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## THE WHITE HOUSE

WASHINGTON

January 6, 1976

~~CONFIDENTIAL~~

MEMORANDUM FOR:

BRENT SCOWCROFT

FROM:

JAMES E. CONNOR *JEC*

SUBJECT:

FY 1977 Security Assistance for Korea

The President reviewed your undated memorandum on the above subject and approved the following:

"That you amend program levels on FY 1977 security assistance for Korea, raising FMS assistance from \$150 million to \$275 million and lowering MAP assistance from \$47.3 million to \$8.3 million."

The following alternate recommendations were disapproved:

"Leave the Korea levels unchanged at \$150 million FMS and \$47.3 million MAP."

"Approve the OMB recommendation, raising FMS levels from \$150 million to \$235 million while reducing MAP from \$47.3 million to \$8.3 million."

Please follow-up with appropriate action.

cc: Dick Cheney  
Jim Lynn

DECLASSIFIED

AUTHORITY RAC NLF-PHF-2-10-4-1 5/5/08  
*nsc guidelines*  
BY ll NARA, DATE 11/17/09

## MEMORANDUM

## THE WHITE HOUSE

WASHINGTON

CONFIDENTIALACTION

MEMORANDUM FOR: THE PRESIDENT  
 FROM: BRENT SCOWCROFT   
 SUBJECT: FY 1977 Security Assistance for Korea

OMB has forwarded for your decision a State Department request for reconsideration of the MAP and FMS levels for Korea in FY 1977. Heretofore, all agencies have agreed on FY '77 levels of \$150 million FMS, \$47.3 million MAP for Korea. The State request is at Tab B. OMB's memorandum is at Tab A.

State now argues that Korea's foreign exchange position is weak and will not support the next phase of planned Korean force improvement without substantial guaranteed credit assistance through the FMS program. (The ROKG is committed to a new rapid force improvement plan, requiring accelerated equipment purchases so that it will be able to handle attack from North Korea alone by 1980 with only U.S. logistical support.) State believes that the Koreans will accept virtual termination of the MAP grant program in return for the necessary increase in FMS credits to meet these force improvement goals. Accordingly, State recommends that the FMS level for Korea in FY 1977 be raised from \$150 million to \$275 million, and that the MAP level be decreased from \$47.3 million to \$8.3 million, the latter amount to cover only supply operations and UN costs. (For its part, the ROKG plans to spend an additional \$300 million from its own sources and commercial borrowing to implement its force modernization plan.)

There is general agreement among concerned agencies on the desirability of transferring assistance to Korea from the MAP to the FMS account. The MAP program is in disrepute and likely to be cut far back by Congress in FY 1977, especially for countries like Korea where Congress perceives human rights problems.

Subject to GDS of E.O. 11652  
 Automatically Declassified  
 December 31, 1982.

CONFIDENTIAL - GDS

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E.O. 12356, Sec. 3.4.

MR 92-66, #16 NSC str. 9/19/95  
 By KBH, NARA, Date 10/30/95

Moreover, since only ten percent of the overall level for FMS guaranteed credits are reflected in budget outlays, a move away from grant to credit assistance will actually decrease budget outlays substantially in FY 1977.

There is disagreement, however, on how much FMS is required to provide the Koreans with sufficient funds for their requirements and offset the effects of MAP termination. State recommends \$275 million, somewhat less than the \$300 million the Koreans have told us they need. OMB argues that a level of \$235 million will be sufficient for Korea's needs and will avoid giving the impression that we endorse the Korea force improvement plan in full. Both agencies endorse an MAP supply operations program of \$8.3 million.

I concur in the State recommendation. It is highly desirable from our point of view to end the Korean MAP program and substitute FMS. In agreeing to this arrangement, however, the Koreans will be sensitive to our concern for their security needs. If they perceive our action as an attempt to save budget outlays at the expense of their national security it could shake their confidence in the FMS approach and have serious repercussions on ROK morale. Moreover, while we do not intend to tie ourselves to the new ROK force modernization plan, its goals are consistent with our own national objectives. I believe approval of State's recommendation will satisfy the Koreans and still give us the bonus of a substantial reduction in budget outlays over those originally planned for Korea in FY 1977.

If you do not choose the State option, I believe that leaving the present levels of \$150 million FMS and \$47.3 million MAP would be preferable to the OMB option of \$235 million FMS and \$8.3 million MAP.

RECOMMENDATIONS

That you amend program levels on FY 1977 security assistance for Korea, raising FMS assistance from \$150 million to \$275 million and lowering MAP assistance from \$47.3 million to \$8.3 million.

Approve RAY

Disapprove \_\_\_\_\_

Alternatively, you may wish to leave the Korea levels unchanged at \$150 million FMS and \$47.3 million MAP.

Approve \_\_\_\_\_

Disapprove GR 7

Alternatively, you may wish to approve the OMB recommendation, raising FMS levels from \$150 million to \$235 million while reducing MAP from \$47.3 million to \$8.3 million.

Approve \_\_\_\_\_

Disapprove GR 7





EXECUTIVE OFFICE OF THE PRESIDENT  
 OFFICE OF MANAGEMENT AND BUDGET  
 WASHINGTON, D.C. 20503

JAN 8 1976

~~CONFIDENTIAL~~

ACTION

MEMORANDUM FOR: THE PRESIDENT  
 FROM: JAMES F. LYNN  
 SUBJECT: Revised Security Assistance Recommendations

Since the decision memorandum on security assistance appeals was prepared, the Department of State has changed its recommendation with respect to Korea. State now proposes to terminate grant military assistance (MAP) at the end of 1976 (except for the funds necessary to deliver MAP items previously ordered) and substitute substantially higher FMS credit guarantees. The termination of grant MAP will enhance the congressional acceptance of your total security assistance program and reduce budget authority required by approximately \$26 million.

OMB supports the substitution of FMS credit for grant MAP but is concerned that the higher total program (100 percent above the actual 1975 level and 40 percent above your pending 1976 request) might be construed as U.S. endorsement of a Korean Force Improvement Plan (FIP) which has not yet been adequately reviewed. The Koreans have recently asked for U.S. endorsement and financial support of the FIP at an annual level of \$300 million in FMS credit guarantees over the next five years.

(Programs in \$ millions)

	1975 Actual	1976 Budget	1977		
			Presidential Decision	State Appeal	OMB Alt.
Grant MAP	81.2	74.0	47.3	8.3	8.3
FMS Credits	59.0	126.0	150.0	275.0	235.0
Total	140.2	200.0	197.3	283.3	243.3

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 E.O. 12958 Sec. 3.6

MR 92-69, #17; NSC 644 3/4/98

By Wf NARA, Date 4/13/98

State argues that \$275 million is necessary to allow us to complete our objectives in the five-year ROK Force Modernization Plan and permit us to provide substantial FMS credit in pursuit of additional U.S. security objectives in Korea. State would inform both Congress and the Korean Government that the request would not imply a multi-year commitment or U.S. endorsement of the FIP.

The issue here is whether these disclaimers would be credible in the face of a request only \$25 million below the Korean Government request and \$83 million above the 1976 total of MAP and FMS. OMB believes that it would be more appropriate to provide a total program of \$243 million, roughly half the State increase over 1976 and sufficiently below the \$300 million proposed by the Koreans to avoid the appearance of premature endorsement of their request. The Koreans could be assured that additional support will be sought if subsequent analyses indicate that the FIP warrants our support.

Decisions

Approve the State request (\$275 million FMS and \$8 million MAP) (NSC recommendation)

\_\_\_\_\_

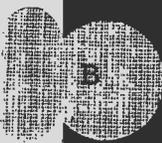
Approve the OMB alternative (\$235 million FMS and \$8 million MAP)

\_\_\_\_\_

Reconfirm original decision

\_\_\_\_\_

Attachment



UNDER SECRETARY OF STATE  
FOR SECURITY ASSISTANCE  
WASHINGTON

DEC 31 10 33 AM '75

OFFICE OF  
MANAGEMENT & BUDGET

December 30, 1975

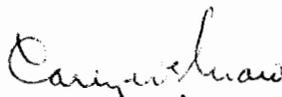
Dear Mr. Lynn:

I refer to the meeting of December 12 between the President and Under Secretary Sisco (representing Secretary Kissinger) in which the Under Secretary discussed with the President the FY 1977 Security Assistance Program. This letter presents a supplementary request for adjustment of that Program.

Secretary Kissinger has asked me to convey his request that the FY 1977 Republic of Korea MAP materiel program be reduced from \$47.3 million to \$8.3 million and that the Korean USG guaranteed FMS credit level be raised from \$150 million to \$275 million. We propose these changes for the following reasons: First, this modification will allow us to complete our objectives in the ROK Force Modernization Plan and permit us to provide substantial FMS credit in pursuit of additional U.S. security objectives in Korea. Second, this "mix" of grant and credit requires about \$26 million less new obligational authority than our previous request. Third, this modification would allow us to inform Congress that grant materiel assistance to Korea is terminated--the \$8.3 million we propose for FY 1977 would be for supply operations and UN costs only.

We request that you convey to the President for his consideration this supplementary request for adjustment of the FY 1977 Security Assistance Program.

Sincerely,

  
Carlyle E. Maw



The Honorable  
James T. Lynn,  
Director,  
Office of Management and Budget.

DECLASSIFIED  
EX-100-100-0000  
NR 92-68, #15, State pt. 2/5/93  
By K6/H NARA Date 3/19/93

UNDER SECRETARY OF STATE  
FOR SECURITY ASSISTANCE  
WASHINGTON

December 30, 1975

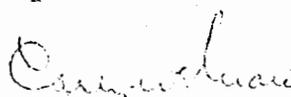
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We request that you convey to the President for his consideration this supplementary request for adjustment of the FY 1977 Security Assistance Program.

Sincerely,

  
Carlyle E. Nave

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E.O. 13526 (repealed) 8/20/05  
8/20/05, 8/20/05

By 42 NARA, Date 8/24/12

The Honorable  
James T. Lynn,  
Director,  
Office of Management and Budget.