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THE WHITE HOUSE
WASHINGTON

October 22, 1976

MR PRESIDENT:

Jack Marsh and Max Friedersdorf
concur in the attached recommendation
made by Jim Lynn and Brent
Scowcroft.

Jim Connor

THE WHITE HOUSE
WASHINGTON

October 25, 1976

CONFIDENTIAL

MEMORANDUM FOR:

JAMES T. LYNN
BRENT SCOWCROFT

FROM:

JAMES E. CONNOR *JEC*

SUBJECT:

Military Assistance for Portugal, FY 77
Budget Supplemental

We have been advised by telephone that the President reviewed your memorandum of October 12 on the above subject and approved your recommendation for a fiscal year 1977 budget supplemental of \$30 million to provide three C-130 transport aircraft to Portugal on a grant basis.

Please follow-up with appropriate action.

cc: Dick Cheney

CONFIDENTIAL

DECLASSIFIED

E.O. 12355, Sec. 3.4 (c)

White House Guide Lines, Feb. 24, 1983

By: RAO NAW, Date 5/25/89



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

8/10/25/76

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~~CONFIDENTIAL~~

OCT 12 1976

MEMORANDUM FOR: THE PRESIDENT

FROM: James T. Lynn, Director
Office of Management and Budget

Brent Scowcroft
Assistant to the President
for National Security Affairs

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E.O. 12958 SEC. 3.6

OSD 22v 10/21/05
MR 05-40 #17: Acate 7/16/05

BY dal NARA DATE 7/31/04

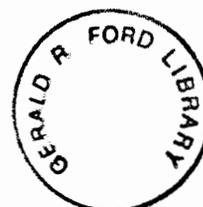
SUBJECT: Military Assistance for Portugal, FY 77
Budget Supplemental

Attached is a request from the Department of State for a fiscal year 1977 budget supplemental of \$30 million to provide three C-130 transport aircraft to Portugal on a grant basis. This military assistance was originally requested in May (Tab A) to show political support for the newly emerging democratic forces in Portugal and as a catalyst for other NATO members' contributions to the equipping of a NATO-committed Portuguese Brigade. OMB requested additional information concerning the entire modernization program, other NATO members' proposed contributions, the Portuguese economic outlook, and the relationship of our aid to the Azores base negotiations.

In a September 15 letter (Tab B) the Departments of State and Defense outlined a Portuguese multi-year military modernization program currently estimated to cost over \$350 million. State and Defense are not currently requesting approval of U.S. funding of any portion of this modernization program beyond the \$30 million required for three C-130's. Any future U.S. contribution to the total program will be developed based on other NATO contributions and the U.S.-Azores base negotiations, scheduled to begin in early 1977. Accordingly, your approval of this \$30 million grant would not constitute approval of a multi-year commitment to fund the modernization program.

While OMB would normally recommend that a decision on this \$30 million package follow the regular fall budget review process, the Departments of State and Defense and Ambassador Carlucci urge approval now and authority to inform the Portuguese of your decision. OMB has no objection to this timing, since all concerned agencies agree on the importance of showing support for the democratic elements in the Portuguese military now.

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If you approve this assistance, authorizing legislation and a supplemental appropriation will be required. These can be transmitted to the Congress with the budget in January, 1977.

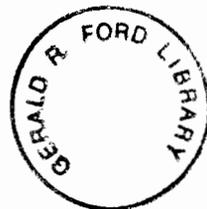
Approve

REY

Disapprove

Attachments

~~CONFIDENTIAL~~



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UNDER SECRETARY OF STATE
FOR SECURITY ASSISTANCE
WASHINGTON

MAY 7 1 08 AM '76

OFFICE OF
MANAGEMENT & BUDGET

May 6, 1976

Dear Mr. Lynn:

In cooperation with several NATO allies, we wish to make a substantial contribution to the modernization of the Portuguese armed forces. The first phase of this modernization program will involve the establishment of a NATO-designated brigade in the Portuguese Army. The Brigade has the formal support of SHAPE and of the US Joint Chiefs of Staff, and enjoys strong backing from the NATO allies.

The Portuguese are prepared to organize, train and maintain the brigade as their major commitment to the Alliance, but serious economic difficulties force them to rely upon their NATO Allies for assistance in the initial stages of obtaining some of the more expensive items of equipment. To the maximum extent possible, we wish to involve the other Allies in this effort and the prompt development of a U.S. contribution will be the key to obtaining the broadest degree of Allied support.

Our current program of economic assistance to Portugal is intended to aid the Lisbon Government in meeting its urgent economic needs while laying the groundwork for the establishment of a functioning democracy. This U.S. aid is part of a much larger "package" of Western support. The brigade concept offers a similar opportunity in the military sphere by which we support and encourage the recently-emerged democratic forces within the Portuguese armed forces and demonstrate to them the desirability of enhanced ties to NATO.

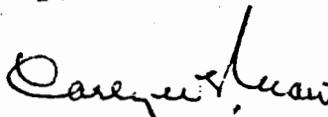
The Honorable
James T. Lynn,
Director, Office of
Management and Budget.

In view of the foregoing, we request that the FY 1977 Military Security Assistance budget request for Portugal be amended to include an additional \$30 million in grant military materiel assistance (MAP). These funds would be used to provide three C-130 aircraft as part of the U.S. contribution to equipping the above-mentioned air transportable brigade. The Portuguese plan to use their own resources to buy three additional C-130s. This would bring their total inventory to the six C-130s called for in their modernization program.

You will note that the current FY 1977 Military Security Assistance level for Portugal is \$1.3 million, most of it for training. We propose to retain that amount, thus bringing our total FY 1977 Military Security Assistance request for Portugal to \$31.3 million.

We are all aware, of course, that when our Azores base agreement is renewed it will undoubtedly call for some additional military assistance to Portugal. However, the Azores base negotiations are not likely to resume until late 1976. (Since the last agreement expired in February 1974, we have been using the bases without any payment pending a new agreement.) We therefore do not expect to request funding for a new Azores agreement before FY 1978.

Sincerely,



Carlyle E. Maw

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UNDER SECRETARY OF STATE
FOR SECURITY ASSISTANCE
WASHINGTON

September 15, 1976

CONFIDENTIAL
WITH SECRET ATTACHMENTS

Dear Mr. Ogilvie:

On May 6, I wrote you to recommend OMB approval of an FY 1977 budget amendment in the amount of \$30 million in grant military assistance for Portugal. These funds are intended to provide three C-130 aircraft to the Portuguese Air Force to augment their own plans to acquire an airlift capability for the new, NATO-committed brigade.

Your reply of June 10 posed a number of questions about the scope and estimated total cost of the Portuguese armed forces' modernization program, the relative share of this cost to be funded by the US and the NATO allies and the relationship of this assistance to the upcoming Azores base negotiations. You also asked for an analysis of the Portuguese balance of payments and external debt situation, a detailed breakdown of US and other donor economic aid and a description of Portugal's economic recovery program.

Our responses to these questions will be found at the appropriate tabs. In some cases, the information currently available is incomplete. For example, the present Portuguese government took office only on July 23 and has not completed announcement of specific implementing details of its economic recovery program. Likewise, the NATO allies have warmly endorsed in principle the idea of coordinated NATO member contributions of equipment to the Portuguese brigade, but there is as yet no agreement on the

Mr. Donald G. Ogilvie
Associate Director,
Executive Office of the President
Office of Management and Budget

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WITH SECRET ATTACHMENTS
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E.O. 12958, Sec. 3.4.

MR 89-32 #14 State Ltr. 7/20/89
By KBH NARA, Date 8/2/89

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WITH SECRET ATTACHMENTS

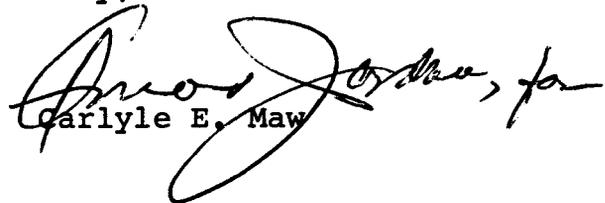
- 2 -

specific amounts of equipment to be provided by the various allies. Nevertheless, for the purpose of the supplemental budget amendment, I believe that our replies will be fully responsive to your needs.

In seeking the \$30 million grant MAP, our objectives continue to be to demonstrate strong US support for pro-Western officers in the Portuguese armed forces, to give the military a stimulus to develop a professional mission, and to encourage them to support constitutional democracy and to play an enhanced role in the NATO defense of Western Europe. The commitment in FY 1977 to provide three C-130 aircraft to the Portuguese Air Force will be an important contribution to maintaining our momentum toward these objectives. Early procurement of the aircraft should not have to await conclusion of the Azores base negotiations, even though the cost of the aircraft will be charged against the military assistance we will likely make available when an extension of that agreement is renegotiated.

The President and Secretary Kissinger both attach great importance to the above objectives and I urge your early approval of the supplemental budget request for FY 1977.

Sincerely,


Carlyle E. Maw

Enclosures:

1. Description and cost estimates for the Portuguese armed forces modernization.
2. Relative shares to be funded by NATO Allies.
3. Period over which military assistance is to be supplied.
4. Military Assistance and its relationship to the Azores base agreement.

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WITH SECRET ATTACHMENTS

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- 3 -

5. Objectives for US Economic Assistance.
6. The Portuguese Economy: General Situation, Reform and Recovery Program, Balance of Payments.
7. US economic assistance to the Azores.
8. Military and economic assistance from the US and other "donors".

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WITH SECRET ATTACHMENTS

ITEM WITHDRAWAL SHEET
WITHDRAWAL ID 00937

Collection/Series/Folder ID : 004700214
Reason for Withdrawal : NS,National security restriction
Type of Material : MEM,Memo(s)
Creator's Name : James Lynn et. al.
Creator's Agency : OMB,Office of Management and Budg
Receiver's Name : President
Receiver's Agency : WH,White House
Description : Aid to Portugal,FY 77.
Creation Date : 10/12/1976
Classification Code : C,Confidential
Classifying Agenc(y/ies) : STAT,State, Department of
Volume (pages) : 2
Known Duplicates : Y
Comments : Copy in this case file.
New Location : VLT,Vault
Date Withdrawn : 05/23/1988
Withdrawing Archivist Initials : LET,Leesa E. Tobin

et



THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.:

Date: October 21, 1976

Time:

FOR ACTION:

cc (for information):

- ✓ Jack Marsh
- ✓ Max Friedersdorf

up 10/22

FROM THE STAFF SECRETARY

DUE: Date: Friday, October 22, 1976

Time: 10:00 A.M.

SUBJECT: Jim Lynn memo, 10/12/76 re:
Military Assistance for Portugal, FY 77
Budget Supplemental.

ACTION REQUESTED:

- | | |
|---|--|
| <input type="checkbox"/> For Necessary Action | <input checked="" type="checkbox"/> For Your Recommendations |
| <input type="checkbox"/> Prepare Agenda and Brief | <input type="checkbox"/> Draft Reply |
| <input checked="" type="checkbox"/> For Your Comments | <input type="checkbox"/> Draft Remarks |

REMARKS:

CONFIDENTIAL ATTACHMENT

*Friedersdorf - OK
Marsh - OK*

Approval received by phone 10/25/76



PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

Jim Connor
For the President

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.:

Date: October 21, 1976

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FOR ACTION:

cc (for information):

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Max Friedersdorf

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Military Assistance for Portugal, FY 77
Budget Supplemental.

ACTION REQUESTED:

For Necessary Action

For Your Recommendations

Prepare Agenda and Brief

Draft Reply

For Your Comments

Draft Remarks

REMARKS:

CONFIDENTIAL ATTACHMENT

Recommends Approval.
JMF

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

Jim Connor
For the President

ITEM WITHDRAWAL SHEET
WITHDRAWAL ID 00938

Collection/Series/Folder ID : 004700214
Reason for Withdrawal : NS,National security restriction
Type of Material : MEM,Memo(s)
Creator's Name : James Lynn et. al.
Creator's Agency : OMB,Office of Management and Budg
Receiver's Name : President
Receiver's Agency : WH,White House
Description : Aid to Portugal,FY 77.
Creation Date : 10/12/1976
Classification Code : C,Confidential
Classifying Agenc(y/ies) : OMB,Office of Management and Budg
Volume (pages) : 2
Agency Assigned Document Number : 5751
Known Duplicates : Y
Comments : Copy in this case file.
New Location : VLT,Vault
Date Withdrawn : 05/23/1988
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UNDER SECRETARY OF STATE
FOR SECURITY ASSISTANCE
WASHINGTON

MAY 7 1 08 AM '76

OFFICE OF
MANAGEMENT & BUDGET

May 6, 1976

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UNDER SECRETARY OF STATE
FOR SECURITY ASSISTANCE
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E.O. 12356, Sec. 3.4.

MR 89-32 #14 State Gr. 7/20/89

By KBH NARA, Date 9/2/89

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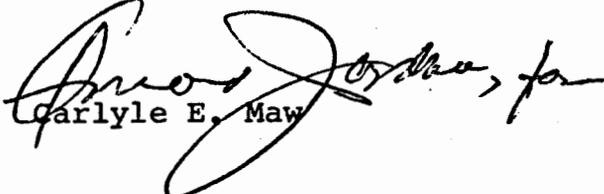
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WITH SECRET ATTACHMENTS

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