in accordance with this Act and regulations issued under this Act, except that no license shall be required for exports made by or for an agency of the United States Government (1) for official use by a department or agency of the United States Government or (2) for carrying out any foreign assistance or sales program authorized by law and subject to the control of the Secretary of State by other means.

(c) Any person who willfully violates any provision of this section or section 36(e), or any rule or regulation issued under either section, or who willfully, in a registration or license application or required report, makes any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading, shall upon conviction be fined not more than \$100,000 or imprisoned not more than two years, or both.

(d) This section applies to and within the Canal Zone.

(e) In carrying out functions under this section with respect to the export of defense articles and defense services (including technical data relating thereto), the President is authorized to exercise the same powers concerning violations and enforcement which are conferred upon departments, agencies and officials by sections 6 (c), (d), (e) and (f) and 7 (a) and (c) of the Export Administration Act of 1969, as amended, subject to the same terms and conditions as are applicable to such powers under said Act. Nothing in this subsection shall be construed as authorizing the withholding of information from the Congress.

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Chapter 4—General, Administrative, and Miscellaneous Provisions

* * * * *

Sec. 42. General Provisions.—(a) In carrying out this Act, special emphasis shall be placed on procurement in the United States, but subject to the provisions of subsection (b) of this section, consideration shall also be given to coproduction or licensed production outside the United States of defense articles of United States origin when such production best serves the foreign policy, national security, and econ-

omy of the United States. In evaluating any sale proposed to be made pursuant to this Act, there shall be taken into consideration (1) the extent to which the proposed sale damages or infringes upon licensing arrangements whereby United States entities have granted licenses for the manufacture of the defense articles selected by the purchasing country to entities located in friendly foreign countries, which licenses result in financial returns to the United States, (2) the portion of the defense articles so manufactured which is of United States origin, and (3) the extent to which such sale might contribute to an arms race, or increase the possibility of outbreak or escalation of conflict, or prejudice the development of bilateral or multilateral arms control arrangements.

(b) No credit sale shall be extended under section 23, and no guarantee shall be issued under section 24, in any case involving coproduction or licensed, production outside the United States of any defense article of United States origin unless the Secretary of State shall, in advance of any such transaction, advise the appropriate committees of the Congress and furnish the Speaker of the House of Representatives and the President of the Senate with full information regarding the proposed transaction, including, but not limited to, a description of the particular defense article or articles which would be produced under license or coproduced outside the United States, the estimated value of such production or coproduction, and the probable impact of the proposed transaction on employment and production within the United States.

(c) Funds made available under this Act may be used for procurement outside the United States only if the President determines that such procurement will not result in adverse effects upon the economy of the United States or the industrial mobilization base, with special reference to any areas of labor surplus or to the net position of the United States in its balance of payments with the rest of the world, which outweigh the economic or other advantages to the United States of less costly procurement outside the United States.

(d) (1) With respect to sales and guaranties under sections 21, 22, 23, and 24, the Secretary of Defense shall, under the direction of the President, have primary responsibility for—

- (A) the determination of military end-item requirements;
- (B) the procurement of military equipment in a manner which permits its integration with service programs;
- (C) the supervision of the training of foreign military personnel;
- (D) the movement and delivery of military end-items; and
- (E) within the Department of Defense, the performance of any other functions with respect to sales and guaranties.

(2) The establishment of priorities in the procurement, delivery, and allocation of military equipment shall, under the direction of the President, be determined by the Secretary of Defense.

(e) (1) Each contract for sale entered into under sections 21 and 22 of this Act shall provide that such contract may be canceled in whole or in part, or its execution suspended by the United States at any time under unusual or compelling circumstances if the national interest so requires.

(2) (A) Each license issued under section 38 of this Act shall provide that such license may be revoked, suspended or amended by the Depart-

ment of State without prior notice whenever the Department deems such action to be advisable.

(B) Nothing in this paragraph or paragraph (3) may be construed as limiting the regulatory authority of the President under this Act.

(3) Each such contract and license shall further provide that, in the event of the cancellation, revocation, or suspension thereof, as the case may be, any deliveries not yet made thereunder on the date of such cancellation, revocation, or suspension may be suspended or terminated.

(4) There are authorized to be appropriated from time to time such sums as may be necessary (A) to refund moneys received from purchasers under contract of sale entered into under sections 21 and 22 of this Act that are canceled or suspended under this subsection to the extent such moneys have previously been disbursed to private contractors and United States Government agencies for work in progress, and (B) to pay such damages and costs that accrue from the corresponding cancellation or suspension of the existing procurement contracts or United States Government agency work orders involved.

Sec. 43. Administrative Expenses.—(a) Funds made available under other law for the operations of United States Government agencies carrying out functions under this Act shall be available for the administrative expenses incurred by such agencies under this Act.

(b) Administrative expenses incurred by any department or agency of the United States Government (including any mission or group) in carrying out functions under this Act which are primarily for the benefit of any foreign country or licensee shall be fully reimbursed from amounts received for sales under sections 21 and 22 and from fees for applications for licenses under section 38 of this Act.

* * * * *

Sec. 45. Statutes Repealed and Amended.—(a) Sections 521, 522, 523, 524(b) (3), 525, 634(g), and 640 of the Foreign Assistance Act of 1961, as amended, and section 414 of the Mutual Security Act of 1954 (Public Law 83-665, 68 Stat. 832), are hereby repealed.

(b) Part III of the Foreign Assistance Act of 1961, as amended, is amended as follows:

(1) Section 622(b) is amended by striking out "or sales".

(2) Section 622(c) is amended by striking out "and sales" and "or sales".

(3) Section 632(d) is amended by striking out "section 506, 522, and 523," in the first sentence and inserting in lieu thereof "section 506".

(4) Section 634(d) is amended by inserting "or any other" between "under this" and "Act" in the fourth sentence.

(5) Section 644(m) is amended by striking out "and sales" in the first sentence of the paragraph following numbered paragraph (3).

(c) References in law to the provisions of law repealed by subsection (a) of this section shall hereafter be deemed to be references to this Act or appropriate provisions of this Act. Except for the laws specified in section 44, no other provision of law shall be deemed to apply to this Act unless it refers specifically to this Act or refers generally to sales of defense articles and defense services under any Act.

* * * * *

Foreign Assistance Act of 1974

POLICY WITH RESPECT TO INDOCHINA

[SEC. 34. (a) The Congress finds that the cease-fire provided for in the Paris Agreement on Ending the War and Restoring Peace in Vietnam has not been observed by any of the Vietnamese parties to the conflict. Military operations of an offensive and defensive nature continue throughout South Vietnam. In Cambodia, the civil war between insurgent forces and the Lon Nol government has intensified, resulting in widespread human suffering and the virtual destruction of the Cambodian economy.

[(b) The Congress further finds that continuation of the military struggles in South Vietnam and Cambodia are not in the interest of the parties directly engaged in the conflicts, the people of Indochina or world peace. In order to lessen the human suffering in Indochina and to bring about a genuine peace there, the Congress urges and requests the President and the Secretary of State to undertake the following measures:

[(1) to initiate negotiations with representatives of the Soviet Union and the People's Republic of China to arrange a mutually agreed-upon and rapid de-escalation of military assistance on the part of the three principal suppliers of arms and material to all Vietnamese and Cambodian parties engaged in conflict;

[(2) to urge by all available means that the Government of the Khmer Republic enter in negotiations with representatives of the Khmer Government of National Union for the purpose of arranging an immediate cease-fire and political settlement of the conflict; and to use all available means to establish contact with the Khmer Government of National Union, and to urge them to participate in such negotiations. The United States should urge all Cambodian parties to use the good offices of the United Nations or a respected third country for the purpose of bringing an end to hostilities and reaching a political settlement;

[(3) to utilize any public or private forum to negotiate directly with representatives of the Democratic Republic of Vietnam, the Provisional Revolutionary Government, and the Republic of Vietnam to seek a new cease-fire in Vietnam and full compliance with the provisions of the Paris Agreement on Ending the War and Restoring Peace in Vietnam, including a full accounting for Americans missing in Indochina;

[(4) to reconvene the Paris Conference to seek full implementation of the provisions of the Agreement of January 27, 1973, on the part of all Vietnamese parties to the conflict; and

[(5) to maintain regular and full consultation with the appropriate committees of the Congress and report to the Congress and the Nation at regular intervals on the progress toward obtaining a total cessation of hostilities in Indochina and a mutual reduction of military assistance to that area.]

[PRINCIPLES GOVERNING ECONOMIC AID TO INDOCHINA

[SEC. 35. (a) Congress calls upon the President and Secretary of State to take the following actions designed to maximize the benefit of United States economic assistance:

[(1) to organize a consortium to include multilateral financial institutions to help plan for Indochina reconstruction and development; to coordinate multilateral and bilateral contributions to the area's economic recovery; and to provide continuing advice to the recipient nations on the use of their own and outside resources;

[(2) to develop, in coordination with the recipient governments, other donors, and the multilateral financial institutions, a comprehensive plan for Indochina reconstruction and economic development;

[(3) to develop country-by-country reconstruction and development plans, including detailed plans for the development of individual economic sectors, that can be used to identify and coordinate specific economic development projects and programs and to direct United States resources into areas of maximum benefits;

[(4) to shift the emphasis of United States aid programs from consumption-oriented expenditures to economic development;

[(5) to identify possible structural economic reforms in areas such as taxation, exchange rates, savings mechanisms, internal pricing, income distribution, land tenure, budgetary allocations and corruption, which should be undertaken if Indochinese economic developments is to progress;

[(6) to include in Indochina economic planning and programming specific performance criteria and standards which will enable the Congress and the executive branch to judge the adequacy of the recipient's efforts and to determine whether, and what amounts of, continued United States funding is justified; and

[(7) to provide humanitarian assistance to Indochina wherever practicable under the auspices of and by the United Nations and its specialized agencies, other international organizations or arrangements, multilateral institutions, and private voluntary agencies with a minimum presence and activity of United States Government personnel.

[(b) This section shall not be construed to imply continuation of a United States financial commitment beyond the authorization provided for in this Act or amendments made by this Act.]

INDOCHINA POSTWAR RECONSTRUCTION

[SEC. 36. (a) There are authorized to be appropriated to the President to furnish assistance for the relief and reconstruction of South Vietnam, Cambodia, and Laos, in addition to funds otherwise available for such purposes, for the fiscal year 1975 not to exceed \$617,000,000. Of the amount appropriated for fiscal year 1975—

[(1) \$449,900,000 shall be available only for the relief and reconstruction of South Vietnam in accordance with section 38 of this Act;

[(2) \$100,000,000 shall be available only for the relief and reconstruction of Cambodia in accordance with section 39 of this Act;

[(3) \$40,000,000 shall be available only for the relief and reconstruction of Laos in accordance with section 40 of this Act;

[(4) \$4,100,000 shall be available only for the regional development program;

[(5) \$16,000,000 shall be available only for support costs for the agency primarily responsible for carrying out this part; and

[(6) \$7,000,000 shall be available only for humanitarian assistance through international organizations.

Such amounts are authorized to remain available until expended.

[(b) The authority of section 610(a) of the Foreign Assistance Act of 1961 may not be used in fiscal year 1975 to transfer funds made available for any provision of such Act of 1961 into funds made available for part V of such Act for South Vietnam, Cambodia, or Laos under this section.

[(c) No assistance may be provided to South Vietnam, Cambodia, or Laos in fiscal year 1975 under part I (including chapter 4 of part II) of the Foreign Assistance Act of 1961. This prohibition may not be waived under section 614(a) of such Act of 1961 or any other provision of law.

[(d) Notwithstanding subsection (b) of this section, funds made available under any provision of this or any other law for the purpose of providing military assistance for South Vietnam, Laos, or Cambodia during fiscal year 1975 may be transferred to, and consolidated with, any funds made available to that country for war relief, reconstruction, or general economic development, if such transfer does not result in a greater amount than is allocated for such country under paragraph (1), (2), or (3) of subsection (a).

[(e) To the extent not inconsistent with the provisions of this Act, all prohibitions, restrictions, limitations, and authorities contained in the Foreign Assistance Act of 1961 which are applicable to part V of such Act of 1961 shall apply with respect to the assistance authorized by this section.]

ASSISTANCE TO SOUTH VIETNAMESE CHILDREN

[SEC. 37. (a) It is the sense of the Congress that inadequate provision has been made (1) for the establishment, expansion and improvement of day care centers, orphanages, hostels, school feeding programs, health and welfare programs, and training related to these programs which are designed for the benefit of South Vietnamese children, disadvantaged by hostilities in Vietnam or conditions related to those hostilities, and (2) for the adoption by United States citizens of South Vietnamese children who are orphaned or abandoned, or whose parents or sole surviving parent, as the case may be, has irrevocably relinquished all parental rights, particularly children fathered by United States citizens.

[(b) The President is, therefore, authorized to provide assistance, on terms and conditions he considers appropriate, for the purposes described in clauses (1) and (2) of subsection (a) of this section. Of the funds appropriated pursuant to section 36(a) of this Act, \$10,000,000, or its equivalent in local currency, shall be available until expended solely to carry out this section. Not more than 10 per centum of the funds made available to carry out this section may be expended for the purposes referred to in clause (2) of subsection (a). Assistance

provided under this section shall be furnished, to the maximum extent practicable, under the auspices of and by international agencies or private voluntary agencies.]

[LIMITATIONS WITH RESPECT TO SOUTH VIETNAM

[SEC. 38. (a) The \$449,900,000 made available in accordance with section 36(a)(1) of this Act shall be allocated as follows:

[(1) \$90,000,000 for humanitarian assistance, of which there shall be available—

- [(A)** \$70,000,000 for refugee relief;
- [(B)** \$10,000,000 for child care; and
- [(C)** \$10,000,000 for health care;

[(2) \$154,500,000 for agricultural assistance, of which there shall be available—

- [(A)** \$85,000,000 for fertilizer;
- [(B)** \$12,000,000 for POL (for agriculture);
- [(C)** \$6,000,000 for insecticides and pesticides;
- [(D)** \$10,000,000 for agricultural machinery and equipment (including spare parts);
- [(E)** \$3,500,000 for agricultural advisory services;
- [(F)** \$20,000,000 for rural credit;
- [(G)** \$10,000,000 for canal dredging;
- [(H)** \$4,000,000 for low-lift pumps; and
- [(I)** \$4,000,000 for fish farm development;

[(3) \$139,800,000 for industrial development assistance of which there shall be available—

- [(A)** \$124,000,000 for commodities;
- [(B)** \$10,000,000 for industrial credit; and
- [(C)** \$5,800,000 for industrial advisory services (including feasibility studies);

[(4) \$65,600,000 for miscellaneous assistance, of which there shall be available—

- [(A)** \$47,900,000 for the service sector (including POL, machinery equipment, and spare parts); and
- [(B)** \$17,700,000 for technical services and operating expenses.

[(b)(1) No funds made available in accordance with section 36(a)(1) may be transferred to, or consolidated with, the funds made available for military assistance, nor may more than 20 per centum of the funds made available under paragraphs (1), (2), (3), or (4) of subsection (a) of this section be transferred to, or consolidated with, the funds made available under any other such paragraph.

[(2) Whenever the President determines it to be necessary in carrying out this section, any funds made available under any subparagraph of paragraph (1), (2), (3), or (4) of subsection (a) of this section may be transferred to, and consolidated with, the funds made available under any other subparagraph of that same paragraph.

[(3) The President shall fully inform the Speaker of the House of Representatives and the Committee on Foreign Relations of the Senate of each transfer he intends to make under paragraph (1) or (2) of this subsection prior to making such transfer.

[(c) No funds may be obligated for any of the purposes described in subsection (a) of this section in, to, for, or on behalf of South Vietnam in any fiscal year beginning after June 30, 1975, unless such funds have been specifically authorized by law enacted after the date of enactment of this section. In no case shall funds in any amount in excess of the amount specifically authorized by law for any fiscal year be obligated for any such purpose during such fiscal year.

[(d) After the date of enactment of this section, whenever any request is made to the Congress for the appropriation of funds for use in, to, for, or on behalf of South Vietnam for any fiscal year the President shall furnish a written report to the Congress explaining the purpose for which such funds are to be used in such fiscal year.

[(e) The President shall submit to the Congress within thirty days after the end of each quarter of each fiscal year, beginning with the fiscal year which begins July 1, 1974, a written report showing the total amount of funds obligated in, to, for, or on behalf of South Vietnam during the preceding quarter by the United States Government, and shall include in such report a general breakdown of the total amount obligated, describing the different purposes for which such funds were obligated and the total amount obligated for such purpose.

[(f)(1) Effective six months after the date of enactment of this section the total number of civilian officers and employees, including contract employees, of executive agencies of the United States Government who are citizens of the United States and of members of the Armed Forces of the United States present in South Vietnam shall not at any one time exceed four thousand, not more than two thousand five hundred of whom shall be members of such armed forces and direct hire and contract employees of the Department of Defense. Effective one year after the date of enactment of this section, such total number shall not exceed at any one time three thousand, not more than one thousand five hundred of whom shall be members of such armed forces and direct hire and contract employees of the Department of Defense.

[(2) Effective six months after the date of enactment of this section, the United States shall not, at any one time, pay in whole or in part, directly or indirectly, the compensation or allowances of more than eight hundred individuals in South Vietnam who are citizens of countries other than South Vietnam or the United States. Effective one year after the date of enactment of this section, the total number of individuals whose compensation or allowance is so paid shall not exceed at any one time five hundred.

[(3) For purposes of this subsection, "executive agency of the United States Government" means any agency, department, board, wholly or partly owned corporation, instrumentality, commission, or establishment within the executive branch of the United States Government.

[(4) This subsection shall not be construed to apply with respect to any individual in South Vietnam who (A) is an employee or volunteer worker of a voluntary private, nonprofit relief organization or is an employee or volunteer worker of the International Committee of the Red Cross, and (B) engages only in activities providing humanitarian assistance in South Vietnam.

[(g) This section shall not be construed as a commitment by the United States to South Vietnam for its defense.]

[LIMITATIONS WITH RESPECT TO CAMBODIA

[SEC. 39. (a) * * *

[(b) * * *

[(c) The \$100,000,000 made available in accordance with section 36(a) (2) of this Act shall be allocated as follows:

- [(1) \$20,000,000 for humanitarian assistance;
- [(2) \$63,000,000 for commodity import assistance;
- [(3) \$15,000,000 for multilateral stabilization assistance; and
- [(4) \$2,000,000 for technical support and participant training.

[(d) No funds made available in accordance with section 36(a) (2) may be transferred to, or consolidated with, the funds allocated for military assistance to Cambodia under section 655(a) of the Foreign Assistance Act of 1961, nor may more than 20 per centum of the funds made available under any paragraph of subsection (c) of this section be transferred to, or consolidated with, the funds made available under any other such paragraph.

[(e) No funds may be obligated for any of the purposes described in section 655(a) of the Foreign Assistance Act of 1961 in, to, for, or on behalf of Cambodia in any fiscal year beginning after June 30, 1975, unless such funds have been specifically authorized by law enacted after the date of enactment of this section. In no case shall funds in any amount in excess of the amount specifically authorized by law for any fiscal year be obligated for any such purpose during such fiscal year.

[(f) This section shall not be construed as a commitment by the United States to Cambodia for its defense.]

[LIMITATIONS WITH RESPECT TO LAOS

[SEC. 40. (a) Notwithstanding any other provision of law, no funds authorized to be appropriated by this or any other law may be obligated in any amount in excess of \$70,000,000 during the fiscal year ending June 30, 1975, for the purpose of carrying out directly or indirectly any economic or military assistance, or any operation, project, or program of any kind, or for providing any goods, supplies, materials, equipment, services, personnel, or advisers in, to, for, or on behalf of Laos. Of that amount, there shall be available—

- [(1) \$30,000,000 for military assistance; and
- [(2) \$40,000,000 only for economic assistance, of which there shall be available—
 - [(A) \$11,000,000 for humanitarian assistance;
 - [(B) \$6,500,000 for reconstruction and development assistance;
 - [(C) \$16,100,000 for stabilization assistance; and
 - [(D) \$6,400,000 for technical support.

[(b) No funds made available under paragraph (2) of subsection (a) of this section may be transferred to, or consolidated with, the funds made available under paragraph (1) of such subsection, nor may more than 20 per centum of the funds made available under any

subparagraph of paragraph (2) be transferred to, or consolidated with, the funds made available under any other such subparagraph.

[(c) In computing the limitations on obligation authority under subsection (a) of this section with respect to such fiscal year, there shall be included in the computation the value of any goods, supplies, materials, equipment, services, personnel, or advisers provided, to, for, or on behalf of Laos in such fiscal year by gift, donation, loan, lease or otherwise. For the purpose of this subsection, "value" means the fair market value of any goods, supplies, materials, or equipment provided to, for, or on behalf of Laos but in no case less than 33 $\frac{1}{3}$ per centum of the amount the United States paid at the time such goods, supplies, materials or equipment were acquired by the United States.

[(d) No funds may be obligated for any of the purposes described in subsection (a) of this section in, to, for, or on behalf of Laos in any fiscal year beginning after June 30, 1975, unless such funds have been specifically authorized by law enacted after the date of enactment of this section. In no case shall funds in any amount in excess of the amount specifically authorized by law for any fiscal year be obligated for any such purpose during such fiscal year.

[(e) After the date of enactment of this section, whenever any request is made to the Congress for the appropriation of funds for use in, to, for, or on behalf of Laos, for any fiscal year, the President shall furnish a written report to the Congress explaining the purpose for which such funds are to be used in such fiscal year.

[(f) The President shall submit to the Congress within thirty days after the end of each quarter of each fiscal year beginning with the fiscal year which begins July 1, 1974, a written report showing the total amount of funds obligated in, to, for, or on behalf of Laos during the preceding quarter by the United States Government and shall include in such report a general breakdown of the total amount obligated, described the different purposes for which such funds were obligated and the total amount obligated for such purpose.

[(g) This section shall not be construed as a commitment by the United States to Laos for its defense.]

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Arms Control and Disarmament Act, as amended

* * * * *

GENERAL ADVISORY COMMITTEE

SEC. 26. The President, by and with the advice and consent of the Senate, may appoint a General Advisory Committee of not to exceed fifteen members to advise the Director on arms control and disarmament policy and activities. The President shall designate one of the members as Chairman. The members of the committee may receive the compensation and reimbursement for expenses specified for consultants by section 41(d) of this Act. The Committee shall meet at least twice each year. It shall from time to time advise the President, the Secretary of State, and the Disarmament Director respecting matters affecting arms control, disarmament, and world peace. *The General Advisory Committee shall also from time to time report to the*

Congress on its activities and on issues which the Committee believes should be brought to the attention of Congress and the public.

* * * * *

MUTUAL SECURITY ACT OF 1954, AS AMENDED

* * * * *

Sec. 414. ⁴ Munitions Control.—(a) The President is authorized to control, in furtherance of world peace and the security and foreign policy of the United States, the export and import of arms, ammunition, and implements of war, including technical data relating thereto, other than by a United States Government agency. The President is authorized to designate those articles which shall be considered as arms, ammunition, and implements of war, including technical data relating thereto, for the purposes of this section.

(b) As prescribed in regulations issued under this section, every person who engages in the business of manufacturing, exporting, or importing any arms, ammunition, or implements of war, including technical data relating thereto, designated by the President under subsection (a) shall register with the United States Government agency charged with the administration of this section, and, in addition, shall pay a registration fee which shall be prescribed by such regulations. Such regulations shall prohibit the return to the United States for sale in the United States (other than for the Armed Forces of the United States and its allies or for any State or local law enforcement agency ⁵) of any military firearms or ammunition of United States manufacture furnished to foreign governments by the United States under this Act or any other foreign assistance program of the United States, whether or not advanced in value or improved in condition in a foreign country. This prohibition shall not extend to similar firearms that have been so substantially transformed as to become, in effect, articles of foreign manufacture.

(c) Any person who willfully violates any provision of this section or any rule or regulation issued under this section, or who willfully, in a registration or license application, makes any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading, shall upon conviction be fined not more than \$25,000 or imprisoned not more than two years, or both.

(d) ⁶ This section applies to and within the Canal Zone.

(e) ⁷ Licenses issued for the export of articles on the United States Munitions List in excess of \$100,000 shall be reported promptly to the Committee on Foreign Relations of the Senate and the Committee on Foreign Affairs of the House of Representatives, which report shall contain—

- (1) the items to be exported under the license;
- (2) the quantity of each such item to be furnished;
- (3) the name and address of the consignee and of the ultimate user of each such item, and
- (4) an injunction whenever appropriate, concerning the necessity to protect the confidentiality of the information provided.

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APPENDIX

THE LIBRARY OF CONGRESS,
CONGRESSIONAL RESEARCH SERVICE,
Washington, D.C., January 13, 1975.

To: Senate Foreign Relations Committee—Attention: Norvill Jones
From: American Law Division
Subject: Digest of Legislative Veto Provision

This is in response to your request for a digest of legislative veto provisions. The list of legislative veto provisions compiled by the Senate Legislative Counsel enclosed with your letter has been generally followed. However, several minor additions and deletions as well as explanatory notes have been added where appropriate.

JOHN T. MELSHEIMER,
Legislative Attorney.

THE LIBRARY OF CONGRESS,
CONGRESSIONAL RESEARCH SERVICE,
Washington, D.C.

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DIGEST OF LEGISLATIVE VETO PROVISIONS

I. CONCURRENT RESOLUTIONS

1. *War Powers Resolution, 87 Stat. 555; Public Law 93-148*
 The use of U.S. armed forces in various situations by the President would have to be terminated within sixty calendar days after the President's report of such use of armed forces unless Congress declared war, enacted specific authorization for such use of the armed forces, extended the sixty day period by law, or could not meet physically because of an armed attack against the U.S. The sixty day period could also be extended for an additional thirty days if the President certified to the Congress in writing that unavoidable military necessity respecting the safety of the armed forces made their use necessary to bring about a prompt removal.
 The act also set strict procedural directives and time restrictions on introducing, considering, reporting and passing on any joint or concurrent resolutions and bills relating to the use of armed forces.
2. *District of Columbia Self-Government and Government Reorganization Act, 87 Stat. 777; Public Law 93-198*
 No act passed by the city council of the District of Columbia and approved by Mayor (or passed over his veto), except for (1) Budget acts submitted to the President and Congress for approval, (2) those given immediate effect (for ninety days only) because of emergency

circumstances, or (3) those which propose amendments to the City Charter (Title IV of the act) could take effect until the Senate and the House each had been in session for thirty days after the proposed act had been transmitted to the President of the Senate and the Speaker of the House, and then only if during those thirty session days a concurrent resolution disapproving the action had not been adopted by both Houses.

3. *Amendments to Atomic Energy Act of 1954 (an Act of October 26, 1974 to amend the Atomic Energy Act of 1954, as amended, to enable Congress to concur in and or disapprove international agreements for cooperation in regard to certain nuclear technology), 88 Stat. 1460; Public Law 93-485*

The Atomic Energy Act of 1954 was amended to provide that certain categories of foreign nuclear agreements must be submitted to Congress and referred to the Joint Committee on Atomic Energy, which was directed within thirty days to report its views and an accompanying concurrent resolution either favoring or opposing any proposed agreement. Unless within sixty days after receiving the agreement Congress passed a concurrent resolution stating that it does not favor an agreement, the agreement would become effective at that time. To ensure timely action, the act provides that any concurrent resolution reported by the Joint Committee would become the pending business of the House in question within twenty-five days after it was reported and that the resolution should be voted upon within five calendar days thereafter unless each House determined otherwise.

4. *Trade Act of 1974, 88 Stat. 1978; Public Law 93-618*

(a) *Import Relief, 88 Stat. 2015; Title II of Public Law 93-618*

The President is authorized by Title II of the act, after an investigation by and on the recommendation of the International Trade Commission, to provide import relief through such actions as proclaiming increased duties, tariff quotas, and import restrictions, or by negotiating marketing agreements. On the day the President proclaims such import relief or his intent to negotiate marketing agreements, or on the day he announces his determination not to provide such relief, he is directed to transmit that information to Congress along with a statement about his reasons, if any, for taking action different than that which had been recommended by the Commission. If the action reported by the President differs from the recommendations of the Commission, or if the President determines not to provide import relief, the recommendations made by the Commission would become effective upon the adoption, within the following 90-day period and by an affirmative vote of a majority of the members of each House present and voting, of a concurrent resolution disapproving the action by the President or his determination not to provide import relief. If such a concurrent resolution is adopted by Congress, the President is directed to proclaim within 30 days the action recommended by the Commission.

(b) *Import Restrictions, 88 Stat. 2043; Title III of Public Law 93-618*

If the President determines that the commerce of the United States was being burdened or restricted by unjustifiable or unreasonable tariff

and other trade restrictions, by discriminatory policies, or by export subsidies, he is authorized by Title III of the Act to suspend or withdraw trade agreement benefits with that country or to impose restrictions on the import of its products, but any such action of the President, together with his reasons therefore, must be reported promptly to the Senate and the House of Representatives. Within ninety days thereafter the President's action could be disapproved by the adoption of a concurrent resolution by an affirmative vote of a majority of those present and voting in each House.

(c) *Freedom of Emigration, 88 Stat. 2056; Title IV of Public Law 93-618*

Title IV of the act requires that in order for any non-market country to be eligible to be for "most-favored-nation" treatment for credits and credit guarantees, or for commercial agreements, the President must submit to Congress a report indicating that the country was not denying citizens the right to emigrate and was not imposing more than a nominal tax, levy, fee, fine or charge on the act of emigration. The President was authorized to waive this ineligibility for certain reasons for as long as eighteen months, but any recommendation by him for an extension of the waiver for an additional twelve months would have to be submitted to Congress by the President, along with his reasons therefore, no later than thirty days before the end of the eighteen month period.

Title IV of the Act also provides for direct Congressional checks on these proposed waiver extensions through concurrent or simple resolutions passed by both Houses, either House, or both Houses, according to a complex set of possible contingencies.

(d) *Nondiscriminatory Treatment of Foreign Products and Commercial Agreements, 88 Stat. 2063; Section 407 of Public Law 93-618*

In order for a nation to be eligible for nondiscriminatory trade benefits ("most favored nation" treatment), the President is required to transmit to each House a document setting forth his reasons for the proclamation of nondiscriminatory treatment for that nation. This proclamation shall become effective only if both the House and Senate affirmatively adopt by a majority of those present and voting a concurrent resolution of approval.

In order to implement congressional reviewing of Presidential actions taken under the several sections of the Trade Act of 1974, the act provides (Sections 151 to 154) a detailed set of procedures to expedite the consideration of the various types of resolutions provided by the act.

5. *Department of Defense Appropriation Act of 1975, 88 Stat. 399; Public Law 93-365*

The sale, lease, grant, loan, barter, transfer or disposal of any naval vessel over 2,000 tons or less than 20 years of age to another nation was prohibited unless its disposition had been approved by law; other naval vessels (those less than 2,000 tons or more than 20 years of age) could not be disposed of to another country until thirty days of continuous session of Congress after the Secretary of the Navy had

notified in writing the Committees on Armed Services of the Senate and the House of Representatives about the proposed disposition.

If the President should disagree with a recommendation made by the Secretary of Defense that an application for export to a "controlled country" of certain goods, technology or industrial techniques should be disapproved because it might significantly increase the military capability of such country, the President was directed by section 709 of this act to submit to Congress both a statement indicating his disagreement and the recommendation of the Secretary. The export application could be approved after sixty days of continuous Congressional session unless Congress adopted a concurrent resolution disapproving the application within that sixty day period.

6. *Amendment to Section 54 of Atomic Energy Act of 1954, 88 Stat. 475; Public Law 93-377*

The Atomic Energy Act of 1954 was amended to provide that amounts and periods proposed by the Atomic Energy Commission for the distribution of certain special nuclear materials to the International Atomic Energy Agency or to any group of nations should be submitted to Congress and referred to the Joint Committee on Atomic Energy for a period of sixty days before they were established by the Commission. The Joint Committee was directed to report to Congress within the first thirty days thereafter its views and recommendations respecting the proposed amounts and periods and also to report a concurrent resolution stating that Congress either favored or did not favor the proposal. If Congress should pass a concurrent resolution during the sixty day period stating that it did not favor the proposed action, the proposal would not become effective.

7. *Motor Vehicle and Schoolbus Safety Amendments of 1974, 88 Stat. 1470; Public Law 93-492*

The National Traffic and Motor Vehicle Safety Act of 1966 was amended by section 109 to provide that motor vehicle safety standards which the Secretary elected to promulgate in accordance with various limits in the act would become effective sixty calendar days of continuous Congressional session after the standard had been transmitted to Congress unless both the Senate and the House of Representatives adopted a concurrent resolution of disapproval during that period.

8. *Amendments to Foreign Assistance Act of 1961, 88 Stat. 1795; Public Law 93-559*

In order for the President to expend funds for the assistance of certain Middle East countries, the amendments to the Act required him to report to the Speaker of the House and the House and Senate committees on Foreign Relations and Appropriations the name of the country, the amount of funds to be made available, and the purpose of the assistance. The funds could be expended by the President thirty calendar days after he submitted his report unless the House and Senate adopted a concurrent resolution stating it did not favor the report.

9. *Amendments to Foreign Military Sales Act, 88 Stat. 1813; Public Law 93-559*

The amendments to the Act provided that in the case of any letter of offer to sell any defense articles or services in excess of \$25,000,-

000, the President was required to notify the Congress concerning the terms of the offer. The letter of offer shall be effective twenty days after the Congress receives notification unless the Congress by concurrent resolution disapproves the proposed sale or unless the President in his statement certifies in his statement that a national security emergency exists which requires the sale.

10. (a) *Amendments to the Atomic Energy Act of 1954, 72 Stat. 277; Public Law 85-479*

The Atomic Energy Act of 1954 was amended to provide that certain agreements for cooperation with foreign nations to improve their atomic weapons capability must be submitted to Congress and referred to the Joint Committee on Atomic Energy for a period of sixty days while Congress is in session and that such agreements would not become effective if Congress during that sixty-day period passed a concurrent resolution stating that it did not favor the proposed agreement. For the 85th Congress only, however, the length of this period was reduced to thirty days.

(b) *Amendments to the Atomic Energy Act of 1954, 72 Stat. 632; Public Law 85-681*

The Atomic Energy Act of 1954, as amended earlier in 1958 (see (a)), was amended to authorize the Joint Committee on Atomic Energy to waive by written resolution the conditions of all or part of the thirty day waiting period required for agreements for cooperation submitted to the 85th Congress.

11. *Lend-Lease Act (an Act of March 11, 1941, to promote the defense of United States), 55 Stat. 31; Public Law 77-11*

Authorized the President to manufacture, sell, and transfer defense materials to foreign governments as the President deems necessary for the purposes of national defense. The authority granted to the President by the Act shall terminate on June 30, 1943 unless the Congress by concurrent resolution adopted at any time before June 30, 1943 declares that powers granted to the President under the Act are no longer necessary for national defense.

12. *First War Powers Act of 1941 (Federal Civil Defense Act of 1950), 64 Stat. 1245; Public Law 81-920*

Provided that an interstate civil defense compact negotiated by two or more States to implement the purposes of the Act would be considered to have been approved unless within sixty days after it had been transmitted to the Congress, both Houses had passed a concurrent resolution of disapproval. However, an additional provision in the Act authorized Congress to withdraw its consent to such a compact at any time.

13. *Emergency Price Control Act of 1942, 56 Stat. 23; Public Law 77-421.*

Provided that the act which granted broad price control authority to the Executive shall terminate on June 30, 1943, or upon the date of a Presidential proclamation or the adoption of a concurrent resolution by both Houses stating that the authority granted by the act was not necessary for national defense, whichever date occurs earliest.

14. *Stabilization Act of 1942 (an Act of October 2, 1942, to amend the Emergency Price Control Act of 1942, to aid in preventing inflation, and for other purposes), 56 Stat. 765; Public Law 77-729.*

Provided that the act which granted the President the authority to stabilize prices shall terminate on June 30, 1944 or on such earlier date as the Congress by concurrent resolution, or the President by proclamation, may prescribe.

15. *War Labor Disputes Act, 57 Stat. 163; Public Law 78-89*

Provided that the act which granted the President the authority to operate industrial facilities necessary for the national defense effort in the event of labor disputes that would impede the successful prosecution of the war shall terminate six months following the end of hostilities, as proclaimed by the President or upon the date prior to the date of such proclamation that the Congress adopts a concurrent resolution stating that the provisions of the act shall cease to be effective.

16. *An Act of October 6, 1975 to authorize appropriations for the Board for International Broadcasting for Fiscal Year 1976, and to promote improved relations between the United States, Greece, and Turkey, to assist in the solution of the refugee problem on Cyprus, and to otherwise strengthen the North Atlantic Alliance, 89 Stat. 508; Public Law 94-104*

Provided that in the case of any letter of offer to sell any defense article or service pursuant to the provisions of the Foreign Military Sales Act for \$25,000,000 or more, the President is required to report to the Speaker of the House and the Chairman of the Senate Foreign Relations Committee a statement concerning the details of the proposed sale. The letter of offer shall not be issued if the Congress, within twenty calendar days after receiving any such statement, adopts a concurrent resolution stating in effect that it objects to such proposed sale.

17. *Export-Import Bank Amendments of 1974, 88 Stat. 2333; Public Law 93-646*

No loan, financial guarantee, or combination thereof exceeding \$60 million, and no loan, financial guarantee or combination thereof exceeding \$25 million involving research, exploration or production of fossil fuel energy resources in the Union of Soviet Socialist Republics, could be finally approved by the Board of Directors of the Export-Import Bank until at least 25 days of continuous Congressional session after a detailed statement describing and explaining the transaction in detail had been submitted to Congress.

No loans, financial guarantees, or combinations thereof in an aggregate amount exceeding \$300 million could be made in connection with exports to the USSR unless the President determined that a higher limit would be in the national interest and Congress adopted a concurrent resolution (no time limit established in the law) approving such determination after the President had submitted it along with his reasons and the amount that would be available for export for research, exploration and production of fossil fuel energy resources in the USSR.

18. *Reorganization Act of 1945, 59 Stat. 613; Public Law 79-263*

Authorized the President to prepare and submit to Congress until April 1, 1948, plans for the transfer, consolidation, coordination, and abolition of executive agencies and functions. The proposed reorganization plan would take effect at the end of the first period of sixty calendar days of continuous session of Congress unless both Houses passed a concurrent resolution stating that Congress did not favor the plan.

19. *Amendments to Defense Production Act of 1950, 84 Stat. 796; Public Law 91-379*

Amends Defense Production Act of 1950 to establish a Post-Accounting Standards Board which is authorized to set cost accounting standards applicable to Federal contracts. Cost accounting standards, proposed by the Board shall become effective sixty calendar days following the date the proposed standards are submitted to the Congress unless the Congress during that period adopts a concurrent resolution stating that the Congress does not favor the proposed standards.

20. *Education Amendments of 1974, 88 Stat. 484; Public Law 93-380*

- (a) *Amendment to Section 431 of the General Education Provisions Act (20 U.S.C. 1232). Section 509 of Public Law 93-380*

Section 509 of Public Law 93-380 directed the Commissioner of Education to permit any interested party to comment on and take exception to any standard, rule, regulation or general requirement during the thirty day period prior to the time when it would become effective, as well as to reconsider the proposed standard, rule, regulation or requirement in the light of any such comment. However, if the Commissioner determined that the thirty day restriction would cause "undue delay" and "extreme hardship," he could notify the Committee on Labor and Public Welfare of the Senate and the Committee on Education and Labor of the House and could waive the thirty day requirement unless either committee within ten days disagreed with his determination.

Section 509 also directed that, concurrently with publication in the Federal Register of any standard, rule, regulation or general requirement, a copy should be sent also to the President of the Senate and the Speaker of the House of Representatives. The standard, rule, regulation or general requirement would become effective not less than forty-five days after it had been presented unless Congress adopted a concurrent resolution stating that it would be "inconsistent with the Act from which it derives its authority" and disapproving it.

The law provided unique and complex rules for measuring the length of the forty-five day period in cases of adjournment. The forty-five day period was directed to run without interruption while Congress was in session and also during adjournments of thirty calendar days or less, except that if the period of adjournment was thirty days or less the forty-five day period should not be deemed to have elapsed after thirty days, the forty-five day period should be deemed to have elapsed after thirty calendar days unless during those thirty days either the Education and Labor Committee of the House or the Labor and Public Welfare committee of the Senate (or both) had directed its

Chairman to send a formal statement objecting to the proposed standard, rule, regulation or requirement. If the Chairman should send such a statement, the effective date of the proposed standard, rule, regulation or requirement would be suspended until not less than twenty days after the end of the adjournment, during which time Congress could enact a concurrent resolution of disapproval.

The same section of the act also set forth unusual requirements for the timely formulation and promulgation of rules, regulations and guidelines. The Commissioner of Education was directed to submit to the two appropriate Committees not more than sixty days after the enactment of any law affecting administration of applicable programs a schedule according to which he planned to promulgate implementing rules, regulations and guidelines and to promulgate them within one hundred and eighty days thereafter. If the Commissioner determined that he could not comply with this schedule, he must notify the appropriate committees and submit a new schedule which would become effective if both committees gave their approval.

- (b) *Education Amendments of 1974; 88 Stat. 484; Public Law 93-380 concerning assistance to States for State Equalization Plans. (Note: Section 842 of Public Law 93-380 contains a complicated legislative veto provision which provides Congressional review of proposed agency action utilizing both concurrent and simple resolutions of disapproval. For purposes of simplicity, this entire provision will be classified as a concurrent resolution provision.)*

Section 842 of Public Law 93-380 directs the Commissioner of Education to prepare and publish guidelines for States to use in developing a plan for a program of financial assistance to local educational agencies which could assist them in providing free public education consistent with the Fourteenth Amendment and which would help achieve equality of educational opportunity. The guidelines were to be published and submitted (not later than April 1, 1975) to the President of the Senate and the Speaker of the House of Representatives. During the next sixty days interested parties were to have opportunity to present views and make recommendations to the Commissioner, and not later than July 1, 1975, the guidelines were to be republished, together with any amendments and a summary of the reviews and recommendations, and were to be again submitted to Congress. If either the Senate or the House should adopt a resolution disapproving the guidelines before December 1, 1975, the Commissioner was directed to publish new guidelines by December 15, 1975 which "take into consideration such views and policies as may be made in connection with such resolution" and which would become effective thirty days after publication. If both the Senate and the House should adopt a concurrent resolution disapproving the guidelines, the new guidelines to be published by the Commissioner must be "consistent with such policies as may be established by such concurrent resolution." If the Senate and House should each adopt separate resolutions of disapproval making "policy statements which differ substantially," such differences could be resolved by the adoption of a concurrent resolution.

II. RESOLUTION BY EITHER HOUSE

1. *Congressional Budget and Impoundment Control Act of 1974, 88 Stat. 297; Public Law 93-344*

Determinations by the President to rescind, reserve for obligation, or defer all or part of any budget authority were directed by Title X to be transmitted by special message to both Houses of Congress specifying the amounts, reasons, effects and facts of such actions. Unless Congress within a period of forty-five calendar days of continuous session completed action on a rescission bill rescinding all or part of the amount proposed to be rescinded or reserved, the full amount of the budget authority would be available. If either the House or Senate passed an impoundment resolution disapproving a proposed deferral (or a withholding of the obligation or the expenditure) of budget authority, the full amount of the budget authority would be made available. The forty-five day time limit, however, did not apply to impoundment resolutions passed by either House. To ensure timely action by Congress when considering proposed rescissions, reservations and deferrals of budget authority, the act decreed special Senate and House rules governing various procedural matters such as motions to discharge, to consider, to postpone, etc, and limiting time for debate on bills, resolutions, amendments and conference reports related thereto.

2. (a) *Trade Act of 1974 (Amendment to the Tariff Act of 1930), 88 Stat. 1978; Public Law 93-618*

Amends the Tariff Act of 1930 to provide that tariff determinations made by the Secretary of the Treasury under the Act be submitted to each House. Such tariff determinations made by the Secretary are effective until such time as either House adopts by an affirmative vote of those present and voting a resolution disapproving such tariff determinations.

- (b) *Nondiscriminatory Treatment of Foreign Products and Commercial Agreements, Trade Act of 1974, 88 Stat. 1978; Public Law 93-618*

In respect to nondiscriminatory trade benefits granted by the President to nonmarket economy countries provided under sections 402(b) and 409(b) of the act, such agreements must be transmitted to each House by the President by December 31st of each calendar year. Such agreements shall become effective at the end of ninety days following the day on which the report of the agreement is transmitted to the House and Senate, unless either House adopts by an affirmative vote of those present and voting in that House a resolution disapproving the proposed agreement.

3. *Military Construction Authorization Act of 1975, 88 Stat. 1745; Public Law 93-552*

Provided that any obligation of funds authorized for the Diego Garcia military construction project would be prohibited until sixty days after the President had certified to the Congress in writing that the project was essential to the national security interest of the United States. During the sixty day period either House could prevent the

obligation of such funds by the adoption of a resolution of disapproval. Procedures insuring expedited treatment of such resolutions were adopted for the Senate.

4. *Federal Pay Comparability Act of 1970, 84 Stat. 1946; Public Law 91-656*

An alternative Federal Employee pay plan, transmitted by the President to Congress if he considered the pay adjustment recommendations made by the Federal Employees Pay Council to be inappropriate because of a national emergency or economic conditions, would become effective under the act at the first applicable pay period unless either House of Congress adopted a resolution disapproving the alternative plan within thirty calendar days of continuous session after its submission.

5. *Federal Salary Act of 1967, 81 Stat. 624; Public Law 90-206*

Authorizes the President to make recommendations of salary increases for Federal employees which shall become effective at the beginning of the first pay period, thirty days after the recommendations have been transmitted to the Congress by the President's budget unless either House of Congress specifically disapproves all or part of such recommendations.

6. *Federal Rules of Evidence, 88 Stat. 1948; Public Law 93-595; 28 U.S.C. 2076*

Authorizes the Supreme Court of the United States to prescribe amendments to the Federal Rules of Evidence. Such amendments shall take effect on a date 180 days after the proposed amendments have been transmitted to the Congress by the Chief Justice at or after the beginning of a regular session of Congress but not later than the first day of May unless either House of Congress during that period disapproves of the proposed amendments by resolution.

7. *Employee Retirement Income Security Act of 1974, 88 Stat. 829; Public Law 93-46*

The Secretary of Labor was directed by section 3032 of the Act to submit to the Senate and the House of Representatives, no later than three years after enactment of this law, regulations (developed after completing a two-year study) to protect the pension and retirement rights and benefits of professional, scientific, and technical personnel employed under Federal contracts or grants. The regulations would become effective 120 days after being submitted unless either the Senate or the House adopted, by an affirmative vote of those present and voting, a resolution of disapproval. The law also provided strict time limits on committee reports, discharge motions, length of debate, motions to postpone, and appeals as well as other regulations designed to assure prompt consideration of any disapproval resolution. The 120 days period was not to include days when either House was adjourned for more than three days or any Saturday or Sunday when Congress was not in session.

8. *Presidential Recordings and Materials Preservation Act, 88 Stat. 1695; Public Law 93-526*

The Administrator of the General Services Administration was directed to take possession and control of all original tape recordings

recorded in Presidential offices and all papers, documents, memoranda, transcripts and other historical Presidential materials from former President Nixon's administration and to submit to Congress within ninety days proposed regulations providing public access to the tape recordings and other materials. The proposed regulations would become effective at the end of ninety "legislative" days after the submission of the Administrator's report unless either House of Congress adopted a resolution of disapproval during that period. If a proposed regulation were disapproved by either House, the Administrator could not issue any regulation or make any change in such regulation. A motion to discharge from further consideration a committee to which a disapproval resolution had been referred would be in order sixty days after the regulations had been submitted to Congress. The term "legislative days" was defined to exclude any calendar day on which both Houses of Congress were not in session.

9. *Arms Control and Disarmament Act, 75 Stat. 631; Public Law 87-297*

The President was authorized by executive order to transfer to the Director of the newly created U.S. Arms Control and Disarmament Agency any activities or facilities of any Government agency relating primarily to arms control and disarmament, but no such transfer could be made until a complete report had been transmitted to the Congress and sixty calendar days of regular session had expired without either the Senate or the House of Representatives adopting a resolution stating that it did not favor such transfer.

10. *Indian Claims Judgments Funds, 1973, 87 Stat. 466; Public Law 93-134*

Any request by the Secretary of the Interior, or by an affected Indian tribe, to extend (up to 90 days) the 180 day period, during which the Secretary was authorized by this act to prepare and submit a plan to Congress for the use and distribution of funds appropriated to satisfy judgments by the Indian Claims Commission or the Court of Claims, would have to be submitted to and was made subject to the approval of the Committees of Interior and Insular Affairs of both the Senate and the House of Representatives. The plan for the use and distribution of such funds would become effective sixty days (excluding days not in session during adjournments of over three days) after the plan was submitted to Congress unless either House adopted a resolution disapproving the plan during that sixty day period.

11. *Department of Defense Appropriations Authorization Act of 1974, 87 Stat. 605; Public Law 93-155*

Three previous acts of Congress ((1) an Act Authorizing Contracts to Facilitate National Defense, 72 Stat. 972, approved Aug. 23, 1968; (2) the Defense Production Act of 1950, 50 App. U.S.C. 2092; (3) and the Military Selective Service Act, 50 U.S.C. App. 468), as well as various provision in Title X of the United States Code, were amended by section 807 of this act to provide in each separate case that no obligation, payment or loan in excess of \$25,000,000 could be made on future defense contracts until sixty days of continuous Congressional

session after the Armed Services Committees of the Senate and the House of Representatives had been notified in writing about such proposed obligation, payment or loan and neither the Senate nor the House had adopted a resolution of disapproval during that sixty day period. The amendments however, did not apply to the carrying out of any contract, loan, guarantee, commitment or obligation entered into prior to the enactment of this provision.

12. *Department of Defense Appropriations Authorization Act of 1974, 87 Stat. 605; Public Law 93-159*

Presidential exemptions from mandatory allocations and specified prices of crude oil, residual fuel oil, and refined petroleum products which he was authorized by this act to grant for 90 days if he determined that the products were not in short supply and that such action would not have an adverse impact on the supply of other petroleum products would not become effective until the Senate and the House of Representatives had been in session for at least five days after the President had submitted any such exemption and findings to Congress, and only if neither the Senate nor the House adopted a resolution during that period disapproving the exemption.

The Conference report on the Petroleum Pricing Review Act of 1975 (H.R. 4035), approved by the Senate on July 16 and by the House on July 17, would have extended from five to twenty days the period of time in the 1973 act for either House to disapprove a Presidential allocation or pricing proposal. It also would have adopted (by reference) provisions to expedite rules of procedure for the consideration of disapproval resolution. However, the 1975 bill was vetoed by the President and did not become law.

13. *Regional Rail Reorganization Act of 1973, 87 Stat. 985; Public Law 93-236*

A final system plan adopted by the United States Railway Association was directed by Sec. 208 of the act to be delivered to both Houses of Congress, to the House Committee on Interstate and Foreign Commerce, and to the Senate Committee on Commerce, and was deemed to be approved at the end of sixty calendar days of continuous session of Congress unless during that period either House passed a resolution stating that it did not favor the plan. Any subsequent revised final system plan also must be submitted to Congress for a similar sixty day review.

14. *Pennsylvania Avenue Development Corporation Act of 1972, 86 Stat. 1260; Public Law 92-578*

If the Secretary of the Interior or the Commissioner of the District of Columbia has not approved of or has recommended modifications in a development plan prepared and submitted to them by the District of Columbia Pennsylvania Avenue Development Corporation after consultation with them, the Corporation was directed by the act to prepare a development plan and to transmit it to the President of the Senate and the Speaker of the House, along with a specification of the areas of difference, the modifications suggested by the Secretary or the Commissioner, and the views of the Corporation. The plan sent to Congress could be executed and implemented by the Corporation sixty

legislative days after it was submitted by the Corporation unless during that period either the Senate or the House of Representatives passed a resolution in opposition to the development plan. The same procedure was also made applicable to any substantial alterations, revisions or amendment of the plan proposed by the Corporation.

15. (a) *Federal Campaign Act Amendments of 1974, 88 Stat. 1263; Public Law 93-443*

Amends Title III of Federal Election Campaign Act of 1971 to require that the Federal Election Commission transmit proposed rules and regulations which it is authorized to prescribe under the act to the appropriate House. The proposed rules shall become effective thirty legislative days after receipt unless the appropriate House to which the proposal has been referred disapproves. In the case of proposed rules dealing with candidates for the office of President of the United States, either House shall have the power to disapprove the proposed rules during the thirty day period.

(b) *Presidential Primary Matching Payment Account Act, 88 Stat. 1263, Public Law 93-443*

Amends Subtitle H, chapter 96 of Internal Revenue Code of 1954 (26 U.S.C. § 9001 et seq.) to require that the Federal Election Commission report to both Houses concerning eligibility of Presidential candidates for matching payments authorized by the Federal Election Campaign Act of 1971. The Federal Election Commission is authorized to prescribe rules and regulations to carry out the purposes of the act but before such rules and regulations become effective, the Commission is required to transmit a statement in respect to such proposed rules or regulation to both Houses of Congress. Such rules or regulation shall become effective thirty legislative days after receipt of the statement unless either House disapproves the proposed rules or regulations during that period.

Another similar provision in the act (Sec. 409) amends section 9009 of Title 26 of the United States Code to authorize the Federal Election Commission to prescribe rules with respect to Presidential campaign financing. Such proposed rules shall become effective thirty legislative days after receipt of the proposed rules by each House of Congress unless either House disapproves the proposed rules during that period.

16. *Amtrak Improvement Act of 1975, Act of May 26, 1975; Public Law 94-25*

Amends Rail Passenger Service Act (45 U.S.C. 564) to require that criteria and procedures for the discontinuance and additions to current rail service be formulated by the National Railroad Passenger Corporation and submitted to the Congress. Such criteria and procedures submitted as a final proposal shall take effect at the end of the first period of 60 calendar days of continuous session of the Congress after the date of its submission, unless either House adopts a resolution during such period disapproving such final proposal.

17. *An Act codifying Title 5 of the United States Code, 80 Stat. 484, Public Law 89-554*

Codifies provisions in Title 5 of United States Code relating to preparation of Executive reorganization plans by the Executive. Author-

izes the President to prepare an Executive reorganization plan which must be submitted to both Houses of Congress. Such a plan shall become effective at the end of the first period of 60 calendar days of continuous session of Congress after the date on which the plan is transmitted unless either House of Congress during such period passes a resolution disapproving the proposed plan. These condensation provisions apply only to those reorganization plans submitted to Congress before December 31, 1968.

18. *Rubber Producing Facilities Disposal Act of 1953, 67 Stat. 408; Public Law 83-205*

United States owned rubber-producing facilities were authorized to be disposed of by sale and lease through negotiations conducted by a special Commission established for that purpose. In addition to consulting and advising with the Attorney General on the disposal program, the Commission was directed to prepare and submit a report to Congress no later than January 31, 1955, detailing its activities and proposed program for disposing of the plants. At the end of sixty days of continuous session of Congress after the report was submitted, the Commissioner was directed to carry out the contracts and proposals outlined in its report to the extent that those contracts and proposals were not disapproved during that period by a resolution passed by either House.

19. *Education Amendments of 1974, 88 Stat. 484; Public Law 93-380 concerning assistance to States for State equalization plans. (Section 842 of P.L. 93-380 contains a complicated legislative veto provision which provides Congressional review of proposed agency action utilizing both concurrent and simple resolutions of disapproval. See No. 29(b) of the Concurrent Resolutions section of this report for digest)*

III. RESOLUTIONS WHICH REQUIRE COMMITTEE ACTION ONLY

1. *Education Amendments of 1974, 88 Stat. 484; Public Law 93-380 (a) Special Projects Act, 88 Stat. 484; Public Law 93-380*

Section 402 of the act authorized the Commissioner of Education to make contracts beginning July 1, 1975, totaling \$200 million a year for each of three years for certain "special projects" to experiment with new educational and administrative methods, techniques, and practices, to meet special or unique educational needs or problems, and to place special emphasis on national educational priorities. To implement this program the Commissioner was directed to submit (not later than February 1 of each year) to the Committee on Labor and Public Welfare of the Senate and to the Committee on Education and Labor of the House of Representatives a plan for the expenditure of these funds during the following fiscal year. Unless either one of the two committees adopted a resolution disapproving the plan during the next sixty days, the plan would stand approved. If either committee adopted such a resolution of disapproval the Commissioner was directed to submit a new plan not later than fifteen days later for further consideration by the committees.

(b) *Section 509 of Public Law 93-380 which amends Section 431(b) of the General Education Provisions Act (20 U.S.C. 1232(b))*

(See No. 20(a) in Concurrent Resolutions section regarding Amendments to Section 431 of General Education Provisions Act (20 U.S.C. 1232) for digest of these overlapping legislative veto provisions).

2. *Amendment to Watershed Protection and Flood Prevention Act, 70 Stat. 1088; Public Law 84-1018*

Amends the Watershed Protection and Flood Prevention Act of 1954 (Public Law 84-566) to require that plans for small watershed works of improvement involving no single structure of greater than 4,000 acre-feet capacity must be submitted to the House and Senate Committees on Agriculture for their approval in order that appropriations for these projects could be made. Plans for watershed projects involving structures between 4,000 and 5,000 acre-feet capacity required approval from the House and Senate Public Works Committee in order that subsequent appropriations for these projects could be made. (Note: this type of provision although often characterized as a legislative veto provision, is actually a condition upon an appropriation bill rather than a true legislative veto).

3. *Public Buildings Act of 1959, 73 Stat 479; Public Law 89-249 (Note: This provision is a combination of a condition upon an appropriation and a legislative veto provision)*

Section 7 of this act provided that no appropriations could be made for the construction or acquisition of any public building in excess of \$100,000, or for the alteration of any public building in excess of \$200,000, unless resolutions of approval were adopted by the Committees on Public Works of both the Senate and the House of Representatives. If no appropriations were made within one year after the date a project had been approved by the two Committees, then the Committee on Public Works of either the Senate or the House could by resolution rescind its approval of the project. Whenever thirty or more projects in excess of \$100,000 each for which no appropriations were made had been approved for more than one year, the act provided that the Committees should approve no more projects until the Committees had rescinded approval of one or more projects.

4. *Flood Control Act of 1965, 79 Stat. 1073, Public Law 89-298 (Note: This provision is more accurately characterized as a condition upon an appropriation rather than a legislative veto provision)*

The Secretary of the Army was authorized to construct, operate and maintain any water resource development project for which the first construction cost was less than \$10,000,000, but no appropriation for that purpose could be made unless the project was first approved by resolutions adopted by the Committees on Public Works for both the Senate and the House of Representatives.

5. *Small Reclamation Projects Act of 1956, 70 Stat. 1044; Public Law 84-984*

The Secretary of the Interior was authorized to negotiate contracts with States or local subdivisions for construction grants and loans

for small reclamation and irrigation projects, but no such contract could be executed prior to 60 calendar days from the date on which a project proposal had been submitted to both Houses for consideration by the appropriate committees. Either of the appropriate committees of the two Houses could disapprove the project by adopting a committee resolution within the sixty day period, but if both committees approve a project before that time expired, the Secretary could override the objections and approve it.

6. *Amendments to Small Reclamation Projects Act of 1956, 71 Stat. 48; Public Law 85-47 (Note: The amendments to the Small Reclamation Projects Act of 1956 transformed the original committee veto provision into a condition upon an appropriation provision. See No. 5 above)*

The Small Reclamation Projects Act of 1956 which had required the Secretary of the Interior to submit proposed contracts for reclamation projects to the appropriate committees of Congress for approval (see No. 5 above) was amended to provide that no appropriation could be made for financial participation in any such project if either the Senate or House Committees on Interior and Insular Affairs disapproved the project by committee resolution within the sixty calendar day period after its submission by the Secretary.

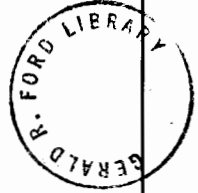
7. *An Act of October 22, 1970 to amend the National Traffic and Motor Vehicle Safety Act of 1966 to authorize appropriations to fiscal years 1970, 1971, 1972, and for other purposes, 88 Stat. 262, Public Law 91-265 (Note: This provision is more accurately described as a condition upon an appropriation rather than a committee veto provision)*

Authorizes the Secretary of Transportation to plan, design, and construct traffic safety testing facilities except that no appropriation shall be made for such facilities involving an expenditure in excess of \$700,000 unless the plans for each facilities have been approved in substantially the same form by the Committees on Interstate and Foreign Commerce and on Public Works of the House and by the Committees on Commerce and Public Works of the Senate.

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January 13, 1976.





CONFERENCE REPORT
ON
**INTERNATIONAL SECURITY ASSISTANCE AND
ARMS EXPORT CONTROL ACT OF 1976**

S. 2662

TO AMEND THE FOREIGN ASSISTANCE ACT OF 1961 AND
THE FOREIGN MILITARY SALES ACT, AND FOR OTHER
PURPOSES



APRIL 8, 1976.—Ordered to be printed

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INTERNATIONAL SECURITY ASSISTANCE AND ARMS EXPORT CONTROL ACT OF 1976

APRIL 6, 1976.—Ordered to be printed

Mr. MORGAN, from the committee of conference, submitted the
following

CONFERENCE REPORT

[To accompany S. 2662]

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 2662) to amend the Foreign Assistance Act of 1961 and the Foreign Military Sales Act, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the House amendment insert the following:
That this Act may be cited as the "International Security Assistance and Arms Export Control Act of 1976".

TITLE I—MILITARY ASSISTANCE PROGRAM

AUTHORIZATION

SEC. 101. Section 504(a) of the Foreign Assistance Act of 1961 is amended to read as follows:

"(a) (1) There is authorized to be appropriated to the President to carry out the purposes of this chapter \$196,700,000 for the fiscal year 1976. Not more than the following amounts of funds available for

(1)

carrying out this chapter may be allocated and made available to each of the following countries for such fiscal year:

Country	Amount
Greece -----	\$31,000,000
Indonesia -----	13,000,000
Jordan -----	50,000,000
Korea -----	55,000,000
Philippines -----	17,000,000
Thailand -----	16,000,000
Turkey -----	31,000,000
Ethiopia -----	6,000,000

The amount specified in this paragraph for military assistance to any such country for the fiscal year 1976 may be increased by not more than 10 per centum of such amount if the President deems such increase necessary for the purposes of this chapter.

"(2) Not to exceed \$6,000,000 of the funds made available for fiscal year 1976 to carry out the purposes of this chapter may be used to provide assistance to countries and international organizations which are not designated in paragraph (1).

"(3) Funds made available for assistance under this chapter may not be used to furnish assistance to more than 20 countries (including those countries designated in paragraph (1)) in fiscal year 1976.

"(4) The authority of section 610(a) and of section 614(a) may not be used to increase any amount specified in paragraph (1) or (2). The limitations contained in paragraphs (1), (2), and (3) shall not apply to emergency assistance furnished under section 506(a).

"(5) There is authorized to be appropriated to the President, for administrative and other related expenses incurred in carrying out the purposes of this chapter, \$32,000,000 for the fiscal year 1976.

"(6) None of the funds appropriated under this subsection shall be used to furnish sophisticated weapons systems, such as missile systems or jet aircraft for military purposes, to any less developed country unless the President determines that the furnishing of such weapons systems is important to the national security of the United States and reports within thirty days each such determination to the Congress.

"(7) Amounts appropriated under this subsection are authorized to remain available until expended.

"(8) Assistance for Turkey under this chapter shall be subject to the requirements of section 620(x) of this Act."

SPECIAL AUTHORITY

SEC. 102. Section 506(a) of the Foreign Assistance Act of 1961 is amended to read as follows:

"(a) (1) If the President first determines and reports to Congress in accordance with section 652 of this Act—

"(A) that an unforeseen emergency exists which requires immediate military assistance to a foreign country or international organization;

"(B) that a failure to respond immediately to that emergency will result in serious harm to vital United States security interests; and

"(C) that the emergency requirement cannot be met under authority of the Arms Export Control Act or any other law except this section;

he may order defense articles from the stocks of the Department of Defense and defense services for the purposes of this part, subject to reimbursement from subsequent appropriations made specifically therefor under subsection (b).

"(2) The total value of defense articles and defense services ordered under this subsection in any fiscal year may not exceed \$67,500,000. The authority contained in this subsection shall be effective in any fiscal year only to the extent provided in an appropriation Act.

"(3) The President shall keep the Congress fully and currently informed of all defense articles and defense services ordered under this subsection."

STOCKPILING OF DEFENSE ARTICLES FOR FOREIGN COUNTRIES

SEC. 103. Section 514 of the Foreign Assistance Act of 1961 is amended to read as follows:

"SEC. 514. STOCKPILING OF DEFENSE ARTICLES FOR FOREIGN COUNTRIES.—(a) No defense article in the inventory of the Department of Defense which is set aside, reserved, or in any way earmarked or intended for future use by any foreign country may be made available to or for use by any foreign country unless such transfer is authorized under this Act or the Arms Export Control Act, or any subsequent corresponding legislation, and the value of such transfer is charged against funds authorized under such legislation or against the limitations specified in such legislation, as appropriate, for the fiscal period in which such defense article is transferred. For purposes of this subsection, 'value' means the acquisition cost plus crating, packing, handling, and transportation costs incurred in carrying out this section.

"(b) (1) The value of defense articles to be set aside, earmarked, reserved, or intended for use as war reserve stocks for allied or other foreign countries (other than for purposes of the North Atlantic Treaty Organization) in stockpiles located in foreign countries may not exceed in any fiscal year an amount greater than is specified in security assistance authorizing legislation for that fiscal year.

"(2) The value of such additions to stockpiles in foreign countries shall not exceed \$75,000,000 for the fiscal year 1976 and shall not exceed \$18,750,000 for the period beginning July 1, 1976, and ending September 30, 1976.

"(c) Except for stockpiles in existence on the date of enactment of the International Security Assistance and Arms Export Control Act of 1976 and for stockpiles located in countries which are members of the North Atlantic Treaty Organization, no stockpile may be located outside the boundaries of a United States military base or a military base used primarily by the United States.

"(d) No defense article transferred from any stockpile which is made available to or for use by any foreign country may be considered an excess defense article for the purpose of determining the value thereof.

"(e) The President shall promptly report to the Congress each new stockpile, or addition to an existing stockpile, described in this section of defense articles valued in excess of \$10,000,000 in any fiscal year."

TERMINATION OF MILITARY ASSISTANCE ADVISORY GROUPS AND MISSIONS

Sec. 104. Section 515 of the Foreign Assistance Act of 1961 is amended—

(1) by striking out "Effective July 1, 1976," and inserting in lieu thereof "(a) During the period beginning July 1, 1976, and ending September 30, 1977,"; and

(2) by adding at the end thereof the following new subsection:

"(b) (1) After September 30, 1977, no military assistance advisory group, military mission, or other organization of United States military personnel performing similar military advisory functions under this Act may operate in any foreign country unless specifically authorized by the Congress.

"(2) The President may assign not more than three members of the Armed Forces of the United States to the Chief of each United States Diplomatic Mission to perform such functions as such Chief of Mission determines necessary with respect to international military education and training provided under chapter 5 of this part, to sales of defense articles and services under the Arms Export Control Act, or to such other international security assistance programs as the President may designate. After September 30, 1977, no such functions or related activities may be performed by any defense attachés assigned, detailed, or attached to the United States Diplomatic Mission in any foreign country.

"(c) After September 30, 1976, the number of military missions, groups, and similar organizations may not exceed 34.

"(d) As used in this section, the term 'military assistance advisory group, military mission, or other organization of United States military personnel performing similar military advisory functions under this Act' does not include regular units of Armed Forces of the United States engaged in routine functions designed to bring about the standardization of military operations and procedures between the Armed Forces of the United States and allies of the United States."

TERMINATION OF AUTHORITY TO FURNISH GRANT MILITARY ASSISTANCE

Sec. 105. Chapter 2 of part II of the Foreign Assistance Act of 1961 is amended by adding at the end thereof the following new section:

"SEC. 516. TERMINATION OF AUTHORITY.—(a) Except to the extent that the Congress may, subsequent to the enactment of this section, authorize the furnishing of military assistance in accordance with this chapter to specified countries in specified amounts, the authorities contained in this chapter (other than the authorities contained in sections 506, 514, and 515(b)(2)) may not be exercised after September 30, 1977, except that such authorities shall remain available until September 30, 1980, to the extent necessary to carry out obligations incurred under this chapter on or before September 30, 1977.

"(b) Funds available to carry out this chapter shall be available notwithstanding the limitations contained in paragraphs (2) and (3) of section 504(a) of this Act—

"(1) for the winding up of military assistance programs under this chapter, including payment of the costs of packing, crating, handling, and transporting defense articles furnished under this chapter and of related administrative costs; and

"(2) for costs incurred under section 503(c) with respect to defense articles on loan to countries no longer eligible under section 504(a) for military assistance."

INTERNATIONAL MILITARY EDUCATION AND TRAINING

Sec. 106. (a) Part II of the Foreign Assistance Act of 1961 is amended by adding at the end thereof the following new chapter:

"CHAPTER 5—INTERNATIONAL MILITARY EDUCATION AND TRAINING

"SEC. 541. GENERAL AUTHORITY.—The President is authorized to furnish, on such terms and conditions consistent with this Act as the President may determine (but whenever feasible on a reimbursable basis), military education and training to military and related civilian personnel of foreign countries. Such training and education may be provided through—

"(1) attendance at military educational and training facilities in the United States (other than Service academies) and abroad; and

"(2) attendance in special courses of instruction at schools and institutions of learning or research in the United States and abroad; and

"(3) observation and orientation visits to military facilities and related activities in the United States and abroad.

"SEC. 542. AUTHORIZATION.—There are authorized to be appropriated to the President to carry out the purposes of this chapter \$27,000,000 for the fiscal year 1976. After June 30, 1976, no training under this section may be conducted outside the United States unless the President has reported and justified such training to the Speaker of the House of Representatives and the Committee on Foreign Relations of the Senate.

"SEC. 543. PURPOSES.—Education and training activities conducted under this chapter shall be designed—

"(1) to encourage effective and mutually beneficial relations and increased understanding between the United States and foreign countries, in furtherance of the goals of international peace and security; and

"(2) to improve the ability of participating foreign countries to utilize their resources, including defense articles and defense services obtained by them from the United States, with maximum effectiveness, thereby contributing to greater self-reliance by such countries."

(b) *The Foreign Assistance Act of 1961 is amended as follows:*

(1) *Section 510 is repealed.*

(2) *Section 622 is amended—*

(A) *in subsection (b) by inserting “and military education and training” immediately after “(including civic action)”;*
and

(B) *by amending subsection (c) to read as follows:*

“(c) *Under the direction of the President, the Secretary of State shall be responsible for the continuous supervision and general direction of economic assistance, military assistance, and military education and training programs, including but not limited to determining whether there shall be a military assistance (including civic action) or a military education and training program for a country and the value thereof, to the end that such programs are effectively integrated both at home and abroad and the foreign policy of the United States is best served thereby.*”

(3) *Section 623 is amended—*

(A) *in subsection (a)(4) by inserting “and related civilian” immediately after “military”;* and

(B) *in subsection (a)(6) by inserting “, education and training” immediately after “assistance”.*

(4) *Section 632 is amended—*

(A) *in subsections (a) and (e) by inserting “, military education and training” immediately after “articles” wherever it appears;* and

(B) *in subsection (b) by striking out “and defense articles” and inserting in lieu thereof “, defense articles, or military education and training”.*

(5) *Section 636 is amended—*

(A) *in subsection (g)(1) by inserting “, military education and training” immediately after “articles”;* and

(B) *in subsection (g)(2) and in subsection (g)(3) by striking out “personnel” and inserting in lieu thereof “and related civilian personnel”.*

(6) *Section 644 is amended—*

(A) *by amending subsection (f) to read as follows:*

“(f) *‘Defense service’ includes any service, test, inspection, repair, publication, or technical or other assistance or defense information used for the purposes of furnishing military assistance, but does not include military educational and training activities under chapter 5 of part II.*”; and

(B) *by adding at the end thereof the following new subsection:*

“(n) *‘Military education and training’ includes formal or informal instruction of foreign students in the United States or overseas by officers or employees of the United States, contract technicians, contractors (including instruction at civilian institutions), or by correspondence courses, technical, educational, or information publications and media of all kinds, training aids, orientation, and military advice to foreign military units and forces.*”

(c) *Except as may be expressly provided to the contrary in this Act, all determinations, authorizations, regulations, orders, contracts, agreements, and other actions issued, undertaken or entered into under*

authority of any provision of law amended or repealed by this section shall continue in full force and effect until modified, revoked or superseded by appropriate authority.

(d) *Funds made available pursuant to other provisions of law for foreign military educational and training activities shall remain available for obligation and expenditure for their original purposes in accordance with the provisions of law originally applicable to those purposes or in accordance with the provisions of law currently applicable to those purposes.*

TITLE II—ARMS EXPORT CONTROLS

CHANGE IN TITLE

SEC. 201. (a) *The first section of the Foreign Military Sales Act is amended by striking out “The Foreign Military Sales Act” and inserting in lieu thereof “the ‘Arms Export Control Act’.*

(b) *Any reference to the Foreign Military Sales Act shall be deemed to be a reference to the Arms Export Control Act.*

SALES ARMS POLICY

SEC. 202. (a) *Section 1 of the Foreign Military Sales Act is amended by striking out the last paragraph and inserting in lieu thereof the following new paragraphs:*

“*It shall be the policy of the United States to exert leadership in the world community to bring about arrangements for reducing the international trade in implements of war and to lessen the danger of outbreak of regional conflict and the burdens of armaments. United States programs for or procedures governing the export, sale, and grant of defense articles and defense services to foreign countries and international organizations shall be administered in a manner which will carry out this policy.*”

“*It is the sense of the Congress that the President should seek to initiate multilateral discussions for the purpose of reaching agreements among the principal arms suppliers and arms purchasers and other countries with respect to the control of the international trade in armaments. It is further the sense of Congress that the President should work actively with all nations to check and control the international sale and distribution of conventional weapons of death and destruction and to encourage regional arms control arrangements. In furtherance of this policy, the President should undertake a concerted effort to convene an international conference of major arms-supplying and arms-purchasing nations which shall consider measures to limit conventional arms transfers in the interest of international peace and stability.*”

(b) (1) *The President shall conduct a comprehensive study of the arms sales policies and practices of the United States Government, including policies and practices with respect to commercial arms sales, in order to determine whether such policies and practices should be changed. Such study shall examine the rationale for arms sales to foreign countries, the benefits to the United States of such arms sales, the risks to world peace as a result of such arms sales, trends in arms sales*

by the United States and other countries, and steps which might be taken by the United States to provide for limitations on arms sales. In addition, such study shall include an evaluation of the impact of United States arms sales policies on the economic and social development of foreign countries and consideration of steps which might be taken by the United States to encourage the maximum use of the resources of the developing countries for economic and social development purposes.

(2) Not later than the end of the one-year period beginning on the date of enactment of this section, the President shall submit to the Congress a report setting forth in detail (A) the findings made and conclusions reached as a result of the study conducted pursuant to paragraph (1) of this subsection, together with such recommendations for legislation as the President deems appropriate, (B) the efforts made by the United States during the five years immediately preceding the submission of such report to initiate and otherwise encourage arms sales limitations, and (C) the efforts being made by the United States at the time of the submission of such report to initiate and otherwise encourage arms sales limitations in accordance with the policies stated in the amendment made by subsection (a) of this section.

TRANSFER OF DEFENSE SERVICES

SEC. 203. (a) Section 3(a)(2) of the Foreign Military Sales Act is amended, effective July 1, 1976, by inserting immediately after "article" each time it appears "or related training or other defense service".

(b) Section 505(a) of the Foreign Assistance Act of 1961 is amended, effective July 1, 1976, by inserting immediately after "articles" each time it appears "or related training or other defense service".

APPROVAL FOR TRANSFER OF DEFENSE ARTICLES

SEC. 204. (a) Section 3 of the Foreign Military Sales Act is amended by adding at the end thereof the following new subsections:

"(e) The President may not give his consent under paragraph (2) of subsection (a) or under the third sentence of such subsection to a transfer of a defense article, or related training or other defense service, sold under this Act and may not give his consent to such a transfer under section 505(a)(1) or 505(a)(4) of the Foreign Assistance Act of 1961 unless—

"(1) the President submits to the Speaker of the House of Representatives and the Committee on Foreign Relations of the Senate, on the same day, a written certification with respect to such proposed transfer containing—

"(A) the name of the country or international organization proposing to make such transfer,

"(B) a description of the defense article or related training or other defense service proposed to be transferred, including the original acquisition cost of such defense article or related training or other defense service,

"(C) the name of the proposed recipient of such defense article or related training or other defense service,

"(D) the reasons for such proposed transfer, and

"(E) the date on which such transfer is proposed to be made; and

"(2) either—

"(A) the Congress does not adopt a concurrent resolution disapproving the proposed transfer within the first period of thirty calendar days after the date on which such certification is submitted, or

"(B) the President certifies in his certification that an emergency exists which requires such transfer in the national security interests of the United States.

Any certification submitted to Congress pursuant to this subsection shall be unclassified, except that information regarding the dollar value and number of defense articles, or related training or other defense services, proposed to be transferred may be classified if public disclosure thereof would be clearly detrimental to the security of the United States. A resolution of disapproval under paragraph (2)(A) shall be considered in the Senate in accordance with the provisions of section 601(b) of the International Security Assistance and Arms Export Control Act of 1976.

"(f) If the President receives any information that a transfer of any defense article, or related training or other defense service, has been made without his consent as required under this section or under section 505 of the Foreign Assistance Act of 1961, he shall report such information immediately to the Speaker of the House of Representatives and the Committee on Foreign Relations of the Senate."

(b)(1) The second sentence of subsection (a) of section 3 of the Foreign Military Sales Act is amended by striking out ", and prior" and all that follows thereafter through "transferred" the second time it appears.

(2) The first sentence of section 505(e) of the Foreign Assistance Act of 1961 is amended by striking out ", and prior" and all that follows thereafter through "transferred" the second time it appears.

SALES FROM STOCKS

SEC. 205. Section 21 of the Foreign Military Sales Act is amended to read as follows:

"SEC. 21. SALES FROM STOCKS.—(a) The President may sell defense articles and defense services from the stocks of the Department of Defense to any eligible country or international organization if such country or international organization agrees to pay in United States dollars—

"(1) in the case of a defense article not intended to be replaced at the time such agreement is entered into, not less than the actual value thereof;

"(2) in the case of a defense article intended to be replaced at the time such agreement is entered into, the estimated cost of replacement of such article, including the contract or production costs less any depreciation in the value of such article; or

"(3) in the case of the sale of a defense service, the full cost to the United States Government of furnishing such service.

"(b) Except as provided by subsection (d) of this subsection, payment shall be made in advance or, if the President determines it to be in the national interest, upon delivery of the defense article or rendering of the defense service.

"(c) Personnel performing defense services sold under this Act may not perform any duties of a combatant nature, including any duties related to training, advising, or otherwise providing assistance regarding combat activities, outside the United States in connection with the performance of those defense services.

"(d) If the President determines it to be in the national interest pursuant to subsection (b) of this section, billings for sales made under letters of offer issued under this section after the enactment of this subsection may be dated and issued upon delivery of the defense article or rendering of the defense service and shall be due and payable upon receipt thereof by the purchasing country or international organization. Interest shall be charged on any net amount due and payable which is not paid within sixty days after the date of such billing. The rate of interest charged shall be a rate not less than a rate determined by the Secretary of the Treasury taking into consideration the current average market yield on outstanding short-term obligations of the United States as of the last day of the month preceding the billing and shall be computed from the date of billing. The President may extend such sixty-day period to one hundred and twenty days if he determines that emergency requirements of the purchaser for acquisition of such defense articles or defense services exceed the ready availability to the purchaser of funds sufficient to pay the United States in full for them within such sixty-day period and submits that determination to the Congress together with a special emergency request for the authorization and appropriation of additional funds to finance such purchases under this Act.

"(e) (1) After September 30, 1976, letters of offer for the sale of defense articles or for the sale of defense services that are issued pursuant to this section or pursuant to section 22 of this Act shall include appropriate charges for—

"(A) administrative services, calculated on an average percentage basis to recover the full estimated costs of administration of sales made under this Act to all purchasers of such articles and services;

"(B) any use of plant and production equipment in connection with such defense articles; and

"(C) a proportionate amount of any nonrecurring costs of research, development, and production of major defense equipment.

"(2) The President may reduce or waive the charge or charges which would otherwise be considered appropriate under subparagraphs (1)(B) and (1)(C) for particular sales that would, if made, significantly advance United States Government interests in North Atlantic Treaty Organization standardization, or foreign procurement in the United States under coproduction arrangements.

"(f) Any contracts entered into between the United States and a foreign country under the authority of this section or section 22 of this Act shall be prepared in a manner which will permit them to be made

available for public inspection to the fullest extent possible consistent with the national security of the United States.

"(g) In carrying out section 814 of the Act of October 7, 1975 (Public Law 94-106), the President may enter into North Atlantic Treaty Organization standardization agreements for the cooperative furnishing of training on a bilateral or multilateral basis, if the financial principles of such agreements are based on reciprocity. Such agreements shall include reimbursement for all direct costs but may exclude reimbursement for indirect costs, administrative surcharges, and costs of billeting of trainees (except to the extent that members of the United States Armed Forces occupying comparable accommodations are charged for such accommodations by the United States). Each such agreement shall be transmitted promptly to the Speaker of the House of Representatives and the Committees on Appropriations, Armed Services, and Foreign Relations of the Senate."

SALES FROM STOCKS AFFECTING UNITED STATES COMBAT READINESS

SEC. 206. Section 21 of the Foreign Military Sales Act, as amended by section 205 of this Act, is further amended by adding at the end thereof the following new subsection:

"(h) (1) Sales of defense articles and defense services which could have significant adverse effect on the combat readiness of the Armed Forces of the United States shall be kept to an absolute minimum. The President shall transmit to the Speaker of the House of Representatives and the Committees on Armed Services and Foreign Relations of the Senate on the same day a written statement giving a complete explanation with respect to any proposal to sell, under this section, any defense articles or defense services if such sale could have a significant adverse effect on the combat readiness of the Armed Forces of the United States. Each such statement shall be unclassified except to the extent that public disclosure of any item of information contained therein would be clearly detrimental to the security of the United States. Any necessarily classified information shall be confined to a supplemental report. Each such statement shall include an explanation relating to only one such proposal to sell and shall set forth—

"(A) the country or international organization to which the sale is proposed to be made;

"(B) the amount of the proposed sale;

"(C) a description of the defense article or service proposed to be sold;

"(D) a full description of the impact which the proposed sale will have on the Armed Forces of the United States; and

"(E) a justification for such proposed sale, including a certification that such sale is important to the security of the United States.

A certification described in subparagraph (E) shall take effect on the date on which such certification is transmitted and shall remain in effect for not to exceed one year.

"(2) No delivery may be made under any sale which is required to be reported under paragraph (1) of this subsection unless the certification required to be transmitted by paragraph (E) of paragraph (1) is in effect."

PROCUREMENT FOR CASH SALES

SEC. 207. (a) Section 22(a) of the Foreign Military Sales Act is amended by adding at the end thereof the following: "Interest shall be charged on any net amount by which any such country or international organization is in arrears under all of its outstanding unliquidated dependable undertakings, considered collectively. The rate of interest charged shall be a rate not less than a rate determined by the Secretary of the Treasury taking into consideration the current average market yield on outstanding short-term obligations of the United States as of the last day of the month preceding the net arrearage and shall be computed from the date of net arrearage."

(b) Section 22(b) of the Foreign Military Sales Act is amended by striking out the first sentence and inserting in lieu thereof the following: "The President may, if he determines it to be in the national interest, issue letters of offer under this section which provide for billing upon delivery of the defense article or rendering of the defense service and for payment within one hundred and twenty days after the date of billing. This authority may be exercised, however, only if the President also determines that the emergency requirements of the purchaser for acquisition of such defense articles and services exceed the ready availability to the purchaser of funds sufficient to make payments on a dependable undertaking basis and submits both determinations to the Congress together with a special emergency request for authorization and appropriation of additional funds to finance such purchases under this Act."

EXTENSION OF PAYMENT PERIOD FOR CREDIT SALES

SEC. 208. (a) Paragraph (1) of section 23 of the Foreign Military Sales Act is amended by striking out "ten years" and inserting in lieu thereof "twelve years".

(b) The amendment made by subsection (a) shall apply with respect to financing under agreements entered into on or after the date of enactment of this Act for the procurement of defense articles to be delivered, or defense services to be rendered, after such date.

ANNUAL ESTIMATE AND JUSTIFICATION FOR SALES PROGRAM

SEC. 209. (a) Immediately after section 24 of the Foreign Military Sales Act, add the following new section:

"SEC. 25. ANNUAL ESTIMATE AND JUSTIFICATION FOR SALES PROGRAM.—(a) The President shall transmit to the Congress, as a part of the presentation materials for security assistance programs proposed for each fiscal year, a report which sets forth—

"(1) an estimate of the amount of sales expected to be made to each country under sections 21 and 22 of this Act, including a detailed explanation of the foreign policy and United States national security considerations involved in expected sales to each country;

"(2) an estimate of the amount of credits and guaranties expected to be extended to each country under sections 23 and 24 of this Act;

"(3) a list of all findings which are in effect on the date of such transmission made by the President pursuant to section 3(a)(1) of this Act, together with a full and complete justification for each such finding, explaining how sales to each country with respect to which such finding has been made will strengthen the security of the United States and promote world peace; and

"(4) an arms control impact statement for each purchasing country prepared by the Director of the Arms Control and Disarmament Agency, including (A) an analysis of the relationship between expected sales to each country and arms control efforts relating to that country, and (B) the impact of such expected sales on the stability of the region that includes the purchasing country.

"(b) Not later than thirty days following the receipt of a request made by the Committee on Foreign Relations of the Senate or the Committee on International Relations of the House of Representatives for additional information with respect to any estimate submitted pursuant to subsection (a), the President shall submit such information to such committee.

"(c) The President shall make every effort to submit all of the information required by this section wholly in unclassified form. In the event the President submits any such information in classified form, he shall submit such classified information in an addendum and shall also submit simultaneously a detailed summary, in unclassified form, of such classified information."

(b) Section 634(d) of the Foreign Assistance Act of 1961 is amended by striking out "and military sales under this or any other Act" in the fourth sentence.

MILITARY SALES AUTHORIZATION

SEC. 210. (a) Section 31(a) of the Foreign Military Sales Act is amended by striking out "not to exceed \$405,000,000 for the fiscal year 1975" and inserting in lieu thereof "not to exceed \$1,039,000,000 for the fiscal year 1976".

(b) Section 31(b) of such Act is amended to read as follows:

"(b) The aggregate total of credits, or participations in credits, extended pursuant to this Act and of the principal amount of loans guaranteed pursuant to section 24(a) shall not exceed \$2,374,700,000 for the fiscal year 1976, of which not less than \$1,500,000,000 shall be available only for Israel."

(c) (1) Section 31 of such Act is further amended by adding at the end thereof the following new subsections:

"(c) Funds made available for the fiscal year 1976 under subsection (a) of this section shall be obligated to finance the procurement of defense articles and defense services by Israel on a long-term repayment basis either by the extension of credits, without regard to the limitations contained in section 23, or by the issuance of guaranties under section 24. Repayment shall be in not less than twenty years, following a grace period of ten years on repayment of principal. Israel shall be released from one-half of its contractual liability to repay the United States Government with respect to defense articles and defense services so financed.

"(d) The aggregate acquisition cost to the United States of excess defense articles ordered by the President in any fiscal year after fiscal year 1976 for delivery to foreign countries or international organizations under the authority of chapter 2 of part II of the Foreign Assistance Act of 1961 or pursuant to sales under this Act may not exceed \$100,000,000."

(2) Subsections (a), (b), (c), and (e) of section 8 of the Act entitled "An Act to amend the Foreign Military Sales Act, and for other purposes", approved January 12, 1971 (Public Law 91-672; 84 Stat. 2053), are repealed effective July 1, 1976. All funds in the suspense account referred to in subsection (a) of such section on July 1, 1976, shall be transferred to the general fund of the Treasury.

REPORTS ON COMMERCIAL AND GOVERNMENTAL MILITARY EXPORTS;
CONGRESSIONAL ACTION

SEC. 211. (a) Section 36 of the Foreign Military Sales Act is amended to read as follows:

SEC. 36. REPORTS ON COMMERCIAL AND GOVERNMENTAL MILITARY EXPORTS; CONGRESSIONAL ACTION.—(a) The President shall transmit to the Speaker of the House of Representatives and to the chairman of the Committee on Foreign Relations of the Senate not more than thirty days after the end of each quarter an unclassified report (except that any material which was transmitted in classified form under subsection (b)(1) of this section may be contained in a classified addendum to such report, and any letter of offer referred to in paragraph (1) of this subsection may be listed in such addendum unless such letter of offer has been the subject of an unclassified certification pursuant to subsection (b)(1) of this section) containing—

"(1) a listing of all letters of offer to sell any major defense equipment to be sold for \$1,000,000 or more under this Act to each foreign country and international organization, by category, if such letters of offer have not been accepted or canceled;

"(2) a listing of all such letters of offer that have been accepted during the fiscal year in which such report is submitted, together with the total value of all defense articles and defense services sold to each foreign country and international organization during such fiscal year;

"(3) the cumulative dollar amounts, by foreign country and international organization, of sales credit agreements under section 23 and guaranty agreements under section 24 made during the fiscal year in which such report is submitted;

"(4) a numbered listing of all licenses and approvals for the export to each foreign country and international organization during such fiscal year of commercially sold major defense equipment, by category, sold for \$1,000,000 or more, together with the total value of all defense articles and defense services so licensed for each foreign country and international organization, setting forth with respect to the listed major defense equipment—

"(A) the items to be exported under the license,

"(B) the quantity and contract price of each such item to be furnished, and

"(C) the name and address of the ultimate user of each such item;

"(5) projections of the dollar amounts, by foreign country and international organization, of cash sales expected to be made under sections 21 and 22, credits to be extended under section 23, and guaranty agreements to be made under section 24 in the quarter of the fiscal year immediately following the quarter for which such report is submitted;

"(6) a projection with respect to all cash sales expected to be made and credits expected to be extended to each country and organization for the remainder of the fiscal year in which such report is transmitted;

"(7) an estimate of the number of officers and employees of the United States Government and of United States civilian contract personnel present in each such country at the end of that quarter for assignments in implementation of sales and commercial exports under this Act; and

"(8) an analysis and description of the services being performed by officers and employees of the United States Government under section 21(a) of this Act, including the number of personnel so employed.

For each letter of offer to sell under paragraphs (1) and (2), the report shall specify (i) the foreign country or international organization to which the defense article or service is offered or was sold, as the case may be; (ii) the dollar amount of the offer to sell or the sale and the number of defense articles offered or sold, as the case may be; (iii) a description of the defense article or service offered or sold, as the case may be; and (iv) the United States Armed Force or other agency of the United States which is making the offer to sell or the sale, as the case may be.

"(b)(1) In the case of any letter of offer to sell any defense articles or services under this Act for \$25,000,000 or more, or any major defense equipment for \$7,000,000 or more, before such letter of offer is issued, the President shall submit to the Speaker of the House of Representatives and to the chairman of the Committee on Foreign Relations of the Senate a numbered certification with respect to such offer to sell containing the information specified in clauses (i) through (iv) of subsection (a). In addition, the President shall, upon the request of such committee or the Committee on International Relations of the House of Representatives, transmit promptly to both such committees a statement setting forth, to the extent specified in such request—

"(A) a detailed description of the defense articles or services to be offered, including a brief description of the capabilities of any defense article to be offered;

"(B) an estimate of the number of officers and employees of the United States Government and of United States civilian contract personnel expected to be needed in such country to carry out the proposed sale;

"(C) the name of each contractor expected to provide the defense article or defense service proposed to be sold (if known on the date of transmittal of such report);

"(D) an analysis of the arms control impact pertinent to such offer to sell, prepared in consultation with the Secretary of Defense;

"(E) the reasons why the foreign country or international organization to which the sale is proposed to be made needs the defense articles or services which are the subject of such sale and a description of how such country or organization intends to use such defense articles or services;

"(F) an analysis by the President of the impact of the proposed sale on the military stocks and the military preparedness of the United States;

"(G) the reasons why the proposed sale is in the national interest of the United States;

"(H) an analysis by the President of the impact of the proposed sale on the military capabilities of the foreign country or international organization to which such sale would be made;

"(I) an analysis by the President of how the proposed sale would affect the relative military strengths of countries in the region to which the defense articles or services which are the subject of such sale would be delivered and whether other countries in the region have comparable kinds and amounts of defense articles or services;

"(J) an estimate of the levels of trained personnel and maintenance facilities of the foreign country or international organization to which the sale would be made which are needed and available to utilize effectively the defense articles or services proposed to be sold;

"(K) an analysis of the extent to which comparable kinds and amounts of defense articles or services are available from other countries; and

"(L) an analysis of the impact of the proposed sale on United States relations with the countries in the region to which the defense articles or services which are the subject of such sale would be delivered.

A certification transmitted pursuant to this subsection shall be unclassified, except that the information specified in clause (ii) and the details of the description specified in clause (iii) of subsection (a) may be classified if the public disclosure thereof would be clearly detrimental to the security of the United States. The letter of offer shall not be issued if the Congress, within thirty calendar days after receiving such certification, adopts a concurrent resolution stating that it objects to the proposed sale, unless the President states in his certification that an emergency exists which requires such sale in the national security interests of the United States.

"(2) Any such resolution shall be considered in the Senate in accordance with the provisions of section 601(b) of the International Security Assistance and Arms Export Control Act of 1976.

"(3) For the purpose of expediting the consideration and adoption of concurrent resolutions under this subsection, a motion to proceed to the consideration of any such resolution after it has been reported by the appropriate committee shall be treated as highly privileged in the House of Representatives.

"(c) (1) In the case of an application by a person (other than with regard to a sale under section 21 or section 22 of this Act) for a license for the export of any major defense equipment sold under a contract in the amount of \$7,000,000 or more or of defense articles or defense services sold under a contract in the amount of \$25,000,000 or more, before issuing such license the President shall transmit to the Speaker of the House of Representatives and to the chairman of the Committee on Foreign Relations of the Senate an unclassified numbered certification with respect to such application specifying (A) the foreign country or international organization to which such export will be made, (B) the dollar amount of the items to be exported, and (C) a description of the items to be exported. In addition, the President shall, upon the request of such committee or the Committee on International Relations of the House of Representatives, transmit promptly to both such committees a statement setting forth, to the extent specified in such request, a description of the capabilities of the items to be exported, an estimate of the total number of United States personnel expected to be needed in the foreign country concerned in connection with the items to be exported, and an analysis of the arms control impact pertinent to such application, prepared in consultation with the Secretary of Defense. A certification transmitted pursuant to this subsection shall be unclassified, except that the information specified in subparagraph (B) and the details of the description specified in subparagraph (C) may be classified if the public disclosure thereof would be clearly detrimental to the security of the United States. No license for the export of any major defense equipment sold for \$7,000,000 or more may be issued if the Congress, within thirty calendar days after receiving the certification with respect to such license, adopts a concurrent resolution stating that it objects to the issuance of such license, unless the President states in his certification that an emergency exists which requires the issuance of such license in the national security interests of the United States.

"(2) Any such resolution shall be considered in the Senate in accordance with the provisions of section 601(b) of the International Security Assistance and Arms Export Control Act of 1976.

"(3) For the purpose of expediting the consideration and adoption of concurrent resolutions under this section, a motion to proceed to the consideration of any such resolution after it has been reported by the appropriate committee shall be treated as highly privileged in the House of Representatives.

"(d) In the case of an approval under section 38 of this Act of a United States commercial technical assistance or manufacturing licensing agreement for or in a country not a member of the North Atlantic Treaty Organization which involves the manufacture abroad of any item of significant combat equipment on the United States Munitions List, before such approval is given, the President shall submit a certification with respect to such proposed commercial agreement in a manner similar to the certification required under paragraph (1) of subsection (c) containing comparable information."

(b) The amendment made by subsection (a) of this section shall apply with respect to letters of offer for which a certification is transmitted pursuant to section 36(b) of the Arms Export Control Act on

or after the date of enactment of this Act and to export licenses for which an application is filed under section 38 of such Act on or after such date.

CONTROL OF LICENSES WITH RESPECT TO ARMS EXPORTS AND IMPORTS

SEC. 212. (a) (1) Chapter 3 of the Foreign Military Sales Act is amended by adding at the end thereof the following new section:

"SEC. 38. CONTROL OF ARMS EXPORTS AND IMPORTS.—(a) (1) In furtherance of world peace and the security and foreign policy of the United States, the President is authorized to control the import and the export of defense articles and defense services and to provide foreign policy guidance to persons of the United States involved in the export and import of such articles and services. The President is authorized to designate those items which shall be considered as defense articles and defense services for the purposes of this section and to promulgate regulations for the import and export of such articles and services. The items so designated shall constitute the United States Munitions List.

"(2) Decisions on issuing export licenses under this section shall be made in coordination with the Director of the United States Arms Control and Disarmament Agency and shall take into account the Director's opinion as to whether the export of an article will contribute to an arms race, or increase the possibility of outbreak or escalation of conflict, or prejudice the development of bilateral or multilateral arms control arrangements.

"(b) (1) As prescribed in regulations issued under this section, every person (other than an officer or employee of the United States Government acting in an official capacity) who engages in the business of manufacturing, exporting, or importing any defense articles or defense services designated by the President under subsection (a) (1) shall register with the United States Government agency charged with the administration of this section, and shall pay a registration fee which shall be prescribed by such regulations. Such regulations shall prohibit the return to the United States for sale in the United States (other than for the Armed Forces of the United States and its allies or for any State or local law enforcement agency) of any military firearms or ammunition of United States manufacture furnished to foreign governments by the United States under this Act or any other foreign assistance or sales program of the United States, whether or not enhanced in value or improved in condition in a foreign country. This prohibition shall not extend to similar firearms that have been so substantially transformed as to become, in effect, articles of foreign manufacture.

"(2) Except as otherwise specifically provided in regulations issued under subsection (a) (1), no defense articles or defense services designated by the President under subsection (a) (1) may be exported or imported without a license for such export or import, issued in accordance with this Act and regulations issued under this Act, except that no license shall be required for exports or imports made by or for an agency of the United States Government (A) for official use by a de-

partment or agency of the United States Government, or (B) for carrying out any foreign assistance or sales program authorized by law and subject to the control of the President by other means.

"(3) No license may be issued under this Act for the export of any major defense equipment sold under a contract in the amount of \$25,000,000 or more to any foreign country which is not a member of the North Atlantic Treaty Organization unless such major defense equipment was sold under this Act.

"(c) Any person who willfully violates any provision of this section or section 36(f), or any rule or regulation issued under either section, or who willfully, in a registration or license application or required report, makes any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading, shall upon conviction be fined not more than \$100,000 or imprisoned not more than two years, or both.

"(d) This section applies to and within the Canal Zone.

"(e) In carrying out functions under this section with respect to the export of defense articles and defense services, the President is authorized to exercise the same powers concerning violations and enforcement which are conferred upon departments, agencies and officials by sections 6(c), (d), (e), and (f) and 7(a) and (c) of the Export Administration Act of 1969, subject to the same terms and conditions as are applicable to such powers under such Act. Nothing in this subsection shall be construed as authorizing the withholding of information from the Congress."

(2) Section 2(b) of the Foreign Military Sales Act is amended—

(A) by inserting "and exports" immediately after "sales" both times it appears; and

(B) by inserting "and whether there shall be delivery or other performance under such sale or export," immediately after "thereof."

(b) (1) Section 414 of the Mutual Security Act of 1954 is repealed. Any reference to such section shall be deemed to be a reference to section 39 of the Arms Export Control Act and any reference to licenses issued under section 38 of the Arms Export Control Act shall be deemed to include a reference to licenses issued under section 414 of the Mutual Security Act of 1954.

(2) All determinations, authorizations, regulations, orders, contracts, agreements, and other actions issued, undertaken, or entered into under section 414 of the Mutual Security Act of 1954 shall continue in full force and effect until modified, revoked, or superseded by appropriate authority.

ANNUAL CEILING ON ARMS SALES

SEC. 213. (a) Chapter 3 of the Foreign Military Sales Act, as amended by section 212 of this Act, is further amended by adding at the end thereof the following new section:

"SEC. 39. ANNUAL CEILING ON ARMS SALES.—(a) The aggregate value of defense articles and defense services—

"(1) which are sold under section 21 or section 22 of this Act; or

"(2) which are licensed or approved for export under section 38 of this Act to, for the use, or for benefit of the armed forces, police, intelligence, or other internal security forces of a foreign country or international organization under a commercial sales contract;

may not exceed \$9,000,000,000, in any fiscal year in constant 1975 dollars, which ceiling shall be calculated by the President quarterly to conform to changes in the Unit Value Index of United States domestic exports of finished manufactures and reported to the Speaker of the House of Representatives and the chairman of the Committee on Foreign Relations of the Senate. The President may waive such limitation with respect to such defense articles and services as he determines and certifies to the Speaker of the House of Representatives and the Committee on Foreign Relations of the Senate are required to be furnished in the national security interests of the United States. Such determinations and certifications shall be made on a case-by-case basis. For the purposes of this subsection, the value of defense articles and defense services is the contract price for such articles or services as of the date on which the contract under which they are sold is entered into in the case of a contract of sale under this Act or as of the date of licensing or approval for export in the case of a commercial sales contract.

"(b) In implementing the requirements of subsection (a), the President may, subject to such requirements as the Congress may by law prescribe, establish such arms sales quotas for countries and regions, and for sales under this Act and commercial exports licensed or approved under this Act, as he deems appropriate.

"(c) In computing the aggregate value of defense articles and defense services sold or licensed or approved in a fiscal year for purposes of the ceiling established by subsection (a) of this section and for purposes of any quotas established under subsection (b) of this section, the following shall be excluded:

"(1) The value of any defense articles or defense services which are not actually furnished.

"(2) The value of any defense articles or defense services which are the subject of a replacement sales contract which is entered into in substitution for a contract described in subsection (a) (1) of this section, or in substitution for a contract for which there was a license or approval described in subsection (a) (2) of this section, to the extent that such value was previously included in the computations under this section.

"(d) Any person who, with intent to avoid a limitation or prohibition with respect to a ceiling or quota established by or under this section, exports or attempts to export any defense article or defense service without a license or approval required under section 38 of this Act, shall, in addition to any penalty prescribed under section 38, upon conviction be fined not more than \$25,000 or imprisoned not more than two years, or both."

(b) The amendment made by subsection (a) shall take effect on October 1, 1976, and shall apply with respect to fiscal year 1977 and each fiscal year thereafter.

CANCELLATION AND SUSPENSION OF LICENSES AND CONTRACTS

SEC. 214. Section 42 of the Foreign Military Sales Act is amended by adding at the end thereof the following new subsection:

"(e) (1) Each contract for sale entered into under sections 21 and 22 of this Act shall provide that such contract may be canceled in whole or in part, or its execution suspended, by the United States at any time under unusual or compelling circumstances if the national interest so requires.

"(2) (A) Each export license issued under section 38 of this Act shall provide that such license may be revoked, suspended, or amended by the Secretary of State, without prior notice, whenever the Secretary deems such action to be advisable.

"(B) Nothing in this paragraph may be construed as limiting the regulatory authority of the President under this Act.

"(3) There are authorized to be appropriated from time to time such sums as may be necessary (A) to refund moneys received from purchasers under contracts of sale entered into under sections 21 and 22 of this Act that are canceled or suspended under this subsection to the extent such moneys have previously been disbursed to private contractors and United States Government agencies for work in progress, and (B) to pay such damages and costs that accrue from the corresponding cancellation or suspension of the existing procurement contracts or United States Government agency work orders involved."

ADMINISTRATIVE EXPENSES

SEC. 215. (a) Section 43 of the Foreign Military Sales Act is amended by designating the present section as subsection (a) and by adding at the end thereof the following new subsection:

"(b) Administrative expenses incurred by any department or agency of the United States Government (including any mission or group) in carrying out functions under this Act which are primarily for the benefit of any foreign country shall be fully reimbursed from amounts received for sales under sections 21 and 22."

DEFINITIONS

SEC. 216. Section 47 of the Foreign Military Sales Act is amended—

(1) by striking out "and" at the end of paragraph (1);

(2) by striking out the period at the end of paragraph (2) and inserting in lieu thereof a semicolon; and

(3) by adding immediately after paragraph (2) the following new paragraphs:

"(3) 'Defense article', except as provided in paragraph (7) of this section, includes—

"(A) any weapon, weapons system, munition, aircraft, vessel, boat, or other implement of war,

"(B) any property, installation, commodity, material, equipment, supply, or goods used for the purposes of furnishing military assistance,

"(C) any machinery, facility, tool, material, supply, or other item necessary for the manufacture, production, proc-

essing, repair, servicing, storage, construction, transportation, operation, or use of any article listed in this paragraph, and

“(D) any component or part of any article listed in this paragraph,

but does not include merchant vessels or (as defined by the Atomic Energy Act of 1954) source material, byproduct material, special nuclear material, production facilities, utilization facilities, or atomic weapons or articles involving Restricted Data;

“(4) ‘defense service’, except as provided in paragraph (7) of this section, includes any service, test, inspection, repair, training, publication, technical or other assistance, or defense information (as defined in section 644(e) of the Foreign Assistance Act of 1961), used for the purposes of furnishing military assistance;

“(5) ‘training’ includes formal or informal instruction of foreign students in the United States or overseas by officers or employees of the United States, contract technicians, or contractors (including instruction at civilian institutions), or by correspondence courses, technical, educational, or information publications and media of all kinds, training aid, orientation, training exercise, and military advice to foreign military units and forces;

“(6) ‘major defense equipment’ means any item of significant combat equipment on the United States Munitions List having a nonrecurring research and development cost of more than \$50,000,000 or a total production cost of more than \$200,000,000; and

“(7) ‘defense articles and defense services’ means, with respect to commercial exports subject to the provisions of section 38 of this Act, those items designated by the President pursuant to subsection (a) (1) of such section.”

ANNUAL FOREIGN SALES REPORT

SEC. 217. Section 657 of the Foreign Assistance Act of 1961 is amended as follows:

(1) The section caption is amended by inserting “AND MILITARY EXPORTS” after “FOREIGN ASSISTANCE”.

(2) Paragraph (1) of subsection (a) is amended to read as follows:

“(1) the aggregate dollar value of all foreign assistance (including military education and training), foreign military sales, sales credits, and guaranties provided or made by the United States Government by any means to all foreign countries and international organizations, and the aggregate dollar value of such assistance, sales, sales credits, and guaranties, by category, provided or made by the United States Government to or for each such country or organization during that fiscal year;”

(3) Paragraph (3) of subsection (a) is amended to read as follows:

“(3) the aggregate dollar value and quantity of defense articles and defense services, and of military education and training, exported to each foreign country and international organization, by category, specifying whether the export was made by grant under chapter 2 or chapter 5 of part II of this Act, by sale under

chapter 2 of the Arms Export Control Act, by commercial sale licensed under chapter 3 of that Act, or by other authority; and”.

(4) Paragraph (4) of subsection (a) is repealed.

(5) Paragraph (5) of subsection (a) is amended—

(A) by redesignating such paragraph as paragraph (4), and

(B) by striking out “(4)” and inserting in lieu thereof “(3)”.

REPORT OF SALES OF EXCESS DEFENSE ARTICLES

SEC. 218. Not later than February 28, 1977, the President shall transmit to the Speaker of the House of Representatives and the Committee on Foreign Relations of the Senate a full and complete report regarding all sales made under the Arms Export Control Act during the period July 1, 1976, through December 31, 1976, of excess defense articles to foreign governments and international organizations (other than any such articles sold solely for scrap). Such report shall set forth—

(1) the number of such sales;

(2) the total acquisition costs of the articles sold;

(3) the total gross price paid for such articles exclusive of administrative surcharges and costs of repairing, rehabilitating, or modifying such articles;

(4) the data set forth under paragraphs (1), (2), and (3) totaled separately for those sales made at less than 33 $\frac{1}{3}$ per centum of the acquisition costs thereof; and

(5) the estimated total proceeds of sales of articles included under paragraph (4) if such articles had been sold instead through United States Government surplus property disposal operations and the percentage thereof that would have been paid out of such proceeds to meet direct expenses incurred in connection with such dispositions pursuant to law.

TITLE III—GENERAL LIMITATIONS

HUMAN RIGHTS

SEC. 301. (a) Section 502B of the Foreign Assistance Act of 1961 is amended to read as follows:

“SEC. 502B. HUMAN RIGHTS.—(a) (1) It is the policy of the United States, in accordance with its international obligations as set forth in the Charter of the United Nations and in keeping with the constitutional heritage and traditions of the United States, to promote and encourage increased respect for human rights and fundamental freedoms for all without distinction as to race, sex, language, or religion. To this end, a principal goal of the foreign policy of the United States is to promote the increased observance of internationally recognized human rights by all countries.

“(2) In furtherance of the foregoing policy the President is directed to formulate and conduct international security assistance programs of the United States in a manner which will promote and advance

human rights and avoid identification of the United States, through such programs, with governments which deny to their people internationally recognized human rights and fundamental freedoms, in violation of international law or in contravention of the policy of the United States as expressed in this section or otherwise.

"(3) Except under circumstances specified in this section, no security assistance may be provided to any country the government of which engages in a consistent pattern of gross violations of internationally recognized human rights.

"(b) The Secretary of State shall transmit to the Congress, as part of the presentation materials for security assistance programs proposed for each fiscal year beginning with the fiscal year 1977, a full and complete report, prepared with the assistance of the Coordinator for Human Rights, with respect to practices regarding the observance of and respect for internationally recognized human rights in each country proposed as a recipient of security assistance. In determining whether a government falls within the provisions of subsection (a) (3) and in the preparation of any report or statement required under this section, consideration shall be given to—

"(1) the relevant findings of appropriate international organizations, including nongovernmental organizations, such as the International Committee of the Red Cross; and

"(2) the extent of cooperation by such government in permitting an unimpeded investigation by any such organization of alleged violations of internationally recognized human rights.

"(c) (1) Upon the request of the Senate or the House of Representatives by resolution of either such House, or upon the request of the Committee on Foreign Relations of the Senate or the Committee on International Relations of the House of Representatives, the Secretary of State shall, within thirty days after receipt of such request, transmit to both such committees a statement, prepared with the assistance of the Coordinator for Human Rights, with respect to the country designated in such request, setting forth—

"(A) all the available information about observance of and respect for human rights and fundamental freedom in that country, and a detailed description of practices by the recipient government with respect thereto;

"(B) the steps the United States has taken to—

"(i) promote respect for and observance of human rights in that country and discourage any practices which are inimical to internationally recognized human rights, and

"(ii) publicly or privately call attention to, and disassociate the United States and any security assistance provided for such country from, such practices;

"(C) whether, in the opinion of the Secretary of State, notwithstanding any such practices—

"(i) extraordinary circumstances exist which necessitate a continuation of security assistance for such country, and, if so, a description of such circumstances and the extent to which such assistance should be continued (subject to such conditions as Congress may impose under this section), and

"(ii) on all the facts it is in the national interest of the United States to provide such assistance; and

"(D) such other information as such committee or such House may request.

"(2) (A) A resolution of request under paragraph (1) of this subsection shall be considered in the Senate in accordance with the provisions of section 601(b) of the International Security Assistance and Arms Export Control Act of 1976.

"(B) The term 'certification', as used in section 601(b) of such Act, means, for the purposes of this subsection, a resolution of request of either House under paragraph (1) of this subsection.

"(3) In the event a statement with respect to a country is requested pursuant to paragraph (1) of this subsection but is not transmitted in accordance therewith within thirty days after receipt of such request, no security assistance shall be delivered to such country except as may be specifically authorized by law for such country unless and until such statement is transmitted.

"(4) (A) In the event a statement with respect to a country is transmitted under paragraph (1) of this subsection, the Congress may, within the first period of ninety days of continuous session after such report is transmitted, adopt a concurrent resolution terminating, restricting, or continuing security assistance for such country. In the event such a concurrent resolution is adopted, such assistance shall be so terminated, so restricted, or so continued, as the case may be.

"(B) Any such resolution shall be considered in the Senate in accordance with the provisions of section 601(b) of the International Security Assistance and Arms Export Control Act of 1976.

"(C) The term 'certification', as used in section 601 of such Act, means, for the purposes of this paragraph, a statement transmitted under paragraph (1) of this subsection.

"(d) For the purposes of this section—

"(1) the term 'gross violations of internationally recognized human rights' includes torture or cruel, inhuman, or degrading treatment or punishment, prolonged detention without charges and trial, and other flagrant denial of the right to life, liberty, or the security of person; and

"(2) the term 'security assistance' means—

"(A) assistance under chapter 2 (military assistance) or chapter 4 (security supporting assistance) or chapter 5 (military education and training) of this part or part VI (assistance to the Middle East) of this Act;

"(B) sales of defense articles or services, extensions of credits (including participations in credits), and guarantees of loans under the Arms Export Control Act; or

"(C) any license in effect with respect to the export of defense articles or defense services to or for the armed forces, police, intelligence, or other internal security forces of a foreign country under section 38 of the Arms Export Control Act."

(b) Section 624 of the Foreign Assistance Act of 1961 is amended by adding at the end thereof the following new subsection:

"(f) (1) There is established in the Department of State a Coordinator for Human Rights. The Coordinator shall be appointed by the President with the advice and consent of the Senate. He shall be responsible to the Secretary of State for matters pertaining to human

rights in the conduct of foreign policy. The Secretary of State shall carry out his responsibility under section 502B of this Act through the Coordinator for Human Rights.

"(2) The Coordinator for Human Rights shall maintain continuous observation and review of all matters pertaining to human rights in the conduct of foreign policy including—

"(A) gathering detailed information regarding the observance of and respect for internationally recognized human rights in each country to which requirements of sections 116 and 502B of this Act are relevant;

"(B) preparing the statements and reports to Congress required under this section;

"(C) making recommendations to the Secretary of State and the Administrator of the Agency for International Development regarding compliance with sections 116 and 502B of this Act; and

"(D) performing other responsibilities which serve to promote increased observance of internationally recognized human rights by all countries."

PROHIBITION AGAINST DISCRIMINATION

SEC. 302. (a) Section 505 of the Foreign Assistance Act of 1961 is amended by adding at the end thereof the following new subsection:

"(g) (1) It is the policy of the United States that no assistance under this chapter should be furnished to any foreign country, the laws, regulations, official policies, or governmental practices of which prevent any United States person (as defined in section 7701(a)(30) of the Internal Revenue Code of 1954) from participating in the furnishing of defense articles or defense services under this chapter on the basis of race, religion, national origin, or sex.

"(2) (A) No agency performing functions under this chapter shall, in employing or assigning personnel to participate in the performance of any such function, whether in the United States or abroad, take into account the exclusionary policies or practices of any foreign government where such policies or practices are based upon race, religion, national origin, or sex.

"(B) Each contract entered into by any such agency for the performance of any function under this chapter shall contain a provision to the effect that no person, partnership, corporation, or other entity performing functions pursuant to such contract, shall, in employing or assigning personnel to participate in the performance of any such function, whether in the United States or abroad, take into account the exclusionary policies or practices of any foreign government where such policies or practices are based upon race, religion, national origin, or sex.

"(3) The President shall promptly transmit reports to the Speaker of the House of Representatives and the chairman of the Committee on Foreign Relations of the Senate concerning any transaction in which any United States person (as defined in section 7701(a)(30) of the Internal Revenue Code of 1954) is prevented by a foreign government on the basis of race, religion, national origin, or sex, from participating in the furnishing of assistance under this chapter, or edu-

cation and training under chapter 5, to any foreign country. Such reports shall include (A) a description of the facts and circumstances of any such discrimination, (B) the response thereto on the part of the United States or any agency or employee thereof, and (C) the result of such response, if any.

"(4) If the discrimination by a foreign government reported pursuant to paragraph (3) of this subsection continues so that such person would be prevented from participating in the furnishing of such military assistance transaction, or military education or training transaction, under the provisions of this Act on account of the race, religion, national origin, or sex of such person (or, in the case of a partnership, corporation, association, or other entity, any officer, employee, agent, director, or owner thereof), then the President shall immediately terminate such assistance or training transaction, as the case may be, except that the President may waive such termination requirement if he determines, and so reports to the Congress, that such termination would have a significant adverse impact on the security of the United States."

(b) Chapter 1 of the Foreign Military Sales Act is amended by adding at the end thereof the following new section:

"SEC. 5. PROHIBITION AGAINST DISCRIMINATION.—(a) It is the policy of the United States that no sales should be made, and no credits (including participation in credits) or guarantees extended to or for any foreign country, the laws, regulations, official policies, or governmental practices of which prevent any United States person (as defined in section 7701(a)(30) of the Internal Revenue Code of 1954) from participating in the furnishing of defense articles or defense services under this Act on the basis of race, religion, national origin, or sex.

"(b) (1) No agency performing functions under this Act shall, in employing or assigning personnel to participate in the performance of any such function, whether in the United States or abroad, take into account the exclusionary policies or practices of any foreign government where such policies or practices are based upon race, religion, national origin, or sex.

"(2) Each contract entered into by any such agency for the performance of any function under this Act shall contain a provision to the effect that no person, partnership, corporation, or other entity performing functions pursuant to such contract, shall, in employing or assigning personnel to participate in the performance of any such function, whether in the United States or abroad, take into account the exclusionary policies or practices of any foreign government where such policies or practices are based upon race, religion, national origin, or sex.

"(c) The President shall promptly transmit reports to the Speaker of the House of Representatives and the chairman of the Committee on Foreign Relations of the Senate concerning any instance in which any United States person (as defined in section 7701(a)(30) of the Internal Revenue Code of 1954) is prevented by a foreign government on the basis of race, religion, national origin, or sex, from participating in the performance of any sale or licensed transaction under this Act. Such reports shall include (1) a description of the facts and circumstances of any such discrimination, (2) the response thereto on the

part of the United States or any agency or employee thereof, and (3) the result of such response, if any.

"(d) If the discrimination by a foreign government reported pursuant to subsection (c) continues so that such person would be prevented from participating in the performance of any sale or licensed transaction under the provisions of this Act on account of the race, religion, national origin, or sex of such person (or, in the case of a partnership, corporation, or other entity, of any officer, employee, agent, director or owner of such partnership, corporation, or other entity), then the President shall immediately cancel such sale or suspend such license, as the case may be; except that the President may waive such cancellation or suspension requirement if he determines, and so reports to the Congress, that such cancellation or suspension would have a significant adverse impact on the security of the United States."

INELIGIBILITY

SEC. 303. (a) Section 505(d) of the Foreign Assistance Act of 1961 is amended to read as follows:

"(d) (1) Assistance and deliveries of assistance under this chapter to any country shall be terminated as hereinafter provided, if such country uses defense articles or defense services furnished under this Act, the Mutual Security Act of 1954, or any predecessor Foreign Assistance Act, in substantial violation (either in terms of quantities or in terms of the gravity of the consequences regardless of the quantities involved) of any agreement entered into pursuant to any such Act (A) by using such articles or services for a purpose not authorized under section 502 or, if such agreement provides that such articles or services may only be used for purposes more limited than those authorized under section 502, for a purpose not authorized under such agreement; (B) by transferring such articles or services to, or permitting any use of such articles or services by, anyone not an officer, employee, or agent of the recipient country without the consent of the President; or (C) by failing to maintain the security of such articles or services.

"(2) (A) Assistance and deliveries of assistance shall be terminated pursuant to paragraph (1) of this subsection if the President so determines and so states in writing to the Congress, or if the Congress so finds by concurrent resolution.

"(B) The President shall report to the Congress promptly upon the receipt of information that a violation described in paragraph (1) of this subsection may have occurred.

"(3) Assistance to a country shall remain terminated in accordance with paragraph (1) of this subsection until such time as—

"(A) the President determines that the violation has ceased; and

"(B) the country concerned has given assurances satisfactory to the President that such violation will not recur.

"(4) The authority contained in section 614(a) of this Act may not be used to waive the provisions of this section with respect to further assistance under this chapter."

(b) (1) Section 3(c) of the Foreign Military Sales Act is amended to read as follows:

"(c) (1) (A) No credits (including participations in credits) may be issued and no guaranties may be extended for any foreign country under this Act as hereinafter provided, if such country uses defense articles or defense services furnished under this Act, or any predecessor Act, in substantial violation (either in terms of quantities or in terms of the gravity of the consequences regardless of the quantities involved) of any agreement entered into pursuant to any such Act (i) by using such articles or services for a purpose not authorized under section 4 or, if such agreement provides that such articles or services may only be used for purposes more limited than those authorized under section 4, for a purpose not authorized under such agreement; (ii) by transferring such articles or services to, or permitting any use of such articles or services by, anyone not an officer, employee, or agent of the recipient country without the consent of the President; or (iii) by failing to maintain the security of such articles or services.

"(B) No cash sales or deliveries pursuant to previous sales may be made with respect to any foreign country under this Act as hereinafter provided, if such country uses defense articles or defense services furnished under this Act, or any predecessor Act, in substantial violation (either in terms of quantity or in terms of the gravity of the consequences regardless of the quantities involved) of any agreement entered into pursuant to any such Act by using such articles or services for a purpose not authorized under section 4 or, if such agreement provides that such articles or services may only be used for purposes more limited than those authorized under section 4, for a purpose not authorized under such agreement.

"(2) The President shall report to the Congress promptly upon the receipt of information that a violation described in paragraph (1) of this subsection may have occurred.

"(3) (A) A country shall be deemed to be ineligible under subparagraph (A) of paragraph (1) of this subsection, or both subparagraphs (A) and (B) of such paragraph in the case of a violation described in both such paragraphs, if the President so determines and so reports in writing to the Congress, or if the Congress so determines by concurrent resolution.

"(B) Notwithstanding a determination by the President of ineligibility under subparagraph (B) of paragraph (1) of this subsection, cash sales and deliveries pursuant to previous sales may be made if the President certifies in writing to the Congress that a termination thereof would have significant adverse impact on United States security, unless the Congress adopts or has adopted a concurrent resolution pursuant to subparagraph (A) of this paragraph with respect to such ineligibility.

"(4) A country shall remain ineligible in accordance with paragraph (1) of this subsection until such time as—

"(A) the President determines that the violation has ceased; and

"(B) the country concerned has given assurances satisfactory to the President that such violation will not recur."

(2) Section 3(d) of the Foreign Military Sales Act is repealed and subsection (e) of such section, as added by section 204 of this Act, is redesignated as subsection (d).

PROHIBITION OF ASSISTANCE TO COUNTRIES GRANTING SANCTUARY TO
INTERNATIONAL TERRORISTS

SEC. 304. Chapter 1 of part III of the Foreign Assistance Act of 1961 is amended by adding at the end thereof the following new section:

"SEC. 620A. PROHIBITION AGAINST FURNISHING ASSISTANCE TO COUNTRIES WHICH GRANT SANCTUARY TO INTERNATIONAL TERRORISTS.—(a) Except where the President finds national security to require otherwise, the President shall terminate all assistance under this Act to any government which aids or abets, by granting sanctuary from prosecution to, any individual or group which has committed an act of international terrorism and the President may not thereafter furnish assistance to such government until the end of the one year period beginning on the date of such termination, except that if during its period of ineligibility for assistance under this section such government aids or abets, by granting sanctuary from prosecution to, any other individual or group which has committed an act of international terrorism, such government's period of ineligibility shall be extended for an additional year for each such individual or group.

"(b) If the President finds that national security justifies a continuation of assistance to any government described in subsection (a), he shall report such finding to the Speaker of the House of Representatives and the Committee on Foreign Relations of the Senate. Assistance may be furnished to such government unless the Congress, within thirty calendar days of receiving such report, adopts a concurrent resolution stating that it does not find that the national security justifies assistance to such government."

TITLE IV—PROVISIONS RELATING TO SPECIFIC
REGIONS OR COUNTRIES

MIDDLE EAST POLICY STATEMENT

SEC. 401. Section 901 of the Foreign Assistance Act of 1961 is amended by adding at the end thereof the following new paragraph:

"It is the sense of Congress that the United States will continue to determine Middle East Policy as circumstances may require and that the authority contained in the joint resolution entitled 'Joint resolution to implement the United States proposal for the early-warning system in Sinai', approved October 13, 1975 (Public Law 94-110), and the authorizations contained in the amendments made by the International Security Assistance and Arms Export Control Act of 1976 do not, and shall not in any way be construed to, constitute congressional approval, acceptance, or endorsement (1) of any oral or written commitment, understanding, assurance, promise, or agreement, whether expressed or implied, or any other expression, oral or written (other than the 'United States Proposal for the Early Warning System in Sinai'), made by any official of the United States which Israel, Egypt, or any other nation or organization might construe or interpret as a basis on which it could rely or act, or (2) of any characterization of any such commitment, understanding, assurance, promise, or agreement, or other expression, as constituting a 'codification' of existing, congressionally approved United States policy."

AID FOR CYPRIOT REFUGEES

SEC. 402. Section 495 of the Foreign Assistance Act of 1961 is amended by striking out "\$30,000,000" and inserting in lieu thereof "\$40,000,000".

ASSISTANCE TO TURKEY

SEC. 403. Section 620(x)(1) of the Foreign Assistance Act of 1961, as amended by section 2(c) of the Act of October 6, 1975 (Public Law 94-104), is amended by striking out "Provided," and all that follows through the end of paragraph (1) and inserting in lieu thereof the following: "Provided, that for the fiscal year 1976 and the period beginning July 1, 1976, and ending September 30, 1976, the President may suspend the provisions of this subsection and of section 3(c) of the Arms Export Control Act with respect to cash sales and extensions of credits and guaranties under such Act for the procurement of such defense articles and defense services as the President determines are necessary to enable Turkey to fulfill her defense responsibilities as a member of the North Atlantic Treaty Organization, except that during the fiscal year 1976 and the period beginning July 1, 1976, and ending September 30, 1976, the total value of defense articles and defense services sold to Turkey under such Act, either for cash or financed by credits and guaranties, shall not exceed \$125,000,000. Any such suspension shall be effective only so long as Turkey observes the cease-fire on Cyprus, does not increase its military forces or its civilian population on Cyprus, and does not transfer to Cyprus any United States supplied arms, ammunition, or implements of war. The determination required by the proviso in the first sentence of this paragraph shall be made, on a case-by-case basis, with respect to each cash sale, each approval for use of credits, and each approval for use of a guaranty for Turkey. Each such determination shall be reported to the Congress and shall be accompanied by a full and complete statement of the reasons supporting the President's determination and a statement containing the information specified in clauses (A) through (D) of section 2(c)(4) of the Act of October 6, 1975 (Public Law 94-104). In any case involving the sale of significant combat equipment on the United States Munitions List in which the congressional review provisions of section 36(b) of the Arms Export Control Act do not apply, the President may not issue the letter of offer or approve the use of the credits or guaranty, as the case may be, until the end of the thirty-day period beginning on the date on which the report required by the preceding sentence is submitted to the Congress."

LIMITATION ON CERTAIN ASSISTANCE TO AND ACTIVITIES IN ANGOLA

SEC. 404. (a) It is the sense of Congress that—

(1) the people of Angola should be allowed to determine their own political future without military interference from any foreign country;

(2) the Congress supports efforts by the Organization of African Unity to achieve a settlement of the conflict in Angola and calls upon all countries to terminate any military assistance such

countries may be giving to any group, organization, movement, or individual in Angola;

(3) a disengagement by such countries would be a welcome reaffirmation of the spirit of detente, both throughout the world and in Africa; and

(4) the President should do his utmost to seek an agreement among the various parties involved in hostilities or in the support of such hostilities in Angola to terminate such hostilities or such support.

(b) (1) Notwithstanding any other provision of law, no assistance of any kind may be provided for the purpose, or which would have the effect, of promoting or augmenting, directly or indirectly, the capacity of any nation, group, organization, movement, or individual to conduct military or paramilitary operations in Angola unless and until the Congress expressly authorizes such assistance by law enacted after the date of enactment of this section.

(2) If the President determines that assistance prohibited by paragraph (1) of this subsection should be furnished in the national security interests of the United States, he shall submit to the Speaker of the House of Representatives and the Committee on Foreign Relations of the Senate a report containing—

(A) a statement by the President that his efforts to obtain the agreement described in paragraph (4) of subsection (a) have not been successful;

(B) a description of the amounts and categories of assistance which he recommends to be authorized and the identity of the proposed recipients of such assistance; and

(C) a certification that he has determined that the furnishing of such assistance is important to the national security interests of the United States and a detailed statement, in unclassified form, of the reasons supporting such determination.

(3) The prohibition contained in paragraph (1) does not apply with respect to assistance which is furnished solely for humanitarian purposes.

(4) The provisions of this section may not be waived under any other provision of law.

(5) The President shall report to the Congress on the implementation of this section within sixty days after the date of enactment of this section and every thirty days thereafter until such time as both the Committee on International Relations of the House of Representatives and the Committee on Foreign Relations of the Senate have adopted resolutions stating that such reports are no longer necessary.

SOVIET INTERVENTION IN ANGOLA

SEC. 405. The Congress views the large-scale and continuing Soviet intervention in Angola, including active sponsorship and support of Cuban armed forces in Angola, as being completely inconsistent with any reasonably defined policy of detente, as well as with Articles 1 and 2 of the United Nations Charter, the principle of noninterference in the affairs of other countries agreed to at Helsinki in 1975, and with the spirit of recent bilateral agreements between the United States and

the Union of Soviet Socialist Republics. Such intervention should be taken explicitly into account in United States foreign policy planning and negotiations.

PROHIBITION AGAINST MILITARY ASSISTANCE AND SALES CREDITS TO CHILE

SEC. 406. (a) No military or security supporting assistance may be furnished under the Foreign Assistance Act of 1961; and no credits (including participations in credits) may be extended, and no loan may be guaranteed, under the Arms Export Control Act with respect to Chile.

(b) No deliveries of any such assistance may be made to Chile on and after the date of enactment of this section.

CONTROL OF MILITARY FORCES IN THE INDIAN OCEAN

SEC. 407. (a) It is the sense of Congress that the President should undertake to enter into negotiations with the Soviet Union intended to achieve an agreement limiting the deployment of naval, air, and land forces of the Soviet Union and the United States in the Indian Ocean and littoral countries. Such negotiations should be convened as soon as possible and should consider, among other things, limitations with respect to—

(1) the establishment or use of facilities for naval, air, or land forces in the Indian Ocean and littoral countries;

(2) the number of naval vessels which may be deployed in the Indian Ocean, or the number of "ship-days" allowed therein; and

(3) the type and number of military forces and facilities allowed therein.

(b) Not later than December 1, 1976, the President shall transmit a report to the Speaker of the House of Representatives and the Committee on Foreign Relations of the Senate with respect to steps he has taken to carry out the provisions of this section.

UNITED STATES CITIZENS IMPRISONED IN MEXICO

SEC. 408. (a) The Congress, while sharing the concern of the President over the urgent need for international cooperation to restrict traffic in dangerous drugs, is convinced that such efforts must be consistent with respect for fundamental human rights. The Congress, therefore, calls upon the President to take steps to insure that United States efforts to secure stringent international law enforcement measures are combined with efforts to secure fair and humane treatment for citizens of all countries.

(b) (1) The Congress requests that the President communicate directly to the President and Government of the Republic of Mexico, a nation with which we have friendly and cooperative relations, the continuing desire of the United States for such relations between our two countries and the concern of the United States over treatment of United States citizens arrested in Mexico.

(2) The Secretary of State shall report to the Speaker of the House of Representatives and the Committee on Foreign Relations of the Senate within one hundred and twenty days after the date of enact-

ment of this section, and every one hundred and twenty days thereafter, on progress toward full respect for the human and legal rights of all United States citizens detained in Mexico.

EMERGENCY FOOD NEEDS OF PORTUGAL

SEC. 409. It is the sense of the Congress that the President should undertake immediately an evaluation of the emergency food needs of Portugal. It is further the sense of the Congress that the President should take timely action to alleviate such emergency by providing Portugal with food commodities under the provisions of pertinent statutes.

STRIFE IN LEBANON

SEC. 410. It is the sense of the Congress that the situation in Lebanon, a nation traditionally friendly to the United States, poses a danger to peace in the Middle East. The Congress deplores the armed civil strife and the continuing erosion of national institutions which threaten to destroy the political and economic fabric of Lebanon with such tragic impact on all its people. The Congress views with grave concern any outside efforts to exploit the current strife with the purpose of transforming Lebanon into a radical state in confrontation with Israel. The Congress requests that the President use his good offices to secure an end to the civil strife and national discord in Lebanon and to preserve the traditional friendly attitude of Lebanon toward the United States.

REPORT ON KOREA

SEC. 411. Chapter 3 of part III of the Foreign Assistance Act of 1961 is amended by adding at the end thereof the following new section:

"SEC. 668. REPORT ON KOREA.—Within ninety days after the enactment of this section, and at least once during each of the next five years, the President shall transmit to the Speaker of the House of Representatives and to the Committees on Foreign Relations and Armed Services of the Senate a report which (1) reviews the progress made under the announced program of the Republic of Korea to modernize its armed forces so as to achieve military self-sufficiency by 1980, (2) reports on the role of the United States in mutual security efforts in the Republic of Korea, and (3) reports on prospects for or implementation of phased reduction of United States armed forces assigned to duty in the Republic of Korea, in coordination with the timetable of the Republic of Korea for military self-sufficiency."

REPEAL OF INDOCHINA ASSISTANCE

SEC. 412. (a) Part V of the Foreign Assistance Act of 1961 and sections 34, 35, 36, 37, 38, 39, and 40 of the Foreign Assistance Act of 1974 are repealed. All determinations, authorizations, regulations, orders, contracts, agreements, and other actions issued, undertaken, or entered into under authority of any provision of law repealed by this section shall continue in full force and effect until modified, revoked, or superseded by appropriate authority.

(b) Subject to the availability of appropriations therefor, the President is authorized to adopt as a contract of the United States Government, and assume any liabilities arising thereunder (in whole or in part), any contract which had been funded or approved for funding by the Agency for International Development prior to June 30, 1975, for financing with funds made available under the Foreign Assistance Act of 1961 or the Foreign Assistance Act of 1974, or any equitable claim based upon a letter of intent issued prior to April 30, 1975, in which the Agency had expressed its intention to finance a transaction subject to the availability of funds, between the former Governments of Vietnam or Cambodia (including any of their agencies) or the Government of Laos (or any of its agencies) and any person and to apply with respect to any such contract the authorities of the Foreign Assistance Act of 1961.

(c) Funds made available for the purposes of part V of the Foreign Assistance Act of 1961 and of section 36 of the Foreign Assistance Act of 1974 (including amounts certified pursuant to section 1311 of the Supplemental Appropriation Act, 1955 (31 U.S.C. 200), as having been obligated against appropriations heretofore made) are authorized to be appropriated, and thereafter, to remain available until expended, to meet necessary expenses arising from the actions authorized by subsection (b) of this section and such funds are authorized to remain available until expended to meet necessary expenses arising from the termination of assistance programs authorized by such part and such section 36, which expenses may include but need not be limited to the settlement of claims and associated personnel costs.

TRADE WITH VIETNAM

SEC. 413. (a) It is the purpose of this section to encourage, promote, and facilitate (1) a prompt accounting of American prisoners and missing in action and repatriation of American war dead, military and civilian, (2) prompt reclamation of, or full and just compensation for, American investments and property remaining in Vietnam, and (3) mutual cooperation leading toward improved relations between the Governments of North and South Vietnam and the Government of the United States, by removing all prohibitions or restrictions relating to exports from the United States or to transactions involving foreign assets which are applicable with respect to North or South Vietnam but are not also applicable with respect to the People's Republic of China, or which are applicable with respect to dealings between North or South Vietnam and the People's Republic of China.

(b) Notwithstanding any other provision of law—

(1) any restriction on or prohibition of exports from the United States to North or South Vietnam shall be limited (A) to export controls the President determines are necessary (i) to protect the domestic economy from excessive drain of scarce materials and to reduce the serious inflationary impact of foreign demand, or (ii) to exercise the necessary vigilance over exports from the standpoint of their significance to the national security of the United States, and (B) to export controls over goods and technology which would make a significant contribution to the military potential of North or South Vietnam;

(2) for purposes of administering the Export Administration Act of 1969, the policies applicable to countries in Country Group Y of the Export Administration Regulations of the United States (15 C.F.R. 368-399) shall apply to North and South Vietnam;

(3) any restriction on or prohibition of transactions involving assets of North and South Vietnam or assets in which any national of North or South Vietnam has an interest shall be limited to (A) those assets over which the United States has jurisdiction on the date of enactment of this section, and (B) income derived from such assets which accrues on or after such date; and

(4) any restriction on or prohibition of activities by persons bearing a United States passport who are traveling in North or South Vietnam shall be limited to activities with respect to exports or transactions the restriction or prohibition of which is permitted under paragraph (1), (2), or (3).

(c) The limitations contained in this section shall expire at the end of the one-hundred-and-eighty-day period beginning on the date of enactment of this section, unless prior to the end of such period the President certifies to the Congress that the Governments of North and South Vietnam have accounted for a substantial number of the American prisoners and missing in action in Vietnam and have returned the remains of a substantial number of American war dead that they have been able to identify in Vietnam.

TITLE V—MISCELLANEOUS AUTHORIZATIONS

SECURITY SUPPORTING ASSISTANCE

SEC. 501. Section 532 of the Foreign Assistance Act of 1961 is amended to read as follows:

"SEC. 532. AUTHORIZATION.—There is authorized to be appropriated to the President to carry out the purposes of this chapter for the fiscal year 1976 \$1,766,200,000, of which not less than \$65,000,000 shall be available only for Greece, \$730,000,000 shall be available only for Israel, and \$705,000,000 shall be available only for Egypt. Amounts appropriated under this section are authorized to remain available until expended."

MIDDLE EAST SPECIAL REQUIREMENT FUND

SEC. 502. Section 903 of the Foreign Assistance Act of 1961 is amended—

(1) in subsection (a), by striking out "for the fiscal year 1975 not to exceed \$100,000,000" and inserting in lieu thereof "for the fiscal year 1976 not to exceed \$50,000,000"; and

(2) by striking out subsection (c) and inserting in lieu thereof the following:

"(c) Funds appropriated under subsection (a) shall be available to assist the Governments of Egypt and Israel in carrying out activities under the Agreement of October 10, 1975, and to pay the costs of implementing the United States proposal for the early warning system in Sinai. Such funds may be obligated without regard to the

provisions of subsection (b) of this section to the extent that the proposed obligation has been justified to the Congress prior to the enactment of this subsection.

"(d) Of the amount authorized to be appropriated in subsection (a), not less than \$12,000,000 shall constitute a contribution by the United States toward the settlement of the deficit of the United Nations Relief and Works Agency for Palestine Refugees in the Middle East, if the President determines that a reasonable number of other countries will contribute a fair share toward the settlement of such deficit within a reasonable period of time after the date of enactment of the International Security Assistance and Arms Export Control Act of 1976. In determining such fair share, the President shall take into consideration the economic position of each such country. Such \$12,000,000 shall be in addition to any other contribution to such Agency by the United States pursuant to any other provision of law."

CONTINGENCY FUND

SEC. 503. Chapter 5 of part I of the Foreign Assistance Act of 1961 is amended—

(1) in the chapter heading, by striking out "DISASTER RELIEF" and inserting in lieu thereof "CONTINGENCY FUND"; and

(2) in section 451 (a)—

(A) by striking out "1975" and inserting in lieu thereof "1976";

(B) by striking out "or by section 639"; and

(C) by adding at the end thereof the following new sentence: "Amounts appropriated under this section are authorized to remain available until expended."

INTERNATIONAL NARCOTICS CONTROL

SEC. 504. (a) Section 482 of the Foreign Assistance Act of 1961 is amended by inserting "and \$40,000,000 for the fiscal year 1976, no part of which may be obligated for or on behalf of any country where illegal traffic in opiates has been a significant problem unless and until the President determines and certifies in writing to the Speaker of the House of Representatives and the chairman of the Committee on Foreign Relations of the Senate that assistance furnished to such country pursuant to the authority in this chapter is significantly reducing the amount of illegal opiates entering the international market" immediately after "1975".

(b) Section 481 of the Foreign Assistance Act of 1961 is amended by adding at the end thereof the following new subsection:

"(c) (1) Notwithstanding any other provision of law, no officer or employee of the United States may engage or participate in any direct police arrest action in any foreign country with respect to narcotics control efforts.

"(2) The President shall carry out a study with respect to methods through which United States narcotics control programs in foreign countries might be placed under the auspices of international or regional organizations. The results of such study shall be transmitted

to the Speaker of the House of Representatives and the President of the Senate not later than June 30, 1977.”.

AUTHORIZATION FOR INTERNATIONAL ATOMIC ENERGY AGENCY

SEC. 505. Section 302 of the Foreign Assistance Act of 1961 is amended by adding at the end thereof the following new subsection:

“(i) In addition to amounts otherwise available under this section, there are authorized to be appropriated for fiscal year 1976 and to remain available until expended \$1,000,000 to be available only for the International Atomic Energy Agency to be used for the purpose of strengthening safeguards and inspections relating to nuclear fissile facilities and materials.”.

INTERIM QUARTER AUTHORIZATIONS

SEC. 506. (a) Any authorization of appropriations in this Act, or in any amendment to any other law made by this Act, for the fiscal year 1976, shall be deemed to include an additional authorization of appropriations for the period beginning July 1, 1976, and ending September 30, 1976, in amounts which equal one-fourth of any amount authorized for the fiscal year 1976 and in accordance with the authorities applicable to operations and activities authorized under this Act or such other law, unless appropriations for the same purpose are specifically authorized in a law hereinafter enacted.

(b) The aggregate total of credits, including participations in credits, extended pursuant to the Arms Export Control Act and of the principal amount of loans guaranteed pursuant to section 24(a) of such Act during the period beginning July 1, 1976, and ending September 30, 1976, may not exceed an amount equal to one-fourth of the amount authorized by section 31(b) of such Act to be extended and guaranteed for the fiscal year 1976.

TITLE VI—MISCELLANEOUS PROVISIONS

EXPEDITED PROCEDURE IN THE SENATE

SEC. 601. (a) (1) The provisions of subsection (b) of this section shall apply with respect to the consideration in the Senate of any resolution required by law to be considered in accordance with such provisions.

(2) Any such law shall—

(A) state whether the term “resolution” as used in subsection (b) of this section, means, for the purposes of such law—

(i) a resolution of either House of Congress; or

(ii) a concurrent resolution; and

(B) specify the certification to which such resolution shall apply.

(b) (1) For purposes of any such law, the continuity of a session of Congress is broken only by an adjournment of the Congress sine die, and the days on which either House is not in session because of

an adjournment of more than three days to a day certain are excluded in the computation of the period indicated.

(2) Paragraphs (3) and (4) of this subsection are enacted—

(A) as an exercise of the rule-making power of the Senate and as such they are deemed a part of the rules of the Senate, but applicable only with respect to the procedure to be followed in the Senate in the case of resolutions described by subsection

(a) (1) of this section; and they supersede other rules of the Senate only to the extent that they are inconsistent therewith; and

(B) with full recognition of the constitutional right of the Senate to change such rules at any time, in the same manner and to the same extent as in the case of any other rule of the Senate.

(3) (A) If the committee of the Senate to which has been referred a resolution relating to a certification has not reported such resolution at the end of 10 calendar days after its introduction, not counting any day which is excluded under paragraph (1) of this subsection, it is in order to move either to discharge the committee from further consideration of the resolution or to discharge the committee from further consideration of any other resolution introduced with respect to the same certification which has been referred to the committee, except that no motion to discharge shall be in order after the committee has reported a resolution with respect to the same certification.

(B) A motion to discharge under subparagraph (A) of this paragraph may be made only by a Senator favoring the resolution, is privileged, and debate thereon shall be limited to not more than 1 hour, to be divided equally between those favoring and those opposing the resolution, the time to be divided equally between, and controlled by, the majority leader and the minority leader or their designees. An amendment to the motion is not in order, and it is not in order to move to reconsider the vote by which the motion is agreed to or disagreed to.

(4) (A) A motion in the Senate to proceed to the consideration of a resolution shall be privileged. An amendment to the motion shall not be in order, nor shall it be in order to move to reconsider the vote by which the motion is agreed to or disagreed to.

(B) Debate in the Senate on a resolution, and all debatable motions and appeals in connection therewith, shall be limited to not more than 10 hours, to be equally divided between, and controlled by, the majority leader and the minority leader or their designees.

(C) Debate in the Senate on any debatable motion or appeal in connection with a resolution shall be limited to not more than 1 hour, to be equally divided between, and controlled by, the mover and the manager of the resolution, except that in the event the manager of the resolution is in favor of any such motion or appeal, the time in opposition thereto, shall be controlled by the minority leader or his designee. Such leaders, or either of them, may, from time under their control on the passage of a resolution, allot additional time to any Senator during the consideration of any debatable motion or appeal.

(D) A motion in the Senate to further limit debate on a resolution, debatable motion, or appeal is not debatable. No amendment to, or motion to recommit, a resolution is in order in the Senate.

PROCUREMENTS FROM SMALL BUSINESSES

SEC. 602. In order to encourage procurements from small business concerns under chapter 4 of the Foreign Assistance Act of 1961, the Administrator of the Agency for International Development shall report to the Congress every six months on the extent to which small businesses have participated in procurements under such chapter and on what efforts the Agency has made to foster such procurements from small business concerns. The Small Business Administration shall lend all available assistance to the Agency for the purposes of carrying out this section.

PAYMENT OF CONSULTANTS

SEC. 603. Section 626(a) of the Foreign Assistance Act of 1961 is amended by striking out "\$100 per diem" and inserting in lieu thereof "the daily equivalent of the highest rate which may be paid to an employee under the General Schedule established by section 5332 of title 5, United States Code".

FEES OF MILITARY SALES AGENTS AND OTHER PAYMENTS

SEC. 604. (a) Section 36 of the Foreign Military Sales Act, as amended by section 211 of this Act, is further amended as follows:

(1) In subsection (a)—

(A) strike out "and" at the end of paragraph (7);

(B) redesignate paragraph (8) as paragraph (9); and

(C) insert the following new paragraph immediately after paragraph (7):

"(8) a description of each payment, contribution, gift, commission or fee reported to the Secretary of State under subsection (f), including (A) the name of the person who made such payment, contribution, gift, commission or fee; (B) the name of any sales agent or other person to whom such payment, contribution, gift, commission or fee was paid; (C) the date and amount of such payment, contribution, gift, commission or fee; (D) a description of the sale in connection with which such payment, contribution, gift, commission or fee was paid; and (E) the identification of any business information considered confidential by the person submitting it which is included in the report; and"

(2) In the first sentence of subsection (b), insert immediately before the period "and a description, containing the information specified in paragraph (8) of subsection (a), of any contribution, gift, commission or fee paid or offered or agreed to be paid in order to solicit, promote or otherwise to secure such letter or offer."

(3) Add the following new subsection at the end of such section:

"(f) (1) In accordance with such regulations as he may prescribe, the Secretary of State shall require adequate and timely reporting on political contributions, gifts, commissions and fees paid, or offered or agreed to be paid, by any person in connection with—

"(A) sales of defense articles or defense services under section 22 of this Act; or

"(B) commercial sales of defense articles or defense services licensed or approved under section 38 of this Act; to or for the armed forces of a foreign country or international organization in order to solicit, promote, or otherwise to secure the conclusion of such sales. Such regulations shall specify the amounts and the kinds of payments, offers, and agreements to be reported, and the form and timing of reports, and shall require reports on the names of sales agents and other persons receiving such payments. The Secretary of State shall by regulation require such recordkeeping as he determines is necessary.

"(2) The President may, by regulation, prohibit, limit, or prescribe conditions with respect to such contributions, gifts, commissions, and fees as he determines will be in furtherance of the purposes of this Act.

"(3) No such contribution, gift, commission, or fee may be included, in whole or in part, in the amount paid under any procurement contract entered into under section 22 of this Act, unless the amount thereof is reasonable, allocable to such contract, and not made to a person who has solicited, promoted, or otherwise secured such sale, or has held himself out as being able to do so, through improper influence. For the purposes of this subsection, "improper influence" means influence, direct or indirect, which induces or attempts to induce consideration or action by any employee or officer of a purchasing foreign government or international organization with respect to such purchase on any basis other than such consideration of merit as are involved in comparable United States procurements.

"(4) (A) All information reported to the Secretary of State and all records maintained by any person pursuant to regulations prescribed under this subsection shall be available, upon request, to any standing committee of the Congress or any subcommittee thereof and to any agency of the United States Government authorized by law to have access to the books and records of the person required to submit reports or to maintain records under this subsection.

"(B) Access by an agency of the United States Government to records maintained under this subsection shall be on the same terms and conditions which govern the access by such agency to the books and records of the person concerned."

(b) The amendments made by this section shall take effect sixty days after the date of enactment of this Act.

USE OF PERSONNEL

SEC. 605. (a) Nothing in this Act is intended to authorize any additional military or civilian personnel for the Department of Defense for the purposes of this or any other Act. Personnel levels authorized in statutes authorizing appropriations for military and civilian personnel of the Department of Defense shall be controlling over all military and civilian personnel of the Department of Defense assigned to carry out functions under the Arms Export Control Act and the Foreign Assistance Act of 1961.

(b) Section 42 of the Foreign Military Sales Act, as amended by section 214 of this Act, is further amended by adding at the end thereof the following new subsection:

"(f) The President shall, to the maximum extent possible and consistent with the purposes of this Act, use civilian contract personnel in any foreign country to perform defense services sold under this Act."

And the House agree to the same.

THOMAS E. MORGAN,
CLEMENT J. ZABLOCKI,
WAYNE L. HAYS,
DANTE B. FASCELL,
LEE H. HAMILTON,
WM S. BROOMFIELD,
EDWARD J. DERWINSKI,

Managers on the part of the House.

JOHN SPARKMAN,
HUBERT H. HUMPHREY,
GALE W. MCGEE,
GEORGE MCGOVERN,
FRANK CHURCH,
STUART SYMINGTON,
CLIFFORD P. CASE,
JACOB K. JAVITS,
HUGH SCOTT,
CHARLES H. PERCY,

Managers on the part of the Senate.

JOINT EXPLANATORY STATEMENT OF THE COMMITTEE OF CONFERENCE

The managers on the part of the House and the Senate at the conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 2662), to amend the Foreign Assistance Act of 1961 and the Foreign Military Sales Act, and for other purposes, submit the following joint statement to the House and the Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying conference report:

The House struck out all of the Senate bill after the enacting clause and inserted a substitute amendment.

The committee of conference recommends a substitute for both the Senate bill and the House amendment to the text of the Senate bill.

Except for clarifying, clerical, and necessary conforming changes, the differences between the two Houses and the adjustments made in the committee of conference are noted below.

The committee of conference agreement contained authorizations for international security assistance for fiscal year 1976 of \$3,166,900,000 which represents a reduction of \$293,050,000 in the House figure, an increase of \$116,500,000 in the Senate figure, and a reduction of \$298,400,000 in the amount requested by the executive branch.

The amounts approved by the committee of conference compared to the amounts requested by the executive branch and recommended by the House and Senate follow:

FUNDS AUTHORIZED FOR FISCAL YEAR 1976 BY S. 2662

[In millions of dollars]

	Executive request	House recommendation	Senate recommendation	Conference substitute
Grant military assistance.....	394.5	334.0	180.9	¹ 196.7
Grant military assistance administration.....	(2)	32.0	32.0	32.0
Foreign military education and training.....	30.0	28.15	25.0	27.0
Foreign military sales credits.....	1,065.0	1,065.0	1,014.5	1,039.0
Contingency fund.....	10.0	5.0	5.0	5.0
Narcotics control.....	42.5	42.5	37.5	40.0
Security supporting assistance.....	1,873.3	1,883.3	1,705.0	1,766.2
Middle East Special Requirements Fund.....	50.0	50.0	50.0	50.0
Aid to Cypriot refugees.....		² 20.0		10.0
International Atomic Energy Agency.....			1.0	1.0
Total.....	3,465.3	3,459.95	3,050.4	3,166.9

¹ In addition to the amount authorized to be appropriated for grant military assistance programs, \$28,300,000 in recoupments and reimbursements are authorized to be made available for such programs.

² The executive request included \$37,000,000 for general costs in its overall request for grant military assistance.

³ The \$20,000,000 authorized in the House amendment for aid to Cypriot refugees is in addition to the \$30,000,000 authorization for such purpose contained in H.R. 9005 (Public Law 94-161).

ALLOCATIONS

Grant military assistance (MAP)

The Senate bill amended section 504(a) of the Foreign Assistance Act to authorize \$180,900,000 for MAP in fiscal year 1976. Such sum, plus recoupments, was allocated among eight specified recipients, with not to exceed \$5,200,000 made available for fiscal year 1976 for unspecified countries and international organizations.

The House amendment authorized \$334 million for MAP in fiscal year 1976 and provided allocations for the same eight specified recipients, although in different amounts, with not to exceed \$25 million of the appropriation to be available for unspecified countries and international organizations.

The committee of conference agreed to a substitute MAP authorization of \$196,700,000 and to MAP allocations as follows:

[In millions of dollars]

Recipient	Senate bill	House amendment	Conference substitute
Greece.....	25.0	50.0	31
Indonesia.....	13.0	19.4	13
Jordan.....	50.0	70.0	50
Korea.....	54.0	65.0	55
Philippines.....	17.0	19.6	17
Thailand.....	15.0	25.0	16
Turkey.....	25.0	50.0	31
Ethiopia.....	5.0	10.0	6
Unspecified countries.....	5.2	25.0	6
Total.....	1 209.2	1 334.0	1 225

¹ The allocations in the Senate bill included \$28,300,000 in recoupments and reimbursements. The committee of conference agreed to include recoupment, and reimbursements in the allocations.

Security supporting assistance

The Senate bill amended section 532 of the Foreign Assistance Act to authorize \$1,705 million for fiscal year 1976 security supporting assistance programs of which \$725 million would be available only for Israel. The Senate bill also allocated certain amounts of the remainder of the funds authorized for fiscal year 1976 for specific countries and purposes.

The House amendment authorized a total of \$1,883,300,000 for fiscal year 1976 of which not less than \$90 million was earmarked for Greece. The House amendment placed a ceiling of not to exceed \$1,657,500,000 of the total authorization for furnishing assistance to Middle East countries and earmarked not less than \$755 million of that amount for Israel and not less than \$750 million for Egypt.

The committee of conference agreed to a substitute authorization of \$1,766,200,000 of which not less than the following amounts will be available for the following countries:

Israel.....	\$730,000,000
Egypt.....	705,000,000
Greece.....	65,000,000

It is the intent of the committee of conference that the remainder of the funds authorized for security supporting assistance for fiscal year 1976 be allocated as follows:

Jordan.....	\$72,500,000
Syria.....	80,000,000
Bahrain.....	600,000
Malta.....	9,500,000
Portugal.....	52,500,000
United Nations Force in Cyprus.....	9,600,000
Zaire.....	18,900,000
Operating Expenses.....	22,600,000

FOREIGN MILITARY SALES CREDITS (FMS)

Authorization

The Senate bill amended section 31(a) of the Foreign Military Sales Act to authorize \$1,014,500,000 for FMS financing for fiscal year 1976.

The House amendment authorized \$1,065 million for fiscal year 1976.

The committee of conference adopted a substitute authorization level of \$1,039 million.

Aggregate ceiling

The Senate bill amended section 31(b) of the Foreign Military Sales Act by setting a ceiling of \$2,324,700,000 on the aggregate total of FMS credits or participation in credits, extended under section 23 of the act, and of the principal amounts of loans guaranteed under section 24 of the act, during fiscal year 1976.

The House amendment established an aggregate ceiling of \$2,374,700,000 for fiscal year 1976.

The committee of conference agreed to an aggregate ceiling of \$2,374,700,000.

FMS repayment period for Israel

The Senate bill specified that, with respect to the long-term repayments mandated for FMS financing provided to Israel, "repayment shall be in not less than 20 years following a grace period of 10 years on repayment of principal."

The House amendment contained no comparable provision.

The committee of conference adopted the Senate provision.

MIDDLE EAST SPECIAL REQUIREMENTS FUND

The Senate bill authorized the appropriation of \$50 million for the Middle East Special Requirements Fund for fiscal year 1976.

The House amendment contained an identical authorization but earmarked \$12 million for use as a U.S. contribution toward the settlement of the deficit of the United Nations Relief and Works Agency for Palestine Refugees in the Middle East.

The committee of conference adopted the House provision.

INTERIM QUARTER AUTHORIZATIONS

The Senate bill authorized, for the period beginning July 1, 1976, and ending September 30, 1976, the appropriation of one-fourth of any amount authorized for fiscal year 1976 by this act or by any amendment thereto in accordance with the authorities applicable to operations and activities authorized under this act, unless appropriations for the same purpose are specifically authorized in subsequently enacted legislation.

The Senate bill also provided that the aggregate total of foreign military sales credits extended during such period may not exceed an amount equal to one-fourth of the amount authorized for such purpose for fiscal year 1976.

The House amendment authorized, for such period, such sums as may be necessary but not to exceed one-fourth of the amounts authorized for fiscal year 1976.

The committee of conference adopted the Senate provision.

SHORT TITLE

The short title of the Senate bill was the "International Security Assistance and Arms Export Control Act of 1976."

The short title of the House amendment was the "International Security Assistance Act of 1976."

The committee of conference adopted the Senate title.

GRANT MILITARY ASSISTANCE PROGRAM (MAP)

Ceiling on number of MAP recipients

The Senate bill reduced the ceiling in section 504(a) of the Foreign Assistance Act on the maximum number of countries receiving grant military assistance from 31 to 20 for fiscal year 1976.

The House amendment reduced the ceiling to 17 countries for fiscal year 1976.

The committee of conference adopted the Senate provision.

MAP administrative expenses

The Senate bill provided a specific authorization for "administrative and related expenses" of the grant military assistance program.

The House amendment contained a specific authorization for "administrative expenses."

The committee of conference adopted the Senate provision. This authorization is in lieu of the executive branch request for \$37 million which were included in general costs within the program authorization request.

Sophisticated weapons systems

The Senate bill created an exemption for countries specified in the bill as MAP recipients from the existing prohibition on the use of MAP funds to furnish sophisticated weapons systems without a Presidential determination that the furnishing of such weapons systems is important to the national security. The determination has to be reported to Congress.

The House amendment restated existing law.

The committee of conference adopted the House provision.

Special drawdown authority

The Senate bill amended section 506(a) of the Foreign Assistance Act so as to continue the President's emergency authority to draw on Department of Defense stocks and services for military assistance purposes, subject to reimbursement from subsequent appropriations. As amended this authority would be applicable only in an unforeseen emergency requiring immediate action where vital U.S. security interests are at stake and the emergency requirement cannot be met under any other authority. The President's authority under this section would be reduced from \$150 million to \$75 million in any fiscal year. The Senate bill also required current reporting to Congress on the use of such authority.

The House amendment also continued the President's use of such authority in emergency situations where it was determined to be in the security interests of the United States but reduced such authority to \$50 million in any fiscal year.

The committee of conference adopted the Senate version with an amendment reducing such authority to \$67,500,000 in any fiscal year.

Stockpiling of defense articles for foreign countries

The Senate bill amended section 514 of the Foreign Assistance Act—

(1) to define the term "value", for purposes of determining the amount to be charged against appropriations and limitations when stockpiled items are transferred, as "acquisition cost plus crating, packing, handling, and transportation costs";

(2) to stipulate that defense articles placed in stockpiles located in foreign countries for use by foreign countries (except for NATO purposes) may not exceed in any fiscal year an amount greater than is specified in security assistance authorizing legislation for such fiscal year (the Senate bill made no such specific authorization for fiscal year 1976 or the transition quarter);

(3) to provide that, except for existing stockpiles and those located in NATO countries, no stockpile may be located outside a U.S. military base; and

(4) to provide that no stockpiled defense article transferred to a foreign country may be considered "excess" for valuation purposes.

The House amendment amended section 514—

(1) to permit new stockpiles or additions to stockpiles located in foreign countries of not to exceed \$150 million in fiscal year 1976 and not to exceed one-fourth of that amount during the transition quarter (July 1-September 30, 1976); and

(2) to require a report on each new stockpile and each addition to an existing stockpile having a value in excess of \$10 million in any fiscal year.

The committee of conference adopted a substitute which (1) retains the Senate bill's definition of "value"; (2) permits new stockpiles or additions to existing stockpiles of not to exceed \$75 million in fiscal year 1976 and not to exceed \$18,750,000 during the transition quarter; (3) retains the Senate bill's prohibition on locating future stockpiles outside U.S. military bases (except for stockpiles located in NATO countries); (4) stipulates that stockpiled defense articles transferred to a foreign country may not be considered "excess" for valuation

purposes; and (5) retains the House amendment's reporting requirement for each new stockpile or addition to an existing stockpile having a value in excess of \$10 million. It is intended that the reports to Congress required by subsection (e) of this section be made to the House Committee on International Relations and the Senate Committee on Foreign Relations, as well as to the House and Senate Armed Services Committees.

Termination of military assistance advisory groups and missions (MAAG's)

The Senate bill amended section 515 of the Foreign Assistance Act to provide that (1) after September 30, 1977, no U.S. military group or mission performing military assistance advisory group functions under the act may operate in a foreign country unless specifically authorized by Congress; (2) where such groups or missions are terminated, the President may assign no more than three U.S. military personnel to the Chief of the U.S. Mission in question to perform such military advisory functions as the Chief of Mission determines necessary; and (3) after June 30, 1976, the number of such groups or missions may not exceed 34 and the number of personnel assigned thereto may not exceed 1,400. The Senate bill defines "military assistance advisory group" so as to exclude regular units of the Armed Forces engaged in routine function, to bring about standardization with allies.

The House amendment (1) provided that after September 30, 1977, no U.S. military assistance advisory group or mission may operate in a foreign country unless specifically authorized by Congress; (2) authorized up to three U.S. military personnel that may be assigned to the Chief of each U.S. Mission to perform security assistance functions with \$2,500,000 authorized for fiscal year 1978 and each subsequent fiscal year for such purpose; (3) prohibited the use of waiver authority to increase the \$2,500,000; and (4) provided that security assistance functions may not be performed by defense attaches assigned to U.S. missions.

The committee of conference adopted a substitute which (1) prohibits the performance of security assistance functions by defense attaches after September 30, 1977; (2) places a ceiling of 34 on military assistance advisory groups and missions effective September 30, 1976; (3) excludes regular U.S. Armed Forces units designed to bring about U.S.-allied procedural and operational standardization from the definition of MAAG's; and (4) permits the assignment of up to three U.S. military personnel to each Chief of a U.S. Mission to perform security assistance functions, regardless of the prior existence of a MAAG in that country. Further, such military personnel may be assigned to replace MAAG's as they are phased out, in accordance with the requirements of this act. The sale of services previously performed by MAAG's is dealt with in subsequent sections of the bill.

Termination of grant military assistance programs

The Senate bill amended chapter 2 of part II of the act by adding thereto a new section 516 which provides that after September 30, 1977, and except to the extent that Congress may subsequently authorize, the authorities contained in chapter 2, other than authorities

contained in sections 506 and 515, may no longer be exercised. Those authorities would remain available until September 30, 1980 to the extent necessary to carry out obligations incurred under chapter 2 prior to September 30, 1977. The Senate bill also would make MAP funds available for winding up the assistance program notwithstanding the limitations contained in section 504(a) (2) and (3) of the act.

The House amendment was virtually identical with the Senate version except that it did not make explicit that funds are to be available for winding up assistance notwithstanding limitations found in section 504(a) (2). The House amendment also stipulated that the authorities contained in section 514 of the act are not affected by the termination.

The committee of conference adopted a substitute which makes (MAP) funds available for winding up MAP programs notwithstanding the limitations contained in section 504(a) (2) of the Foreign Assistance Act and exempts the authorities contained in section 514 of the act relating to stockpiling of defense articles for foreign countries from the termination requirement.

INTERNATIONAL MILITARY EDUCATION AND TRAINING

Reimbursement

The House amendment provided that military education and training shall be provided, whenever feasible, on a reimbursable basis.

The Senate bill contained no comparable provision.

The committee of conference adopted the House provision.

It is the intent of the committee of conference that this provision shall not preclude the sale of defense services under the Foreign Military Sales Act.

Applicability of Foreign Assistance Act requirements

The Senate bill provided that the authority to furnish military education and training must be exercised consistent with the requirements of the Foreign Assistance Act.

The House amendment contained no comparable provision.

The committee of conference adopted the Senate provision.

Eligible recipients

The Senate bill permitted military education and training for "friendly foreign countries and international organizations."

The House amendment permitted such training for "foreign countries."

The committee of conference adopted the House provision.

Authorization of funds

The Senate bill authorized an appropriation of \$25 million for military education and training in fiscal year 1976.

The House amendment authorized an appropriation of \$28,150,000.

The committee of conference adopted a substitute authorization of \$27 million.

Training outside United States

The Senate bill provided that military education and training programs conducted outside the United States must be justified to the Speaker of the House and the Senate Foreign Relations Committee.

The House amendment contained no comparable provision.

The committee of conference adopted the Senate provision with the understanding that such justification will be included in the annual presentation to Congress.

Limitation on certain types of training

The Senate bill provided that military training may not be associated with the operation of certain major weapons systems of U.S. origin.

The House amendment contained no comparable provision.

The committee of conference agreed to the House position.

Repeal of limitation on number of foreign military trainees in the United States

The House amendment repealed section 510 of the Foreign Assistance Act which limits the number of foreign military trainees in the United States in any fiscal year to the number of civilians brought to the United States under the Mutual Educational and Cultural Exchange Act of 1961, in the previous fiscal year.

The Senate bill contained no comparable provision.

The committee of conference adopted the House provision.

Availability of funds

The Senate bill permitted funds previously appropriated for military education and training purposes to be available for obligation and expenditure in accordance with provisions of law currently applicable.

The House amendment contained no comparable provision.

The committee of conference adopted the Senate provision.

SPECIAL AUTHORITIES

The Senate bill repealed sections 614(b), relating to the use of funds for West Berlin, and section 614(c), which authorizes the use of up to \$50 million cumulatively of funds appropriated under the authority of the Foreign Assistance Act without specifying the purpose of such use.

The House amendment contained no comparable provision.

The committee of conference agreed to the House position.

ANNUAL FOREIGN ASSISTANCE REPORT

Additional information required

The Senate bill amended section 657(a) (1) and (3) relating to the annual foreign assistance report. The amendment to section 657(a) (1) required more detailed information with respect to foreign military sales, credits, and guaranties. The amendment to section 657(a) (2) required that the report specify whether exported military equipment was sold by the U.S. Government or was sold commercially.

The House amendment contained no comparable provisions.

The committee of conference adopted a substitute which contains the Senate amendment to section 657(a) (1) and also contains a substitute for the Senate amendment to section 657(a) (3) which elimi-

nates duplicative reporting requirements for arms sales which would have resulted from adoption of the Senate amendment.

Classification of information

The Senate bill amended section 657(b) of the Foreign Assistance Act so as to repeal the President's authority under the statute to classify specific items in the Annual Foreign Assistance Report if he determines their publication would be detrimental to the security of the United States.

The House amendment contained no comparable provision.

The committee of conference agreed to retain the President's authority to classify such information. However, it is the intent of the committee of conference that the requirement of existing law that each such classified item be accompanied by a justification therefor be rigorously adhered to by the President.

CHANGE OF FOREIGN MILITARY SALES ACT TITLE

The Senate bill changed the title of the Foreign Military Sales Act to the "Arms Export Control Act."

The House amendment retained the existing title.

The committee of conference adopted the Senate provision.

GOVERNMENT VERSUS COMMERCIAL ARMS SALES POLICY STATEMENT

The Senate bill amended the last paragraph of section 1 of the Foreign Military Sales Act, which calls for a reduction in the role of the U.S. Government in arms sales and a return of such sales to commercial channels by adding an exception in the case of major defense equipment, valued in excess of \$25 million.

The House amendment repealed the last paragraph of section 1 of the Foreign Military Sales Act.

The committee of conference adopted the House provision.

STATEMENT OF ARMS SALES POLICY

Statement of policy

The Senate bill amended section 1 of the Foreign Military Sales Act by adding new paragraphs thereto containing a statement of policy on arms sales. It provided that the President should undertake multilateral discussions for the purpose of reducing the international trade in arms and lessening the dangers of regional conflict. It further provided that the President shall report to Congress not later than June 30, 1976, and thereafter, on steps taken to carry out the policy.

The House amendment added a similar policy statement at a different place in the Foreign Military Sales Act.

The committee of conference adopted the statement of policy contained in the Senate bill but deleted the requirement for a report as unnecessary in view of the requirement placed upon the President to review United States arms sales policies in another part of the Act.

Review of arms sales policy

The House amendment added a new section 48 to the Foreign Military Sales Act which requires the President to conduct a compre-

hensive study of U.S. arms sales policies to determine whether such policies should be changed, and to report the results of such study to Congress along with an account of steps taken to encourage arms limitations not later than the end of the 1-year period beginning on the date of enactment of the amendment.

The Senate bill contained no comparable provision.

The committee of conference adopted the House provision.

ANNUAL CEILING ON ARMS SALES

The House amendment added a new section to the Foreign Military Sales Act, setting an annual ceiling of \$9 billion on the value of all U.S. arms sales contracts (both government-to-government and commercial), with any foreign country or international organization, such ceiling to apply to fiscal year 1977 and each fiscal year thereafter.

The Senate bill contained no comparable provision.

The committee of conference adopted the House provision with the following changes.

Scope of ceiling

The committee of conference adopted an amendment providing that the aggregate value of defense articles and defense services which are sold under the Foreign Military Sales Act or which are licensed or approved for export in connection with commercial sales for the use or for the benefit of the armed forces, police, intelligence, or other internal security forces of a foreign country or international organization in connection with commercial sales contracts, shall not exceed \$9 billion in any fiscal year.

Subceiling on combat equipment

The House amendment established a subceiling, equal to 40 percent of the overall ceiling, on aggregate U.S. sales of combat equipment in any year.

The committee of conference agreed to delete this provision.

Waiver authority

The House amendment permitted the President to waive the limitations on aggregate arms sales "to the extent necessary to allow defense articles and services to be furnished on an emergency basis if he determined and certified to the Speaker of the House of Representatives and the Committee on Foreign Relations of the Senate that an emergency exists which requires the furnishing of such defense articles and services in the national security interests of the United States."

The committee of conference adopted a substitute provision which permits the President to waive the limitations on annual aggregate arms sales without declaring that an emergency exists if he determines that the national security interests so require. Such determinations are to be made on a case-by-case basis.

Enforcement procedures

The House amendment required U.S. arms manufacturers to submit proposed commercial arms export contracts to the Secretary of Defense to insure that the proposed sales were consistent with quotas

established by the President, and provided criminal penalties for willful violations.

The Senate bill contained no comparable provision.

The committee of conference adopted a substitute provision which provides criminal penalties for any person who, with intent to avoid the application of the arms sales ceiling, exports or attempts to export any defense article or defense service without a license or approval as required.

TRANSFER OF DEFENSE SERVICES

The Senate bill amended section 3(a)(2) of the Foreign Military Sales Act and section 505(a) of the Foreign Assistance Act to provide that the requirement in existing law under which recipient countries must agree in advance not to transfer U.S.-supplied defense articles to a third country without prior U.S. consent shall also apply to related training and other defense services.

The House amendment contained no comparable provision.

The committee of conference adopted the Senate provision.

APPROVAL FOR THIRD COUNTRY ARMS TRANSFERS

Transfer disapproval procedure

The Senate bill amended section 3 of the Foreign Military Sales Act to prohibit the President from consenting to any transfer of defense articles worth \$25 million or more, or any major defense equipment, or of training related to such articles or equipment, if it was sold or licensed for export under the act, or was furnished as grant military assistance under the Foreign Assistance Act. Such prohibition could be waived (1) if the President certified such proposed transfers to the Congress and the Congress did not adopt a concurrent resolution of disapproval within 30 calendar days, or (2) if the President stated that an emergency existed which required such transfer in the national security interests of the United States.

The House amendment also amended section 3 of the Foreign Military Sales Act by adding a similar prohibition on arms transfers and providing similar Presidential certification waiver and congressional disapproval procedures. Such prohibition, however, was applicable to all defense articles, but not to related training. The House amendment also provided that Congress could disapprove such transfers within a period of 30 days of continuous session.

The committee of conference adopted the House provision with an amendment providing for congressional disapproval of proposed arms transfers within a period of 30 calendar days.

Expedited procedure for resolutions of disapproval

The Senate bill contained a provision permitting, in either House, a motion to discharge the committee to which a resolution of disapproval was referred if such resolution is not reported by such committee at the end of 10 calendar days after its introduction.

The House amendment contained no comparable provision.

The committee of conference adopted the Senate provision, but made it applicable only in the Senate.

Classification of information

The Senate bill contained a provision which required that the Presidential report to the Congress with respect to a proposed transfer must be unclassified unless the publication of such report would be detrimental to U.S. security.

The House amendment contained no comparable provision.

The committee of conference adopted the Senate provision.

EXTENSION OF PAYMENT PERIOD FOR CREDIT SALES

The House amendment amended section 23 of the Foreign Military Sales Act to provide that the payment period for credit sales under the act shall not exceed 12 years after the delivery or rendering of the articles or services involved. The House amendment further provided that the 12-year payment period would apply to financing under agreements entered into on or after the date of enactment of the amendment.

The Senate bill contained no comparable provision.

The committee of conference adopted the House provision.

USE OF DEPARTMENT OF DEFENSE (DOD) PERSONNEL

The Senate bill stated that nothing in this act is intended to authorize any additional military or civilian personnel for the purpose of the act and that both military and civilian personnel assigned to the Defense Department and carrying out functions under the act (even if funded by other than DOD appropriations) fall under military and civilian manpower ceilings imposed by the DOD authorizing legislation. The Senate bill also added to the Foreign Military Sales Act the injunction to maximize the use of civilian contractor personnel to perform defense services overseas, if consistent with the purposes of the act.

The House amendment contained no comparable provision.

The committee of conference adopted the Senate provision.

SALES FROM STOCKS

The Senate bill amended section 21 of the Foreign Military Sales Act to—

- (1) limit the sale of defense services to nine specified services.
- (2) provide that, with respect to the sale of a defense article which will not be replaced by the United States, the price of such defense article shall be the actual value thereof;
- (3) provide that the price of articles which are intended to be replaced shall be the actual cost of replacement;
- (4) provide that the price of defense services shall be equal to the cost to the United States of such services;
- (5) require that payment for defense articles and services be made in advance, unless the President determines it to be in the national interest to delay such payment, in which case interest is charged on any amount paid more than 60 days after delivery of such article or service (or 120 days if the President finds that an emergency exists);

(6) prohibit personnel performing defense services from performing combat duties;

(7) require that letters of offer include charges for administrative services, plant and production equipment, and for major defense equipment, a proportionate amount of nonrecurring research and development costs, with certain exceptions for standardization and coproduction arrangements with members of the North Atlantic Treaty Organization (NATO);

(8) require contracts made pursuant to sections 21 and 22 of the act be made available for public inspection to the extent possible consistent with the national security of the United States; and to

(9) authorize the President to enter into NATO standardization agreements.

The House amendment contained no comparable provisions.

The committee of conference adopted the Senate provisions with an amendment which deletes the provision limiting the sale of defense services to only those nine services as listed in the Senate bill. The committee of conference also deleted the Senate bill's definition of major defense equipment. In addition, the committee of conference also adopted an amendment which specifies that the interest to be charged is not less than the current cost of U.S. Government borrowing.

SALES FROM STOCKS AFFECTING COMBAT READINESS

The Senate bill amended section 21 of the Foreign Military Sales Act to provide that sales of defense articles and services which could have a significant adverse effect on the combat readiness of U.S. Armed Forces shall be kept to a minimum. With regard to any such sale, the President was to transmit to Congress a written statement setting forth the details of the proposed sale, a full description of its impact on U.S. Armed Forces, and a justification and certification that such sale was important to U.S. security. No delivery could be made under any such sale unless the latter certification was in effect. Such certification would remain in effect for 1 year from the date of transmittal, unless Congress adopted a concurrent resolution suspending such delivery within 30 calendar days after transmittal.

The House amendment amended section 657(a) of the Foreign Assistance Act to require inclusion in the annual foreign assistance report a statement describing the impact on U.S. military readiness and capacity to protect U.S. security, and to fulfill mutual defense commitments, of deliveries of defense articles and rendering of defense services under the Foreign Assistance Act and the Foreign Military Sales Act during the year in question.

The committee of conference adopted the Senate provision with an amendment deleting the provision relating to a concurrent resolution of disapproval. The committee of conference notes that congressional authority to disapprove sales of major defense equipment valued in excess of \$7 million, and other congressional controls over arms sales provided elsewhere in this act, will greatly increase the capacity of the Congress to monitor and to minimize the impact of arms sales on U.S. combat readiness.

PROCUREMENT FOR CASH SALES

The Senate bill amended section 22(a) of the Foreign Military Sales Act to require that interest be charged on any net amount by which a country is in arrears, taking all outstanding undertakings collectively. The Senate bill also amended section 22(b) of the act to authorize the President, if he determines that the purchasing country faces an emergency, and that it is in the national interest to provide such a country with certain equipment or services, to allow payment within 120 days after the date of billing.

The House amendment contained no comparable provision.

The committee of conference adopted the Senate provision with an amendment which specifies that the interest to be charged is not less than the current cost of U.S. Government borrowing.

ANNUAL ARMS SALES ESTIMATES

Content and format of estimates

The Senate bill required the President to transmit annually to Congress a report setting forth (1) an estimate of the amount of sales, credits, and guaranties expected for each country for the next fiscal year, (2) findings made under section 3(a)(1) of the Foreign Military Sales Act, and (3) an arms control impact statement for each purchasing country. Such report was to be included in the annual congressional presentation materials.

The House amendment contained a similar provision requiring more detailed information and explanation and also requiring that the arms sales estimates cover the next 2 fiscal years. Such estimates had to be submitted by February 15 of each year.

The committee of conference adopted the Senate provision.

Requests for additional information

The House amendment required that requests by either the House International Relations Committee or the Senate Foreign Relations Committee for additional information on such estimates must be met within 30 days.

The Senate bill contained no comparable provision.

The committee of conference adopted the House provision.

Classification of information

The House amendment stipulated that the President should make every effort to keep the estimates in unclassified form.

The Senate bill contained no comparable provision.

The committee of conference adopted the House provision.

CONGRESSIONAL REVIEW PROCEDURES—REPORTS ON COMMERCIAL AND GOVERNMENT MILITARY EXPORTS

Limitations on items which can be sold through commercial channels

The Senate bill required that all sales of "major defense equipment" of \$25 million or more must be made through government channels. The Senate bill defined "major defense equipment" as "a defense equipment or weapons system having a total research and develop-

ment investment for hardware of \$50,000,000 or more, or a total estimated production cost, both recurring and nonrecurring, of \$200,000,000 or more."

The House amendment contained a comparable provision but defined "major defense equipment" as "any item of significant combat equipment on the United States Munitions List having a nonrecurring research and development cost of more than \$50,000,000 or a total production cost of more than \$200,000,000."

The committee of conference agreed to a provision which requires that all sales of major defense equipment in excess of \$25 million must be handled on a government-to-government basis, except for sales to members of NATO, to whom sales above that limit can continue to be made through commercial channels.

The committee of conference agreed to define "major defense equipment" as:

Any item of significant combat equipment on the United States Munitions List having a nonrecurring research and development cost of more than \$50,000,000 or a total production cost of more than \$200,000,000.

The committee of conference agreed to this definition with the understanding that the designations of "significant combat equipment" on the U.S. Munitions List will be expanded by the Department of State to include electronic equipment, assigned a military designation, which is to be exported for military purposes.

Congressional review of proposed sales and licenses

The Senate bill revised and expanded provisions of existing law which require that all proposed government offers to sell defense articles or defense services of \$25 million or more to a foreign country or international organization be submitted to Congress by the President, with Congress allowed 20 calendar days within which to reject the proposed sale by passage of a concurrent resolution, unless the President, in an emergency situation, waives the waiting requirement.

The Senate bill required that the following proposals be submitted to Congress for possible rejection by concurrent resolution:

Government sales.—(1) All proposed sales of "major defense equipment", regardless of value, and (2) All proposed sales of defense articles or defense services of \$25 million or more.

Commercial sales.—(1) All proposed licenses for the export of "major defense equipment," regardless of value, and (2) All proposed licenses for the export of defense articles and defense services valued in excess of \$25 million.

Congress would have had 30 calendar days within which the proposed sale or license could be rejected by passage of a concurrent resolution. The waiting period could be waived by a certification by the Secretary of State that an emergency exists which required the sale or the issuance of the license in the national security interests of the United States, a provision comparable to existing law.

The House amendment did not contain comparable provisions, with the exception of a provision which extended the waiting period for proposed government sales from 20 to 30 calendar days.

The committee of conference agreed to a substitute provision which requires the President to submit to Congress, for possible rejection by concurrent resolution, the following types of proposals:

Government sales.—(1) All proposed sales of "major defense equipment" of \$7 million or more, and (2) All proposed sales of defense articles or defense services of \$25 million or more.

Commercial sales.—All proposed export licenses pursuant to commercial sale of "major defense equipment" of \$7 million or more (commercial sales of such items sold for more than \$25 million can be made only to NATO countries).

Any such proposed sale or license can be rejected by concurrent resolution within 30 calendar days after the required data is submitted to the Congress.

Data concerning all proposed export licenses pursuant to commercial sales of defense articles or services in excess of \$25 million, regardless of composition, must be submitted to the Congress in advance of issuance of the license but there is no provision for rejection by concurrent resolution unless the articles are major defense equipment.

In agreeing to the revised provisions, the committee of conference expects that there will be no attempt by the executive branch or commercial firms to circumvent the new controls by breaking a large transaction for the sale of major defense equipment into several separate sales in order to avoid the \$7 million trigger for congressional review.

The committee of conference also agreed to waiver provisions allowing the 30 calendar day waiting period to be waived if the President certifies that an emergency exists which requires the sale or the issuance of the license, as the case may be, in the national security interests of the United States.

Data required on submissions to Congress of proposed sales and licenses

The Senate bill required that additional data, beyond that required under existing law, be submitted to Congress with proposals to sell defense articles or defense services on a government-to-government basis. The additional data called for was:

(a) A brief description of the capabilities of any defense article;

(b) An estimate of the number of officers and employees of the United States and civilian contract personnel expected to be needed in such country to carry out the contract;

(c) The name of each contractor expected to provide the defense article or defense service to be sold (if known); and

(d) An arms control impact statement.

The House amendment also required that additional information be submitted to Congress with such proposals:

(a) A detailed description of the defense articles or services offered;

(b) A description of the need for such services by such country and how such country intends to use them;

(c) An analysis of the impact of the proposed sale on the military preparedness of the United States;

(d) Reasons why the proposed sale is in the United States national interests;

(e) The impact of the proposed sale on the military preparedness of the country to which such sale would be made;

(f) How the proposed sale would affect the relative military strengths of the countries in the region;

(g) An estimate of the number of trained personnel needed to effectively use the defense articles or services proposed to be sold;

(h) An estimate of the number of United States personnel whose presence would be required in such country to carry out the sale;

(i) An analysis of the availability of such articles or services from other countries; and

(j) An analysis of the impact of the proposed sale on United States relations with other countries in the region.

The committee of conference agreed to language which would require the President to furnish any of the information specified in both the Senate and House versions upon the request of either the House Committee on International Relations or the Senate Committee on Foreign Relations. This listing of specific data which may be requested by either Committee is not to be construed as restricting in any way the right of either Committee to request such other pertinent data on proposed sales or licenses as it deems necessary.

Classification of submissions to Congress of proposed sales and licenses

The Senate bill required that the certification to the Congress by the President which accompanied proposals for sale by the government of defense articles and defense services must be unclassified, except that the dollar amount of the offer to sell and the number of defense articles to be sold could be classified if public disclosure thereof would be clearly detrimental to the security of the United States.

The House amendment contained no comparable provision.

The committee of conference agreed to the Senate provision with an amendment which allows the details of the description of the defense article proposed to be sold to be submitted on a classified basis if public release of the detailed description would be clearly detrimental to the security of the United States.

Quarterly reports on sales and exports of defense articles and defense services

The Senate bill revised and expanded provisions in existing law which require the submission to Congress of quarterly reports on government military sales activities and periodic reports on the issuance of certain commercial export licenses. The Senate bill added four additional items to the quarterly report requirement with respect to government sales:

(a) Projections of the dollar amounts of cash sales expected to be made in the next quarter;

(b) A projection of cash sales and credits expected for each country and organization for the remainder of the fiscal year;

(c) An estimate of the number of United States personnel present in each country at the end of the quarter who are performing FMS sales and commercial export functions; and

(d) An analysis of the services being performed by United States personnel for foreign countries or international organizations on a sales basis.

The Senate bill also repealed the requirement in existing law for periodic reports on the issuance of commercial export licenses and required that the revised quarterly report contain a cumulative statement regarding all licenses issued during the fiscal year for commercial exports of defense articles and services in excess of \$100,000. All information was to be submitted in unclassified form with the exception of data on certain outstanding government sales offers and material concerning individual sales proposals which had been submitted to Congress on a classified basis.

The House amendment did not require additional data on government sales for the quarterly Foreign Military Sales Act report but did require quarterly report on the following data for commercial sales:

(a) A numbered listing for each foreign country of all licenses issued for the export of significant combat equipment in excess of \$1 million; and

(b) The total number of licenses issued and the total value of all arms, ammunition, and implements of war licenses for export to each foreign country.

The House amendment did not repeal the provision of existing law requiring periodic reports on the issuance of certain commercial export licenses.

The committee of conference agreed to a provision which combined features of both bills.

Under this provision, the following information must be included in the quarterly report:

(1) A listing of all Government offers to sell any major defense equipment valued at \$1 million or more if the offer has not been accepted or canceled;

(2) A listing of all Government offers to sell that have been accepted, together with the total value of all defense articles and defense services sold to each foreign country;

(3) The cumulative dollar amounts, by country, of credits and guaranties of credit extended during the fiscal year in which the report is submitted;

(4) Information concerning all licenses for export to each foreign country of commercially sold major defense equipment, by category, sold for \$1 million or more, together with the total value of all defense articles and defense services licensed for each foreign country;

(5) Projections of the dollar amounts, by country, of cash sales expected to be made on a government basis, and credits and guaranties to be provided, in the next quarter;

(6) A projection of Government cash sales expected to be made and credits expected to be extended to each country for the remainder of the fiscal year;

(7) An estimate of the number of officers and employees of the Government and U.S. civilian contract personnel present in each such country at the end of that quarter for assignments in implementation of Government sales and commercial exports; and

(8) an analysis and description of the services being performed by officers and employees of the United States through Government sales, including the number of personnel so employed.

Reporting of certain commercial technical or manufacturing license agreements

The Senate bill required the Secretary of State to submit to Congress a certification, similar to that required on proposed commercial export licenses, in the case of a proposed export license with respect to certain commercial technical agreements or manufacturing license agreements for all non-NATO member countries. No congressional disapproval procedure was provided for in the provision.

The House amendment did not contain a comparable provision.

The committee of conference agreed to the Senate provision.

Reporting of Government and commercial sales to countries which have not purchased military articles during previous year

The Senate bill required prompt reports to Congress by the Secretary of State regarding—

(A) any letter of offer to sell defense articles or services to any country to which no articles or services were sold during the previous year; and

(B) an application for a license for the export of defense articles or services to a country to which no such articles or services were exported during the previous year.

The House amendment did not contain a comparable provision.

The committee of conference agreed to the House position.

CANCELLATION AND SUSPENSION OF LICENSES AND CONTRACTS

The Senate bill amended section 42 of the Foreign Military Sales Act to require that each contract entered into under sections 21 and 22 of that act provide that the contract may be canceled by the United States under unusual or compelling circumstances if the national interest so required; that each commercial export license provide that it may be revoked, suspended or amended without notice whenever the Department of State deemed it advisable. The provision also required that each contract and export license must provide that, upon cancellation or revocation, deliveries thereunder may be suspended or terminated and authorized the appropriation of funds necessary to refund money disbursed for work in progress under any cancelled or suspended contract entered into under the Foreign Military Sales Act and to pay damages and costs arising from such cancellation or suspension.

The House amendment did not contain a comparable provision.

The committee of conference agreed to adopt the Senate provision with an amendment deleting the requirement that each contract and export license must provide that upon cancellation or revocation, deliveries thereunder may be suspended or terminated.

Under existing munitions control regulations licenses can be revoked, suspended or denied by the Department of State whenever the Department deems such action to be advisable in furtherance of (1) world peace; (2) the security of the United States; (3) the foreign policy of the United States; or (4) whenever the Department has reason to believe that section 414 of the Mutual Security Act of 1954, as amended, or any regulation contained in this subchapter shall have been violated. Similarly, all government military sales contracts contain provisions which reserve to the United States the right to cancel all or part of the order "when in the best interests of the United States."

It is the judgment of the committee of conference that existing regulations and procedures, if vigorously applied, are adequate to protect the security interests and other legitimate concerns of the United States, and that therefore, further legislative authority is unnecessary at this time.

REIMBURSEMENT FOR ADMINISTRATIVE EXPENSES

The Senate bill amended section 43 of the Foreign Military Sales Act to require that the administrative expenses of any U.S. agency resulting from functions under the Act and carried out primarily for the benefit of the foreign country shall be reimbursed from Foreign Military Sales Act sales receipts, or from license or approval fees with respect to commercial sales, as the case may be.

The House amendment did not contain a comparable provision.

The committee of conference agreed to adopt the Senate provision with an amendment deleting the requirement that United States agencies be reimbursed for expenses incurred for the benefit of foreign countries from license or approval fees collected in connection with commercial sales.

REPORTS OF SALES OF EXCESS DEFENSE ARTICLES

The Senate bill required a report of all sales of excess defense articles for the period July 1, 1976 to December 31, 1976.

The House provision did not contain a comparable provision.

The committee of conference adopted the Senate provision.

DEFINITIONS

Defense articles

The House amendment defined "defense articles" for purposes of the Foreign Military Sales Act.

The Senate bill did not contain a comparable provision.

The committee of conference adopted the House definition with a clarification to ensure against any conflict with the designation of defense articles for purposes of commercial export controls.

Defense services

The House amendment defined "defense services" for purposes of the Foreign Military Sales Act.

The Senate bill did not contain a comparable provision.

The committee of conference adopted the House definition with a clarification similar to that contained in the definition of defense article.

Training

The House amendment defined "training" for purposes of the Foreign Military Sales Act.

The Senate bill did not contain a comparable provision.

The committee of conference adopted the House definition for sales under the Foreign Military Sales Act. The term "defense article and defense service" for commercial export license purposes means those items designated by the President.

Major defense equipment

The Senate bill defined "major defense equipment" as any defense equipment or weapons system having a total research and development cost of \$50 million or more, or a total estimated production cost of \$200 million or more.

The House amendment contained two definitions of "major defense equipment":

(1) a weapons system which costs, over the life of its development, testing and engineering, in excess of \$50 million or procurement in excess of \$200 million, and

(2) any item of significant combat equipment on the United States Munition List having a nonrecurring research and development cost of more than \$50 million or a total production cost of more than \$200 million.

The committee of conference agreed to define "major defense equipment" to mean any item of significant combat equipment on the United States Munition List having a nonrecurring research and development cost of more than \$50 million or a total production cost of more than \$200 million. It is the intention of the committee of conference that this definition apply throughout the act.

Major defense services

The House amendment defined "major defense service" to mean any defense service which materially increases the military capability of the country or international organization to which it is rendered.

The Senate bill did not contain a comparable provision.

The committee of conference adopted the Senate position.

CONTROL OF LICENSES WITH RESPECT TO ARMS EXPORTS AND IMPORTS

The Senate bill repealed section 414 of the Mutual Security Act of 1954, replaced it with a new section 38 of the Foreign Military Sales Act and made several changes in existing law to:

(1) Give the Secretary of State, instead of the President, statutory jurisdiction over commercial export licenses;

(2) Direct the President to give foreign policy guidance to persons involved in the export and import of defense articles and defense services;

(3) Give the President explicit authority to promulgate regulations for the export or import of defense articles or defense

services, including authority to designate items as defense articles and defense services;

(4) Make commercial sales and the transfer of defense articles and defense services subject to the eligibility, transfer, use and other provisions of sections 3 and 4 of the Foreign Military Sales Act;

(5) Require that every private person or firm engaged in manufacturing or exporting defense articles and defense services register with the Department of State and with the President if importing such articles or services;

(6) Make an export license in connection with commercial sales mandatory; and

(7) Make a willful violation of requirements of this section or of the export regulations promulgated thereto punishable by a fine of up to \$100,000 and/or 2 years imprisonment and authorize the President to exercise the same powers concerning violations and enforcement which are conferred upon departments, agencies and officials by certain sections of the Export Administration Act of 1969.

The House amendment retained existing law with an amendment that authorized the President to exercise the same powers concerning violations and enforcement by certain sections of the Export Administration Act of 1969.

The committee of conference agreed to adopt the Senate provision with two amendments to give statutory jurisdiction over commercial arms exports to the President and to delete the requirement that the provisions of sections 3 and 4 of the Foreign Military Sales Act applied to commercial sales and the transfer of defense articles and defense services to third countries. It is the intent of the committee of conference, that, the President should apply the eligibility, transfer, use and other provisions of sections 3 and 4 of the Foreign Military Sales Act in promulgating regulations for the commercial export of defense articles and defense services or when giving approval for the transfer of defense articles or defense services from one country to another.

In using the term "defense articles and defense services" in this section, the committee of conference intends to include within its meaning such items as may be designated by the President. No change is intended by this change in terminology from the President's authority to designate items as "arms, ammunition and implements of war, including technical data relating thereto."

REMOVAL OF REGIONAL CEILINGS

The House amendment repealed section 33 of the Foreign Military Sales Act which places a \$40 million annual ceiling on military assistance, credits, and guaranties for African countries.

The Senate bill did not contain a comparable provision.

The committee of conference agreed to the Senate position.

INELIGIBILITY—GRANT MILITARY ASSISTANCE TERMINATION

The Senate bill revised section 505 of the Foreign Assistance Act to require the termination of grant assistance, including deliveries, to any

country which uses such assistance in substantial violation of an applicable agreement with the United States by using United States furnished defense articles or defense services for a purpose not authorized by United States law, by transferring such articles without United States consent or by failing to maintain the security of such articles or services.

Under the Senate bill, ineligibility for military assistance would occur if the President determined that a country had committed a substantial violation and so stated in writing to the Congress, or if the Congress, by concurrent resolution, found a country to be ineligible.

The Senate bill also required the President to make a determination and transmit a statement of ineligibility to the Congress promptly upon receipt of information that a violation had occurred thus making the termination of assistance automatic.

The House amendment did not contain a comparable provision.

The committee of conference adopted the Senate provision with an amendment that requires the President to report to the Congress information indicating that a substantial violation may have occurred. The conference substitute does not require the President to make an immediate determination of ineligibility. The information in the report could, however, constitute the basis for either a Presidential or a Congressional determination of ineligibility.

The committee of conference also adopted a technical amendment to make clear that a violation of either the purposes for which assistance is provided (as specified in the Act) or of the terms of the sales/grant agreement, constitutes grounds for ineligibility.

Restoration of eligibility

The Senate bill allowed the restoration of eligibility and the resumption of military assistance when the President determined that the violation had ceased and the country concerned had given assurances satisfactory to the President that such a violation would not reoccur.

The House amendment did not contain a comparable provision.

The committee of conference adopted the Senate provision.

Waiver authority

The Senate bill removed the President's authority to use the waiver authority of section 614(a) of the Foreign Assistance Act in the case of ineligibility, except with respect to defense articles in the pipeline.

The House amendment did not contain comparable provision.

The committee of conference adopted the Senate provision.

INELIGIBILITY—FOREIGN MILITARY SALES

Termination of assistance; waiver of authority

The Senate bill amended section 3(c) of the Foreign Military Sales Act to prohibit credits and guaranties to any country which uses defense articles or defense services furnished under the Foreign Military Sales Act in substantial violation of any agreement entered into under the act by using such articles or services for a purpose not authorized by U.S. law, by transferring them without U.S. consent or by failing to maintain the security of such articles or services. This provision also

prohibited cash sales or deliveries to any country committing a substantial violation by using defense articles or defense services for a purpose not authorized by U.S. law.

Ineligibility for military sales, credits, or guaranties occurred if the President so determined and stated in writing to the Congress, or if the Congress found a country to be ineligible by concurrent resolution.

The Senate also required the President to make a determination and to transmit a statement of ineligibility to the Congress promptly upon receipt of information that a substantial violation had occurred, thus making the termination of sales, credits, and guaranties automatic.

The House amendment did not contain a comparable provision.

The committee of conference adopted the Senate provision with an amendment that requires the President to report to the Congress information indicating that a substantial violation may have occurred. The conference substitute does not require the President to make an immediate determination of ineligibility. The information in the report could, however, constitute the basis for either a Presidential or a congressional determination of ineligibility.

The committee of conference also adopted a technical amendment to make clear that a violation of either the purpose for which assistance is provided as specified in the Act or of the terms of the agreement itself, constitutes grounds for ineligibility.

The conference substitute also permits the President to waive the termination requirements of this section with respect to cash sales and deliveries if he finds that a termination would have a significant adverse impact on U.S. security. The waiver authority may not be used if Congress has adopted or subsequently adopts a concurrent resolution declaring a country ineligible for such sales.

Restoration of eligibility

The Senate bill allowed the restoration of eligibility and the resumption of sales, credits, or guaranties when the President determined that the violation had ceased and the country concerned had given assurances satisfactory to the President that such a violation would not recur.

The House amendment did not contain a comparable provision.

The committee of conference adopted the Senate provision.

HUMAN RIGHTS

The Senate bill provided that it is the policy of the United States that except under certain conditions no security assistance may be provided to any country, the government of which engages in a consistent pattern of gross violations of internationally recognized human rights. The conditions referred to are as follows: (1) exceptional circumstances exist requiring such assistance; and (2) the United States is taking steps to discourage any practices which are inimical to internationally recognized human rights and is publicly or privately calling attention to, and disassociating any assistance provided under the Foreign Assistance Act from, such practices. Security assistance is defined to mean grant military assistance, security supporting assistance, military education and training, assistance for Middle East; cash or credit sales under the Foreign Military Sales Act; and licenses for

the export of commercially sold defense articles or services. Internationally recognized human rights were defined to include particularly the right to life, liberty, and the security of person, and the right not to be subjected to torture or cruel, inhuman, or degrading treatment or punishment, or prolonged detention without charges.

In addition to the area of security assistance, the Senate bill enunciated as a principal goal of U.S. foreign policy the promotion of increased observance of internationally recognized human rights by all countries.

The Senate bill required the Director of the Office of Human Rights, Department of State, to submit as part of the presentation materials for security assistance for each fiscal year, a full and complete report with respect to the status of human rights in each country which is proposed to be a recipient of security assistance. The report was to take into account the relevant findings of international organizations and the extent of cooperation by the government concerned in permitting an unimpeded investigation of alleged violations of human rights.

Under the Senate bill, the Senate, the House of Representatives, the Senate Foreign Relations Committee, or the House Committee on International Relations could request the Director of the Office of Human Rights to provide the following information within 30 days: a detailed description of the human rights practices of the recipient government; the steps the U.S. government has taken to discourage violations of human rights by the recipient government and to publicly or privately call attention to, and disassociate any assistance provided under the Foreign Assistance Act from, such violations; whether in the opinion of the Secretary of State exceptional circumstances require continuation of such assistance and, if so, a description of such circumstances and the extent to which such assistance should be continued; and other information which is requested by the House, Senate, or the above-mentioned committees. Within 90 days of continuous session after each such statement is transmitted, the Congress may under an expedited procedure adopt a concurrent resolution terminating or restricting the provision of security assistance to the recipient government.

Under the Senate bill, an Office of Director of Human Rights was to be established. The Director was to be appointed by the President with the advice and consent of the Senate. The Director would be required to transmit to Congress under section 502B detailed reports on the status of human rights in each country receiving security assistance; to determine whether security and economic assistance is being furnished in compliance with sections 116 and 502B of the Foreign Assistance Act; and to make recommendations to the President, Secretary of State, and the Administrator of the Agency for International Development regarding any deficiencies in such compliance.

The House bill was essentially the same as the Senate bill except for the following differences:

- (1) Whereas the Senate bill stated it is the policy of the United States not to provide security assistance to any government which engages in a consistent pattern of gross violations of internationally recognized human rights, the House bill directed such a prohibition;

(2) The House bill required the President to determine, if so requested by Congress, whether or not there existed in a particular country a serious question of a consistent pattern of gross violations of internationally recognized human rights. The Senate bill did not have such a requirement.

(3) The House bill allowed 90 days of continuous session for the consideration of a concurrent resolution terminating or restricting security assistance to a particular government.

(4) The House bill's reference to the findings of nongovernmental organizations did not include those organizations having consultative status with the United Nations.

(5) The House bill did not provide for a Director of Human Rights. The annual reports on the status of human rights in recipient governments and statements regarding particular recipient governments were to be submitted by the President.

The committee of conference adopted the Senate provision with several amendments, as follows:

(1) It accepted the House bill's language directly stating the prohibition of security assistance to any government which engages in a consistent pattern of gross violations of internationally recognized human rights.

(2) It provided that the expedited procedure would apply only to the Senate; and that the Congress would have 90 days of continuous session to enact a concurrent resolution restricting, terminating or restoring security assistance to a given country.

(3) It required the Secretary of State to file the reports and statements required under section 502B.

(4) It deleted the reference in the Senate bill relating to international organizations having "consultative status" with the United Nations.

(5) It established the position of a Coordinator for Human Rights in the Department of State. The Coordinator is to be appointed by the President, with the advice and consent of the Senate. The Coordinator is to be responsible to the Secretary of State who would carry out his responsibilities under section 502B through the Coordinator. The duties of the Coordinator remain largely the same as specified in the Senate bill for the Director: in addition, he is asked to perform other responsibilities which serve to promote increased observance of internationally recognized human rights by all countries.

It is the understanding the Committee of Conference that the Coordinator for Human Rights would devote full-time to human rights as articulated in this section and in section 116 of the Foreign Assistance Act.

The committee of conference expects the Coordinator for Human Rights to be given sufficient staff to carry out his duties.

POSITIONS TAKEN AT INTERNATIONAL ORGANIZATIONS

The House amendment directed the President to take into account positions taken in international organizations in determining future requests for military and security supporting assistance.

The Senate bill did not contain a comparable provision. The committee of conference agreed to the Senate position.

DISCRIMINATION

The Senate bill added a new subsection (g) to section 505 of the Foreign Assistance Act and a new section 5 to the Foreign Military Sales Act. The new provision (1) enunciated United States policy not to furnish assistance or to make sales or extend credits or guaranties to governments discriminating against United States nationals or persons, (2) prohibited United States agencies or contractors from acquiescing in such discriminatory practices in their assignment and employment of personnel, (3) required Presidential reports to Congress on any transaction in which a United States person or corporation is prevented, due to such discrimination, from participating either in the furnishing of assistance or in any sale or commercial license transaction under the Foreign Military Sales Act, and (4) if the discrimination persisted, required the immediate termination of the assistance transaction, the immediate cancellation of the sale, or the immediate suspension of the license in question.

The House amendment was comparable but did not require the mandatory termination of the assistance, sale, credit, or guaranty or the cancellation of the license if the country continued to discriminate against United States citizens.

The committee of conference adopted the Senate provision with an amendment which permits the President to waive the requirement to suspend the assistance, sale, credit, guaranty, or to cancel the license, if he determines and certifies to the Congress that termination of such assistance, sale, credit, guaranty, or the cancellation of the export license, would have a significant adverse impact on the security of the United States.

PROHIBITION AGAINST ASSISTANCE TO COUNTRIES WHICH AID OR ABET INTERNATIONAL TERRORISTS

The Senate bill prohibited assistance of any kind under the Foreign Assistance Act for a period of one year to any country which aids or abets an individual or group that has committed an act of international terrorism. The prohibition could be waived if the President determined that the security of the United States required it, but such a determination could be disapproved within 30 days by the passage by the Congress of a concurrent resolution.

The House amendment prohibited assistance to any country which granted sanctuary from prosecution to any individual or group that had committed an act of international terrorism. The prohibition could be waived if the President determined and reported to Congress that extraordinary circumstances existed which justified continuation of assistance and if the Congress did not reject such a determination within 30 days by the passage of a concurrent resolution.

The committee of conference adopted the Senate version with an amendment to include the House provision by requiring termination of assistance to any country which aids or abets by granting sanctuary

from prosecution to any individual or group that has committed an act of international terrorism.

AID FOR CYPRIOT REFUGEES

The House amendment contained a provision increasing the authorization for assistance for the refugees in Cyprus from \$30 million to \$50 million.

The Senate bill did not contain a comparable provision.

The committee of conference agreed to an authorization of \$40 million for the refugees in Cyprus.

ASSISTANCE FOR ANGOLA

Policy statement and reporting requirement

The Senate bill contained a policy statement urging the President to seek agreement among the various factions in Angola. The President was required to report to Congress within 30 days on steps taken to reach such an agreement and on military aid being provided by foreign governments to Angola.

The House amendment contained a policy statement calling upon the President to seek an end to the fighting in Angola. This provision also required the President to report to the Congress within 60 days after enactment and every 30 days thereafter until the reporting requirement was suspended by the concerned committees of the Congress.

The committee of conference adopted the Senate policy language and the House reporting requirement.

Prohibition on assistance

The Senate bill prohibited security assistance to any group, individual, organization, or persons in Angola for military or paramilitary operations, unless such assistance is specifically authorized by this act. This provision also authorized the President to furnish security assistance if he submitted a report to the Congress fully justifying such assistance, and either House of the Congress did not disapprove the report by simple resolution.

The House amendment prohibited assistance of any kind other than for humanitarian purposes, unless specifically authorized by subsequent legislation.

The committee of conference adopted the House prohibition with an amendment adding the words, "notwithstanding any other provision of law," to make clear that the prohibition on security assistance is not limited solely to assistance furnished pursuant to this Act.

SOVIET INTERVENTION IN ANGOLA

The House amendment expressed the concern of the Congress with respect to the large-scale and continuing Soviet intervention in Angola, including Soviet sponsorship and support for Cuban Armed Forces in that country.

The Senate bill did not contain a comparable provision.

The committee of conference adopted the House provision.

ASSISTANCE FOR TURKEY

The Senate bill amended section 620(x) of the Foreign Assistance Act to permit cash sales under the Foreign Military Sales Act during fiscal year 1976 and the transition quarter if the President determined that such sales were necessary to enable Turkey to fulfill her defense responsibilities as a member of the North Atlantic Treaty Organization.

The House amendment authorized cash sales, credits, and guaranties under the Foreign Military Sales Act to finance the procurement of defense articles and defense services by Turkey if the President determined on a case by case basis that such sales, credits, and guaranties were necessary to enable Turkey to fulfill her defense responsibilities as a member of the North Atlantic Treaty Organization. The House provision also established a ceiling of \$125 million on such sales, credits, and guaranties during fiscal year 1976 and the interim quarter. This section further provided that the authority to make such sales shall be effective only so long as Turkey observes the cease-fire on Cyprus, does not increase its military forces or its civilian population on Cyprus, and does not transfer to Cyprus any additional United States supplied arms, ammunition, or implements of war.

The House amendment also required that any determination relating to the sale of significant combat equipment on the U.S. Munitions List to which the reporting requirement of section 36(b) of the Foreign Military Sales Act does not apply must lie before the Congress for 30 days before the transaction or transactions with respect to which it is made may be undertaken.

The committee of conference adopted the House provision. It is the intent of the committee of conference that in the event Congress does not enact further legislation on this subject prior to September 30, 1976, the delivery of defense articles sold under the limited authority of this section, i.e., during fiscal year 1976 and the interim quarter, shall not be suspended at the end of the interim quarter, providing that Turkey adheres to the specified conditions contained in this section.

PROHIBITION AGAINST MILITARY ASSISTANCE AND SALES TO CHILE

The Senate bill prohibited military assistance, security supporting assistance, all cash sales, credits and guaranties under the Foreign Military Sales Act and the issuance of export licenses with respect to commercial sales of defense articles to Chile. This provision also prohibited the delivery of all defense articles in the pipeline, including deliveries of articles purchased through commercial channels, effective on the date of enactment.

The House amendment prohibited military assistance, security supporting assistance and credits and guaranties under the Foreign Military Sales Act. The delivery of such assistance was to be prohibited effective on the date of enactment of this section. The House amendment also authorized the President to waive the prohibitions of this section after September 30, 1976, if he determined that the Government Chile had made substantial progress in promoting the recognition and enforcement within Chile of internationally recognized human rights.

The House provision required the President to submit each such determination to Congress. The determination was subject to disapproval by concurrent resolution within 30 days.

The committee of conference adopted the House provision with an amendment deleting the President's authority to waive the prohibitions of this section after September 30th.

The committee of conference understands that military assistance in the form of military education or training under the newly created chapter 5 of part II of the Foreign Assistance Act is included in the ban and consequently can not be provided to any Chilean citizen.

CONTROL OF MILITARY FORCES IN THE INDIAN OCEAN

The Senate bill included a provision expressing the sense of the Congress that the President should initiate negotiations with the Soviet Union regarding control of military forces in the Indian Ocean. The President was required to report not later than July 1, 1976 regarding steps taken to carry out this section.

The House amendment contained the same provision except the President would be required to submit the report to the Congress not later than December 1, 1976.

The committee of conference adopted the House reporting date of December 1, 1976.

U.S. CITIZENS IMPRISONED IN MEXICO

The House amendment declared the intent of Congress that efforts to secure stringent international law enforcement measures with respect to dangerous drugs shall be combined with efforts to secure fair and humane treatment for citizens of foreign countries who are imprisoned. The provision also requested the President to communicate directly to the President of Mexico the continuing concern of the United States over the treatment of United States citizens arrested in Mexico and for continued friendly relations with that country. The House amendment also required the Secretary of State to submit quarterly reports to Congress on progress achieved toward full respect of the human and legal rights of all United States citizens detained in Mexico.

The Senate bill did not contain a comparable provision.

The committee of conference adopted the House provision with an amendment to make it clear that Mexico is a nation with which the United States has a continuing friendly and cooperative relationship.

While the provisions of this section apply only to U.S. citizens arrested in Mexico, there is widespread concern in Congress that U.S. citizens who have been imprisoned in other countries are not afforded fair and humane treatment while incarcerated. The committee of conference therefore expects the President to communicate the same concerns and desires as embodied in this provision to the governments of other countries, particularly those in which U.S. citizens are known to be under arrest.

EMERGENCY FOOD NEEDS OF PORTUGAL

The Senate bill expressed the sense of the Senate that the President undertake immediately an evaluation of the emergency food needs of Portugal and that the President take timely action to alleviate such emergency by providing Portugal with food commodities under the provisions of the Agricultural Trade Development and Assistance Act of 1954 (Public Law 480) and other statutes.

The House amendment differed from the Senate provision in that it expressed the sense of the Congress with respect to the food needs of Portugal but did not specify that food commodities should be provided under the provisions of the Agricultural Trade Development and Assistance Act of 1954.

The committee of conference adopted the House provision.

MIDDLE EAST POLICY STATEMENT

The House amendment expressed the sense of the Congress that the United States will maintain full flexibility to determine its Middle East policy. This provision also stated that Congressional approval of the Sinai early warning system and of funds in this bill to carry out the Middle East agreement did not constitute congressional approval of any commitment or assurance made to Israel, Egypt, or any other nation or organization, and did not constitute Congressional acceptance of any characterization of any such commitment or assurance as a codification of existing U.S. policy.

The Senate bill did not contain a comparable provision.

The committee of conference agreed to accept the House provision with an amendment deleting the phrase "maintain full flexibility to determine Middle East policy as circumstances may require" in the first sentence and substituting the words "will continue to determine United States policy as circumstances require".

STRIFE IN LEBANON

The Senate bill expressed the sense of the Congress that the situation in Lebanon poses a serious danger to Middle East peace, and that the Congress viewed with grave concern outside efforts to exploit the current strife for the purpose of transforming Lebanon into a radical state in confrontation with Israel. This provision also contained a request that the President use his good offices to bring about peace.

The House amendment did not contain a comparable provision.

The committee of conference adopted the Senate provision with an amendment which conforms the language to reflect the situation as it is reported to exist in Lebanon at the present time.

REPORT ON KOREA

The House amendment required the President to submit a report within 90 days after enactment and at least once a year during each of the next 5 years reviewing the progress made by the Republic of

Korea in its program to modernize its Armed Forces, the United States role in Korean security and the prospects for or implementation of a phased United States military force reduction in Korea.

The Senate bill did not contain a comparable provision.

The committee of conference adopted the House provision.

REPEAL OF INDOCHINA ASSISTANCE

The Senate bill repealed existing authorities for assistance to Indochina, authorized the President to adopt as contracts of the United States Government host country contracts in Indochina which the Agency for International Development (AID) had approved for financing and authorized the assumption of liabilities arising from an equitable claim based upon any letter of intent issued prior to April 30, 1975, in which AID had expressed its intention to finance a transaction subject to the availability of funds. The Senate provision also continued the availability of funds available for programs in Indochina for the purpose of terminating the program and adopting contracts and claims.

The House amendment differed in two respects. First, it did not authorize the assumption of liabilities arising from letters of intent and, second, it made clear that the authority to adopt contracts would be subject to the availability of appropriated funds.

The committee of conference adopted the House version with an amendment to allow the President to assume liabilities for equitable claims based upon letters of intent issued prior to April 30, 1975.

TRADE WITH VIETNAM

The House amendment limited the President's existing authority to impose limitations on financial transfers, except for assets controlled by the United States on the date of enactment, and on nonstrategic trade between persons under United States jurisdiction and persons under North and South Vietnamese jurisdiction, except for reasons of national security and adequacy of domestic supply. In addition, the House amendment removed restrictions on travel for certain specified purposes. However, the restrictions removed would be reimposed (1) after 90 days unless the President certified to Congress that progress had been made in securing the cooperation of North and South Vietnam in obtaining information on American prisoners of war (POW's) and missing in action (MIA's), and (2) after 180 days unless the President certified to Congress that the Vietnamese have accounted for a substantial number of POW's and MIA's and returned the bodies of a substantial number of dead.

The Senate bill did not contain a comparable provision.

The committee of conference adopted the House provision with an amendment deleting the provision that the trade restrictions may be reimposed 90 days after enactment unless the President certifies to Congress that progress has been made with regard to obtaining information on American POW's and MIA's. This gives the President 180 days to determine the attitude of the Governments of North and South Vietnam with respect to the status of United States prisoners of war and missing in action.

The committee of conference intends that the provisions of subsection (b) of this section be read in conjunction with those of subsection (a), so that the trade restrictions and prohibitions applicable to Vietnam shall be those which are also applicable to the People's Republic of China. For example, this section is not intended to affect the continued application to Vietnam of part 505 of Title 31, Code of Federal Regulations, which restricts trade with both China and Vietnam in certain strategic commodities. No provision of this section is intended to limit United States controls over trade with Vietnam in strategic commodities pursuant to other provisions of law.

EXPEDITED PROCEDURE

The Senate bill established a general procedure for expediting consideration of concurrent resolutions of disapproval of certain presidential certifications provided for in this Act.

The House amendment did not contain a comparable provision.

The committee of conference agreed that the expedited procedures as provided for in the Senate bill will apply only in the Senate and not to the House of Representatives.

ARMS CONTROL AND DISARMAMENT AGENCY ADVISORY COMMITTEE

The Senate bill required the General Advisory Committee of the Arms Control and Disarmament Agency to report from time to time to the Congress on issues the Committee believes should be brought to the attention of Congress and the public.

The House amendment did not contain a comparable provision.

The committee of conference adopted the House position.

INTERNATIONAL NARCOTICS CONTROL

Police actions involving U.S. personnel

The Senate bill prohibited U.S. personnel from engaging in any police action in any foreign country in connection with narcotics control efforts.

The House amendment contained no comparable provision.

The committee of conference adopted a substitute provision which prohibits U.S. personnel from engaging or participating in direct police arrest actions in any foreign country in connection with narcotics control efforts. In adopting this provision the committee of conference seeks to insure that U.S. narcotics control efforts abroad are conducted in such a manner as to avoid involvement by U.S. personnel in foreign police operations where violence or the use of force could reasonably be anticipated. By "arrest actions" the committee of conference means any police action which, under normal circumstances, would involve the arrest of individuals whether or not arrests, in fact, are actually made. The committee of conference intends that the U.S. Ambassador in any country where U.S. narcotics control activities are being carried out shall exercise close supervision over such activities to insure that U.S. personnel do not become involved in sensitive, internal law enforcement operations which could adversely affect U.S. relations with that country.

The committee of conference emphasizes that this provision is not intended to prohibit U.S. Government agencies from assisting foreign governments to enforce their own laws on narcotics trafficking by providing such assistance as training, technical equipment, and intelligence.

Reporting requirement

The Senate bill required the President to study methods of placing U.S. narcotics control efforts in foreign countries under the auspices of international or regional organizations and required a report on the study to be submitted to Congress by January 1, 1977.

The House amendment did not contain a comparable provision.

The committee of conference adopted the Senate provision with an amendment to extend the reporting date to June 30, 1977.

Prohibitions against certain assistance

The House amendment prohibited international narcotics assistance to any country where illegal drug traffic in opiates has been a significant problem until the President certifies to Congress that such assistance is significantly reducing the amount of illegal opiates entering the international market.

The Senate bill did not contain a comparable provision.

The committee of conference adopted the House provision.

Authorization

The Senate bill authorized the appropriation of \$37,500,000 for fiscal year 1976 for the international narcotics control assistance program.

The House amendment authorized the appropriation of \$42,500,000.

The committee of conference agreed to an authorization of \$40 million.

SMALL BUSINESS PARTICIPATION

The Senate bill required the Administrator of the Agency for International Development to report to the Congress on the participation of small businesses in security supporting assistance procurements.

The House amendment did not contain a comparable provision.

The committee of conference accepted the Senate provision, with a technical and clarifying amendment.

PAYMENT OF AID CONSULTANTS

The Senate bill authorized the Agency for International Development to pay consultants the same per diem compensation which may be paid by other departments and agencies of the U.S. Government.

The House amendment did not contain a comparable provision.

The committee of conference adopted the Senate provision.

AUTHORIZATION FOR INTERNATIONAL ATOMIC ENERGY AGENCY (IAEA)

The Senate bill authorized an additional \$1 million to be available for the purpose of strengthening IAEA safeguards and inspections relating to nuclear fissile facilities and materials.

The House amendment did not contain a comparable provision. The committee of conference adopted the Senate provision.

FEES, CONTRIBUTIONS, GIFTS, AND BRIBES

The Senate bill added a new subsection (f) to section 36 of the Foreign Military Sales Act to require reports to the Secretary of State, pursuant to regulations issued by him, concerning political contributions, gifts, and fees paid by any person in order to secure sales under section 22 of the Foreign Military Sales Act. Adequate records would have to be kept by persons making such payments. No such payment could be reimbursed under any U.S. procurement contract unless it was reasonable, allocable to the contract, and not made to someone who secured the sale in question through improper influence. Similar reporting requirements were required with respect to commercial sales to or for the armed forces of a foreign country. All information reported and records kept were to be available to Congress upon request and to any authorized U.S. agency. The President was to report quarterly to Congress concerning such payments and the details thereof, identifying any confidential business information included therein.

The House amendment required quarterly reports on fees paid to military sales agents in conjunction with Foreign Military Sales Act sales and commercial sales. This provision also required the President to report to the Congress whenever he found that officials of a country receiving assistance under the International Security Assistance Act of 1976 have either (1) received payments or other illegal or improper considerations of value from a U.S. corporation in return for an arms sale agreement, or (2) extorted, or attempted to extort, money or other things of value in exchange for allowing a U.S. citizen or corporation to do business in that country. Each such report was to contain the President's recommendation on whether the security assistance program for the country in question should be continued.

The committee of conference combined the House and Senate versions, retaining the Senate procedures and substantive provisions and adding the House requirement that payments information be included in letters of offer to sell defense articles or services that the President is required to submit to Congress, as well as to House language which makes clear that the requirements of this section apply to sales agents and other persons involved in the sale of defense articles or defense services.

The committee of conference specifically intends that this provision cover direct as well as indirect payments. The amendment is aimed at uncovering all of the facts about this aspect of sales transactions, such as the ultimate recipient of the payment or offer, amount involved, date of the transaction, and name of the person making the payment or offer. The Secretary of State is required to collect information necessary for adequate and timely reporting of these transactions and the ultimate facts involved. The Secretary is also given authority to prescribe appropriate regulations that, for example, guarantee U.S. Government access to agents and consultants and others they employ and their documents and records to insure a complete description of the transactions involved. It is the intent of the committee of conference insofar as it is possible that neither the Secretary of State nor the President classify or declare confidential any sections of this report.

However, the President, in reporting to Congress, shall identify any information considered to be confidential business information by the person submitting it. This section is not intended to expose U.S. firms to competitive disadvantage with foreign firms or to alter existing law regarding the confidentiality of business information.

The President is given the authority to prohibit, limit or prescribe conditions with respect to these transactions in the furtherance of this act. The committee of conference contemplates that the President will prescribe regulations that insure traceability of the funds.

It is further the expectation of the committee of conference that, upon finding that officials of a foreign nation receiving assistance under this act have received illegal or improper payments or have extorted such payments in return for—

(1) a contract to purchase military equipment from a U.S. corporation; or

(2) certain actions by such officials that allow a U.S. citizen or U.S. corporation to conduct business in that nation; the President shall submit to the Congress within 60 days a report outlining the circumstances of such illegal or improper payments or extortion. It is further requested that such report contain a recommendation from the President as to whether the United States should continue a security assistance program with that nation.

The need for this provision arose from facts developed during investigations and hearings by the Subcommittee on Multinational Corporations of the Senate Foreign Relations Committee and the International Economic Policy Subcommittee of the International Relations Committee of the House. Uncovered was information that contributions, payments, and gifts were made not only directly, but, more frequently, indirectly, through agents, consultants, their employees and through various shell corporations frequently established in countries with laws prohibiting disclosure of information on corporate operations.

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