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October 30, 1975

Office of the White House Press Secretary

THE WHITE HOUSE

TO THE CONGRESS OF THE UNITED STATES:

I sent to the Congress on May 15 draft legislation to authorize foreign assistance programs for fiscal years 1976 and 1977, and for the transition period July 1, 1976, through September 30, 1976. At that time, because of uncertainties caused by changing events, particularly in the Middle East and Indochina, I was unable to propose specific amounts for security assistance programs. I said I would return to the Congress with specific proposals for these programs as soon as possible.

The review of security assistance programs now has been completed and my revisions to the draft legislation are being transmitted today. My initial legislative proposal was printed in the House of Representatives as House Document No. 94-158 and was introduced in the Senate as S. 1816. The revisions transmitted with this message will supersede sections 10, 11, 12, 15, 16, 17 and 18 of that proposal.

The world is different and far more complex than the world we knew in the 1950's. So are the problems confronting it. However, the United States Government still has a primary responsibility to take the lead in creating conditions which will insure justice, international cooperation and enduring peace. The program of security assistance I am transmitting today will contribute significantly toward meeting this responsibility.

Peace in the Middle East

Nothing so underscores how essential the American peacekeeping role is than our current efforts in the Middle East. Since the October 1973 War, our Middle East policy has been based on the following three principles.

- First, a firm resolution to work for a just and lasting settlement of the Arab-Israeli conflict taking into account the legitimate interests of all states and peoples in the area, including the Palestinians.
- Second, a commitment to the improvement of our relations with all the states of the Middle East on a bilateral basis, maintaining our support for Israel's security while strengthening our relations with the Arab countries.
- Third, continued dedication to avoiding great power confrontation in the Middle East.

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The October 1973 War was the fourth, and most devastating, round of hostilities between Arab and Israeli forces. Moreover, the impact of this last collision between opposing forces was not confined to the Middle East. The spectre of armed confrontation between the United States and the Soviet Union hung over the crisis. Disruption of the economies of Western Europe, Japan and other nations was an important by-product of the conflict. In addition, the likelihood existed that the period immediately after October 1973 would merely represent a pause between the fourth and fifth rounds of conflict.

The quest for peace in the area was of the highest priority. Our most immediate objective was to encourage the disengagement of the contending military forces. Disengagement was accomplished in 1974. This year, we dedicated ourselves to the goal of withdrawal in the Sinai -- and an agreement was negotiated as a result of the efforts of Secretary of State Kissinger. We believe that the step-by-step approach to negotiations offers the best prospects for establishing an enduring peace in the region. We expect to proceed on an incremental basis to the next stage of negotiation within the near future.

I believe the hope for a lasting solution to the Arab-Israeli dispute is stronger today than at any time in the previous quarter century. A new era also is opening in our relations with Arabs and Israelis. This security assistance program will give substance to these new relationships and help preserve the momentum toward peace.

My proposals have three basic purposes:

- First, to provide Israel with the assistance needed to maintain security and to persevere in the negotiating process.
- Second, to give tangible expression to our new and fruitful relations with the Arab nations most directly involved and to encourage those which are seriously prepared to work for peace.
- Third, to encourage the peaceful development of the area, thereby reducing the incentives to violence and conflict.

The Security Assistance Program I am transmitting to Congress is heavily weighted with requirements to sustain the peace in the Middle East. Fully 70 percent of the program for fiscal year 1976 is to be concentrated in this region.

It proposes:

- For Israel, \$740 million in security supporting assistance and \$1,500 million in military credits. Israel's ability to defend herself and to relieve some of the burdens of her defense reduces the prospect of new conflict in the Middle East.
- For Egypt, \$750 million in supporting assistance. Egypt has made the bold decision to move from confrontation to negotiation as a means of resolving the Arab-Israeli dispute. Its leaders also must cope with serious economic problems whose resolution the United States is in a position to assist.

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- For Jordan, \$100 million in military assistance grants, \$78 million in security supporting assistance, and \$75 million in military credit sales. This assistance will strengthen Jordan's ability to hold to the course of moderation it has consistently followed.
- For Syria, \$90 million in security supporting assistance. This assistance will enable our development cooperation with Syria to go forward, furthering our efforts to re-establish more normal bilateral relations.
- In addition, I am recommending a Special Requirements Fund this fiscal year of \$50 million. The fund is to be used to reinforce the peace process in the area and, in particular, to defray the costs of stationing American civilian technicians in the Sinai area.

All of this aid will contribute to the confidence that Middle Eastern nations must have in the United States if we are to maintain our momentum toward peace.

East Asia

The collapse of friendly governments in Indochina has necessitated a thorough review of the situation and of our policies and objectives throughout East Asia. The program I am proposing therefore recognizes the new realities as well as our enduring responsibilities as a leading participant in the affairs of the Asia Pacific region. For the first time, military sales credits exceed grants in our proposals for security assistance to Asian countries. These proposals include Foreign Military Sales credits in the amount of \$80 million for the Republic of China, \$126 million for Korea, and \$37 million for Thailand, with smaller but no less significant amounts for Indonesia, Malaysia, and the Philippines. Grant assistance programs include \$19 million for Indonesia, \$74 million for Korea, \$20 million for the Philippines, and \$28 million for Thailand. This funding pattern reflects the improved economic circumstances of several of our allies, their decreasing dependence on grant aid, and a greater ability to pay for defense purchases on a deferred basis.

Europe

The program that I am proposing for Europe is focussed primarily on two countries with whom the United States shares extraordinary mutual defense interests: Greece and Turkey. For Greece, I am proposing more than \$50 million in MAP and \$110 million in FMS credits. Over the same period, Turkey would receive \$75 million in MAP and \$130 million in FMS credits. These amounts take into consideration urgent needs for defense articles and services on the part of these two important NATO allies. Implementation of the respective programs would allow the United States to resume its traditional cooperative role following the unfortunate disruptions occasioned by the Cyprus crisis. In this traditional role, the United States can work more effectively to alleviate regional tensions and rectify recent misunderstandings which have had an adverse impact on the interests of all our European allies.

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Africa and Latin America

In these two geographic areas where there were widespread special development problems, I am proposing security assistance programs with emphasis on training as a common denominator. While the training programs are not individually costly, the fact that they are distributed among many countries should contribute to the strengthening of our regional relations well beyond the military sector. The only significant MAP proposal in either area involves a \$12 million program for Ethiopia, where we have been committed to an armed forces modernization program of reasonable dimensions. No other grant aid funds are envisioned elsewhere in Africa. MAP proposals throughout Latin America are confined to small sums, mainly for vehicles, communications equipment and spare parts. FMS credits for Latin America are proposed in amounts commensurate with the relative sizes of the recipients' armed forces, their repayment ability and overall development needs. In Africa, the only significant FMS credit proposals are \$10 million for Ethiopia and \$19 million for Zaire.

Security Supporting Assistance

Aside from the special programs for the Middle East states which I have described previously, my proposals for security supporting assistance include \$35 million for Cyprus, including \$10 million for the United Nations Forces there, \$55 million for Portugal, \$65 million for Greece, and \$23 million for Zaire. Other small programs and administrative expenses will total \$33 million. In all instances, these programs reflect enlightened self-interest for the United States and a carefully documented need.

Conclusion

While the extraordinary recent developments in Indochina and the Middle East have necessitated a re-examination of our policies and changes in the focus of our security assistance programs, there can be no doubt that bilateral and multilateral cooperation in the defense sector remains a vital and necessary component of American foreign policy. The proposals that I am now able to make after this reappraisal are addressed specifically to a new global situation and to the extraordinary challenges and opportunities confronting us in the international sphere. Just as it would be a grievous mistake to base our current and future security assistance programs on the precepts of the past, it would be an even greater error to ignore our enduring responsibilities as a major world power by failing to exploit these opportunities. After twenty-five years of seemingly irreconcilable differences, two parties to the Middle East dispute at last have taken a decisive stride toward settling their differences, in joint reliance on our good offices and continuing support. In the strategic Eastern Mediterranean, two of our long-standing NATO allies look to us for a tangible sign of renewed support and traditional friendship. In East Asia, friends and allies are anxiously awaiting evidence that the United States intends to maintain its stabilizing role in Pacific affairs.

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Development Assistance

I am also pleased to note the progress made by the Congress on H.R. 9005, the International Development and Food Assistance Act of 1975, which authorizes funds for our development and disaster assistance programs. Although we have minor differences with the Congress on the formulation of this legislation, I expect these to be resolved in the legislative process. The 244-155 vote in the House clearly indicates that the Congress and the Executive Branch jointly endorse the current reorientation of our bilateral development assistance program focusing on basic human problems in the poor countries.

We must reaffirm our humanitarian commitment to some 800 million people in the Third and Fourth World, who live in poverty, facing the daily reality of hunger and malnutrition without access to adequate health and education services and with limited productive employment. Improving the quality of life for one-third of mankind living in conditions of despair has become a universal political demand, a technical possibility, and a moral imperative.

Our foreign assistance programs, both development and security, are essential for achieving world peace and for supporting an expanding international economy which benefits all nations. Our national security and economic well-being in a world more interdependent than ever before in the history of mankind warrant the fullest support of the American people and the Congress for our foreign assistance programs.

In regard to the impact of these proposals on overall federal budget levels, I fully recognize the proposed amounts are substantial. I should emphasize, however, that total fiscal year 1976 expenditures for all types of foreign aid including economic and military will still be roughly ten percent below the amounts originally contained in my January budget because of the withdrawal of the request for Indochina funding.

I am confident the Congress shares my desire to see the United States continue to manifest to all nations its determination to play a role in the search for a more secure international environment which is worthy of its greatness as a nation.

GERALD R. FORD

THE WHITE HOUSE,

October 30, 1975.

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