

Office of the White House Press Secretary
(Vail, Colorado)

NOTICE TO THE PRESS

The President has signed S. 3394 -- The Foreign Assistance Act of 1974, which (a) authorizes foreign assistance appropriations for fiscal year 1975 of \$2,697 million, of which \$288 million is for development assistance, \$1,277 million for security-related economic assistance, and \$1,005 million for military assistance; (b) authorizes a \$100 million Special Requirements Fund for the Middle East; (c) provides authority to drawdown \$150 million in Defense Department stocks in 1975 to meet emergency military assistance requirements; and (d) contains policy provisions and regional and country limitations that are noted below.

- The total authorization provided in S. 3394 is \$555 million less than requested.

The major reductions in the request are:

- \$46 million in food and nutrition assistance from the \$546 million requested;
- \$323 million in Indochina postwar reconstruction from the \$940 million requested;
- \$25 million in the President's contingency fund from the \$30 million previously authorized for 1975 (the bill, however, provides an unrequested \$40 million authorization for famine and disaster relief, \$25 million of which is earmarked for Cyprus refugees);
- \$385 million in grant military assistance from the \$985 million requested;
- \$150 million in foreign military sales credits from the \$555 million requested.

The bill increases the amounts requested for:

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- supporting assistance from \$385 million to \$660 million with the additional \$275 million earmarked for Israel in addition to the \$50 million requested for that country;
- population and health by \$20 million to \$165 million, earmarking \$150 million for population activities;
- international organizations by \$11 million to \$165 million earmarking the increase for the International Atomic Energy Agency (\$0.5 million), UNICEF (\$3 million) and the United Nations Development Program (\$7.6 million).

As requested, the bill authorizes \$100 million for a Middle East Special Requirements Fund but with a concurrent resolution override provision discussed below.

The bill also provides an unrequested authorization of \$25 million for economic assistance to Portugal and its former African colonies.

The bill reduces from \$250 million to \$150 million the ceiling on the President's authority to draw down defense articles from Defense stocks for use in the military assistance program, and limits use of this authority for Cambodia to \$75 million.

Military Assistance

Significant provisions in the bill pertaining to military assistance are the following:

- prohibits military assistance and sales to Turkey until and unless the President certifies to the Congress that Turkey is in compliance with applicable laws and agreements on the use of U. S. -furnished assistance and is making substantial progress regarding military forces on Cyprus -- the President can suspend this prohibition until February 5, 1975, if he determines that the suspension would further negotiations on a Cyprus settlement and if Turkey observes the ceasefire and refrains from increasing its forces on Cyprus and from transferring U. S. supplied implements of war to Cyprus;
- expresses a sense of Congress that the grant military assistance program, except for training, should be reduced and terminated as rapidly as feasible and, accordingly, directs the President to submit to the first session of the 94th Congress a detailed plan for the reduction and eventual elimination of the program;

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- authorizes a total credit sales program (includes the reduced \$555 million appropriation authorization request discussed above) of \$872.5 million, as requested, earmarking \$300 million for Israel with repayment on \$100 million to be forgiven -- the forgiveness feature was not requested;
- reduces the reserve requirement on U. S. government guaranteed loans from 25 percent to 10 percent, as requested;
 - requires the transfer of the authorization for military assistance to South Vietnam from the Defense Procurement Act to the Foreign Assistance and Foreign Military Sales Acts effective July 1, 1976;
 - requires that all costs of military advisory missions, including pay and allowances now included in the Defense Department budget, be chargeable to the military assistance appropriation effective July 1, 1976;
 - establishes a statutory minimum interest rate linked to that on U. S. obligations of comparable maturity for military sales credits unless the President certifies to the Congress that the national interest requires a lesser rate;
 - eliminates the ceiling on the amount of military assistance and sales to Latin American countries and restores the President's authority to waive the \$40 million ceiling for African countries, as requested;
 - limits the aggregate amount of military assistance, excess defense articles, and military sales credits and guarantees to Korea in 1975 to \$145 million -- the ceiling may be increased to \$165 million if the President reports to the Congress that Korea has made substantial progress in the observance of international standards of human rights.

Regional and Country Ceilings and Limitations

The bill establishes numerous regional and country ceilings, with individual program earmarking within those ceilings as follows:

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Indochina

- authorizes \$617 million for Indochina Postwar Reconstruction with specific earmarking of that amount by country and programs;
- prohibits the use of development assistance funds in Indochina;
- prohibits the use of transfer or waiver authority to allocate non-Indochina funds to Indochina countries.

Vietnam

- establishes a \$449.9 million ceiling on economic aid, with specific earmarking thereof by program and project category;
- establishes a personnel ceiling of 4,000 U. S. and 800 third country nationals in Vietnam six months after enactment of the bill and a ceiling of 3,000 U. S. and 500 third country nationals within one year of enactment;
- prohibits the use of funds in 1975 for fertilizer procurement for Vietnam and in fiscal years thereafter a ceiling for Vietnam of 1/3 of total worldwide fertilizer funds.

The Executive Branch requested \$750 million for South Vietnam with no ceiling or limitations.

Cambodia

- establishes a non-waivable ceiling of \$377 million on the total amount of 1975 aid to Cambodia with an exception to allow the drawdown of \$75 million in Defense Department stocks; limits military assistance to \$200 million (excluding the drawdown), economic assistance to \$100 million, P. L. 480 to \$77 million and further earmarks the economic assistance by major program category.

The Executive Branch requested \$500 million for Cambodia with no ceiling or limitations, of which \$390 million was for military assistance.

(NONE)

Laos

- establishes a non-waivable ceiling of \$70 million on the total amount of 1975 aid to Laos; limits military assistance to \$30 million, economic assistance to \$40 million, and further earmarks the economic assistance by major program category.

The Executive Branch requested \$145.2 million for Laos with no ceiling or limitation.

Chile and India

The bill also limits assistance to Chile in 1975 to \$25 million, none of which can be military or supporting assistance, and limits aid to India to \$50 million.

Legislative Veto Provisions

Two sections of the bill provide for legislative override of Executive Branch actions by concurrent resolution. One prohibits any proposed sales of defense articles and services in excess of \$25 million if the Congress adopts a concurrent resolution of disapproval within 20 days. This provision does not apply if the President certifies that an emergency exists which requires such sale in the national security interest. The other prohibits the President from using the Middle East Special Requirements Fund if Congress disapproves the President's proposed use of the funds by concurrent resolution within thirty days.

Other Program Restrictions

In addition to the above limitations, the authorization contains other significant non-country-specific restrictions which:

- prohibit the expenditure of any appropriated funds by or on behalf of the Central Intelligence Agency for the conduct of so-called covert actions in foreign countries unless the President reports to the appropriate committees of the Congress, including the House Foreign Affairs and Senate Foreign Relations Committee that each such operation is important to the national security (this provision shall not apply during a declared war or an exercise of powers by the President under the War Powers Resolution);

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- express the sense of Congress that the President, except in extraordinary circumstances, substantially reduce or terminate security assistance to any government which engages in a consistent pattern of gross violations of human rights;
- prohibit funding for UNESCO until it takes concrete steps to correct recent action of a political nature involving Israel;
- limit to 30 percent of the amount of concessional food aid that can be provided to countries other than those most seriously affected by world food and fuel shortages, unless the President demonstrates to the appropriate committees that the use of such food is solely for humanitarian purposes.

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Foreign Assistance Act of 1974

Analysis of Congressional Changes

(dollars in millions)

	Previously Authorized for 1975	1975		Dif
		Authorization Request	Enrolled Bill	
<u>Economic Assistance</u>				
<u>Functional Accounts:</u>				
Food and nutrition	291.0	255.3	209.0	-46
Population and health (Population Activities)	145.0 (130.0)	--	20.0 (150.0)	+20
Education and human resources	90.0	--	2.0	+2
International organizations	150.0	3.9	15.0	+11
(Atomic Energy Agency)	--	--	(.5)	
(UNICEF)	--	--	(3.0)	
(UNDP)	--	--	(7.6)	
Contingency fund	30.0	--	-25.0	-25
Famine and disaster relief	--	--	40.0	+40
Cyprus	--	--	(25.0)	
Portugal and Portuguese colonies	--	--	25.0	+25
Loans	--	--	(20.0)	
Grants	--	--	(5.0)	
Gorgas Memorial Institute	.5	--	1.5	+1
Subtotal, Development Assistance	706.5	259.2	287.5	+28
Indochina reconstruction	--	939.8	617.0	-322
Vietnamese Children	--	--	(10.0)	-
Supporting assistance	--	385.5	660.0	+274
Middle East	--	(377.5)	(652.0)	
of which Israel	--	(50.0)	(325.0)	
Middle East special requirements fund	--	100.0	100.0	
Arab Refugees (UNWRA)	--	--	(6.0)	
 ECONOMIC ASSISTANCE	706.5	1,684.5	1,664.5	-20
<u>International control commission</u>	--	27.7	27.726	+
<u>Military Assistance</u>				
Grants	--	985.0	600.0	-385
Foreign military credit sales				
Program	--	(872.5)	(872.5)	
Funding	--	555.0	405.0	-150
Israel	--	(300.0)	(300.0)	
Authority to Draw-down Defense Department Stocks	--	(250.0)	(150.0)	
 MILITARY ASSISTANCE	--	1,540.0	1,005.0	-535
 TOTAL, FOREIGN ASSISTANCE	706.5	3,252.2	2,697.226	-554