

FOR IMMEDIATE RELEASE

FEBRUARY 20, 1975

Office of the White House Press Secretary

THE WHITE HOUSE

TO THE CONGRESS OF THE UNITED STATES:

In accordance with Section 812(d) of the Department of Defense Appropriation Authorization Act, 1974 (Public Law 93-155), I am pleased to submit a fifth report to the Congress on our progress toward offsetting the balance of payments deficit resulting from the deployment of U.S. forces in NATO Europe.

As required by Section 812, the Department of Commerce has been working in consultation with the Department of Defense and the General Accounting Office to define the U.S. balance of payments deficit on military transactions incurred in Fiscal Year 1974 as a result of our NATO commitments. In my November report, I provided to the Congress tentative figures developed by the Commerce Department which estimated our FY 74 expenditures at \$1.983 billion. This has now been confirmed as the final FY 74 expenditure figure.

The Commerce Department is now in the process of identifying U.S. FY 74 balance of payments receipts reflecting military-related sales and exports to our European NATO allies, through both official U.S. Foreign Military Sales (FMS) and commercial channels. Once total receipts have been identified, they will be subtracted from the \$1.983 billion in expenditures to establish the FY 74 deficit. While the Department has been able to confirm Allied purchases through FMS channels, it has been unable to settle on a figure for commercial receipts. The Commerce Department's balance of payments accounting procedures are not in sufficient detail to permit it to isolate all of these purchases. Using information provided by our Allies through the NATO Economic Directorate, the Commerce Department is making an effort to identify as many of these transactions as possible and to include them in its calculation of the balance of payments deficit.

An interagency committee within the Executive Branch has been working to identify other transactions which serve to offset this balance of payments deficit. Of major importance is the FY 74-75 US/FRG Offset Agreement, which was described in some detail in the May 1974 report. We have since been working in cooperation with our Allies to identify additional categories of offsets. These will include Allied purchases of U.S. military-related equipment which cannot be extracted from the U.S. balance of payments accounting system. I will provide details on these offset categories in my May 1975 report to the Congress.

more

(OVER)

Once our analysis has been completed and the FY 74 military balance of payments deficit has been established, I am confident that this deficit will be offset by the items we have identified and that the requirements of Section 812 will be met.

GERALD R. FORD

THE WHITE HOUSE,
February 20, 1975

#