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Last Updated: 8/8/2025

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Authority NSC/DOS WAIVERS

BY LM NARA DATE 6/27/25

~~CONFIDENTIAL~~

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

SYSTEM II
90019
Add-on

Sable 3

January 31, 1986

file
foreign aid

~~CONFIDENTIAL~~

ACTION

MEMORANDUM FOR JOHN M. POINDEXTER

FROM: JAMES R. STARK

SUBJECT: FY86 Security Assistance Allocations

The memo from State at Tab I is a response to the unsigned NSC memo on security assistance allocations (Tab II) which you gave to Shultz last Friday. In that memo, you proposed changing several of State's allocations:

- Moving \$5 million from Somali MAP to Kenya.
- Taking \$5 million, rather than \$10 million, from Uruguay's ESF earmark for Oman.
- Giving \$5 million in Portuguese MAP to Peru.
- Shifting \$5 million in Costa Rican ESF to Jordan.
- Shifting \$8 million from the South African Regional ESF earmark to Jamaica.

State has agreed to one of our proposals (moving Somalia MAP to Kenya), but, without completely closing the door, declines to implement our other recommendation at this time. In each case, State points out that moving funds to resolve one problem would simply create larger problems elsewhere. Their basic points are:

- Congressional opposition has convinced State not to break the Uruguay earmark at all.
- Peru is currently under Brooke Amendment sanctions which prohibit any foreign assistance until it repays its arrearages. When we are able to resume assistance, IMET would be a better, more cost-effective vehicle than MAP for keeping up ties with Peru's military.
- Jordan already has a large ESF pool from the FY85 supplemental which is available for disbursement in FY86 and 87.
- We have worked out a program which should enable Jamaica to meet its IMF obligations.

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Declassify on: OADR

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For the moment, we should accept the State position. Later this spring, we can explore the possibility of a "zero net supplemental" with State and OMB. In the meantime, we can expect the problem of inadequate security assistance funding to get even worse. The meataxe approach of Congress this year -- looking at funding levels from a purely budgetary rather than a programmatic standpoint -- will, together with Gramm-Rudman, mean that the same battles for scarce funds will be fought again over the FY87 allocations.

AP for
Steve Danfinsky and Ron Sable concur. *R*

RECOMMENDATION:

That you accept State's FY86 security allocations.

Approve _____

Disapprove _____

Attachment

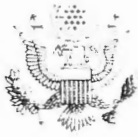
- Tab I - Platt Memo to Poindexter of January 30, 1986
- Tab II - Poindexter Memo to Shultz (unsigned)

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TAB

I



United States Department of State

Washington, D.C. 20520

January 30, 1986

~~CONFIDENTIAL~~

MEMORANDUM FOR ADMIRAL JOHN M. POINDEXTER
THE WHITE HOUSE

SUBJECT: FY 1986 Security Assistance Allocations

The Secretary has reviewed your memorandum of January 24, 1986, regarding FY 1986 Security Assistance allocations. As you know, the allocation process this year was especially difficult given the sizeable reduction (almost \$1 billion) in our original request and the additional 4.3 percent cut mandated by the Gramm-Rudman-Hollings legislation. Within this much reduced base there is no easy way to meet all of our priority security assistance requirements; by solving one set of problems, we only create another.

We do agree with your proposed switch of \$5 million of MAP from Somalia to Kenya. DOD has reviewed its position on this question and has agreed with our Africa Bureau that the shift should be made.

In addition, after consultations with the Congress on the proposed breaking of the Uruguay ESF earmarks, the Secretary has reluctantly concluded that it would not be in the best interest of the Administration to exercise the President's 614(a) authority in this instance. The full \$15 million, therefore, will be allocated to Uruguay. This will create a problem for us in Oman. We will have to find ways to mitigate this problem later in the year.

The other country program increases you recommend are also justified on their own merits. The country program levels that would have to be decreased, however, are equally justified. At this time, therefore, the Department does not believe that the good that would come from the increases would necessarily outweigh the additional problems created by the decreases.

Although we do not agree that some of the changes you proposed should be made now, we are sensitive to your concerns and will keep them in mind as the year progresses. After the March 1 Gramm-Rudman-Hollings sequestration takes place, we will have at our disposal the possibility of reallocating or reprogramming within the existing availabilities. Such reallocations, never easy, will be especially difficult this year. Nevertheless, there are countries for whom we are proposing assistance in our FY 1986 allocations that are currently under Brooke Amendment sanctions. If these sanctions are not lifted in a timely fashion, we will have to shift the funds to other priority programs. We will also be exploring with the Office of Management and Budget the possibility of a

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DECL: OADR

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Authority DOS WAIVER
BY LM NARA DATE 6/27/25

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-2-

"zero net supplemental" (i.e., proposing an increase for one set of programs while proposing a decrease for another). Again, we will know more about the chances for such a proposal, and the list of competing priorities, after March 1.

Attached you will find a brief description of our concerns related to each of your proposed changes that we do not believe can be made at this time.

Nicholas Platt
Nicholas Platt
Executive Secretary

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BY LM NARA DATE 6/27/25

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- Jordan/Costa Rica. Jordan's importance to the peace process in the Middle East is unquestioned. We do not believe, however, that an additional \$5 million in ESF will make a significant difference to Jordan's overall economic well-being or to the furtherance of the peace process. In addition to the \$10 million in new ESF that we are proposing for Jordan in FY 1986, approximately \$80 million of the special supplemental passed in FY 1985 will be obligated in this fiscal year to help meet Jordan's economic needs. An additional \$90 million from the supplemental will be obligated in FY 1987. Further reducing Costa Rica's ESF program, on the other hand, will create a number of problems for us. Costa Rica is a strong ally with a sound economic program but a heavy debt service burden. We must maintain a strong program there as the new government is elected and begins to face some of the tough issues that are of interest to both of our governments. We are also coming under criticism by some of the strongest supporters of our Central America program in the Congress for not allocating what they believe is sufficient economic assistance to this high priority foreign policy region. Taking even more away will make our problems on the Hill even worse.

- Jamaica/South Africa Regional. Jamaica is indeed important to our policies in the Caribbean. We have been working closely with the Jamaicans over the past several weeks regarding our ESF contributions to their IMF program. With our contribution and some very hard choices on their part, we now believe that Jamaica will be able to meet its current IMF payment requirement. Nevertheless, we will have to monitor the situation in Jamaica closely over the next several months. During that time we will also be seeking the assistance of other donors in helping this key Caribbean country. Reducing the South Africa Regional program, and breaking another Congressional earmark in so doing, could threaten our ability to achieve the objectives contained in the President's Executive Order on South Africa and our public diplomacy program. The Congressional earmark was included by members who were opposed to the diversion of funds away from traditional regional programs (i.e., those designed to provide vital transportation improvements for countries vulnerable to instability in Mozambique and from South Africa) to programs that would operate within South Africa. It would not take those members long to discover that the traditional programs would indeed be hurt. Since all programs, including those to be funded under the Executive Order, are subject to the Congressional notification process, we could expect holds to be placed on all of our activities within South Africa.

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-- Peru/Portugal. Providing \$5 million in MAP to Peru from Portugal poses a number of problems. In no way could we compete with the large amounts of Soviet aid, or effectively reduce Soviet influence, with such a small MAP program. The most that we could hope for out of such a small program would be the maintenance of a military-to-military relationship. Rather than devoting scarce MAP resources to such an effort, we have found that less costly IMET programs are much more effective. In FY 1986 we have allocated over \$700 thousand of IMET to Peru. Providing even this to Peru, however, will be difficult since Peru is currently under Brooke Amendment sanctions. Under these circumstances, we do not believe that it would be in our best interest to allocate to Peru MAP funds that may never be spent and take them away from Portugal, a base rights country of strategic importance to our worldwide defense posture.

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TAB

II

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SYSTEM II
90019

Authority NSC/DOS WAIVERS
BY LM NARA DATE 6/27/25

THE WHITE HOUSE
WASHINGTON

~~CONFIDENTIAL~~

MEMORANDUM FOR THE HONORABLE GEORGE P. SHULTZ
Secretary of State

SUBJECT: FY 1986 Security Assistance Allocations (U)

The NSC staff has carefully reviewed the proposed FY 1986 security assistance allocations. As Bill Schneider noted in his forwarding memo, Congressional cuts of nearly a billion dollars combined with extensive earmarks seriously constrained our ability to fund many important programs and required difficult tradeoffs. Bill and his staff are to be commended for their excellent work. (U)

There are several areas where important programs have taken cuts which, in our view, may be excessive. I, therefore, recommend that the following changes be made to the FY86 security assistance allocations. In addressing these issues below, I have also attempted to identify possible funding sources from within the respective security assistance accounts. (C)

- Uruguay. Restore \$5 million of Uruguay's ESF to bring it to a level of \$10 million. The \$5 million taken from the Uruguay ESF earmark would go to Oman. The U.S. told the Uruguayans that if their democracy was restored, we would be helpful and supportive. Yet, today, relations are strained. After Febres-Cordero, Sanguinetti is our next best bet in South America. He is more moderate than most of the other Latin presidents, is a good friend of the United States, and has a competent government dealing with large economic problems. (C)
- Jordan. Restore \$5 million ESF, transferring these funds from Costa Rica. Jordan has received major reductions in all its programs. ESF was halved to \$10 million, while FMS was cut from \$95 million to \$85 million. Unlike Oman, Jordan has major economic problems in spite of significant support from other moderate Arab states. Equally as important, we need to give Jordan some tangible sign of current U.S. support for its role in the peace process. (C)

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Declassify on: OADR

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2

- Kenya. Shift \$5 million from Somalia MAP to Kenya. This will result in Kenya and Somalia each receiving \$20 million in MAP funding. As part of our recent base rights agreement, we tacitly agreed to support Kenya's military assistance requirements. Kenya's ESF has already been reduced to \$18 million from the original \$35 million request level. Shifting \$5 million from Somali MAP to Kenya would reduce the impact of these cuts and reaffirm U.S. commitment to help meet Kenya's security needs. I would also balance Kenya and Somali levels and show U.S. even-handedness in managing the reduced levels. (C)
- Jamaica. Restore Jamaican ESF to the \$70 million request level by breaking the South African Regional earmark and shifting \$8 million from this account to Jamaica. Jamaica's IMF program is based in part on U.S. ESF funding levels to Jamaica. The Administration has committed itself to helping and stabilizing the Seaga government. We believe it essential that we keep our side of the bargain. (C)
- Peru. Retain a military assistance program for Peru by shifting \$5 million in MAP to Peru from Portugal. We are competing with the Soviets in Peru, and it is important that we continue competing, especially in the military arena. Eliminating military assistance will only create a further vacuum for the Soviets to fill, given their existing extensive military-to-military relationship. The Peruvian military today would like to lessen its reliance on the Soviets. Cutting U.S. military assistance would give exactly the wrong signal to the Soviets and to the Peruvian military. (C)

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Foreign Aid Request Slashed by Panel

Chairman Fascell Says Budget Law Forced 'Tough Decisions'

File: foreign A.C.

2/6/86

WASH. POST

By Joanne Omang
Washington Post Staff Writer

The House Foreign Affairs Committee yesterday voted to slash \$2.3 billion from President Reagan's foreign aid request for fiscal 1987, a cut of 13.5 percent that committee leaders said reflects the requirements of the Gramm-Rudman-Hollings budget control act.

The vote also reflected political reality, since congressional criticism of Reagan's proposed budget request earlier this month focused on the fact that he outlined sharp cuts in every area except defense and foreign aid.

The committee acted with unaccustomed haste to reduce the administration's \$17.3 billion request, knowing that "we can let the Budget Committee decide which programs are going to be cut and how, or we can do it ourselves," Chairman Dante B. Fascell (D-Fla.) told the committee.

The action, which came on a voice vote, would authorize \$15 billion for foreign aid and State Department operations in fiscal 1987, a reduction of \$476 million—or 3 percent—from the amount appropriated in fiscal 1986.

Fascell said the totals represented "tough decisions," but the committee left until later the more difficult decision of how to distribute the cuts among military and economic aid programs and State Department operating funds, and then how to allocate the money among individual nations.

In addition, the committee figures assume that the administration's request for \$1.4 billion to begin a five-year program of security improvements to U.S. facilities abroad will be dealt with separately.

Rep. Doug Bereuter (R-Neb.) said he was "concerned" that the committee remain blameless for its

budget decisions in the event of a terrorist attack on some U.S. facility abroad. Rep. Daniel A. Mica (D-Fla.), head of the Foreign Affairs subcommittee on international operations that handles the State Department authorization, assured him that there had been "no decision to accept any less" than Reagan's recommendation for the security program.

At a later hearing on the security plan, Mica said it enjoys broad House support. "The House is concerned about security and is moving this fund as quickly as it can," he said, adding it could be reported to the House floor in three to four weeks.

He warned State Department witnesses that he wanted to see "not one penny in this request for anything other than security, for what's needed to counter the threat." If critics find any frills, he said, "first I would blame myself . . . and then I would blame you for not having told us."



DANTE B. FASCELL
... more difficult decisions ahead

TODAY IN CONGRESS

SENATE

Not in session.

Committees:

Appropriations—10 a.m. Open. Defense subc. On FY87 Navy budget overview. 192 Dirksen Office Building.

Commerce, Science, and Transportation—9:30 a.m. Open. On the Staggers Rail Act of 1980. 253 Russell Office Building.

Energy and Natural Resources—10 a.m. Open. Public lands, reserved water and resource conservation subc. On pending legis. 366 DOB.

Environment and Public Works—10 a.m. Open. On the FY87 budget for the Fish and Wildlife Service. 406 DOB.

Finance—9:30 a.m. Open. Health subc. To review hospital profits under Medicare's prospective payment system. 215 DOB.

Judiciary—10 a.m. Open. On alternative dispute resolution. 226 DOB.

Labor and Human Resources—9:30 a.m. Open. On funds for education of handicapped. 430 DOB.

Small Business—9 a.m. Open. On effect of liability insurance crisis on small business. 428A ROB.

Special on Aging—10:30 a.m. Open. On the impact of Gramm-Rudman-Hollings on the elderly. 628 DOB.

HOUSE

Not in session.

Committees:

Appropriations—10 a.m. Open. Commerce, justice, judiciary and state subc. H-310 Capitol.

Budget—9:30 a.m. Open. Impact on economy of fiscal policy proposed in president's FY87 budget. 1:30 p.m. Open. 210 Cannon House Office Building.

Post Office and Civil Service—9:30 a.m. Open. Civil Service subc. Cont. On whistleblower protection act. Public witnesses. 304 CHOB.

Joint Economic—10 a.m. Open. Economic goals and intergovernmental policy subc. The dollar and the exchange rate system. 2359 Rayburn House Office Building.

**National Security Council
The White House**

System # _____
 Package # 0614
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	SEQUENCE TO	HAS SEEN	DISPOSITION
Bob Pearson	<u>1</u>	<u>P</u>	<u>X</u>
Rodney McDaniel	<u>2</u>	<u>M³⁻⁵</u>	
Don Fortier	<u>3</u>		
Paul Thompson	<u>4</u>		
Florence Gantt	<u>5</u>		
John Poindexter	<u>6</u>		<u>A</u>
Rodney McDaniel			
NSC Secretariat			
Situation Room			

Stark 2 done re to DAB I

I = Information A = Action R = Retain D = Dispatch N = No further Action

cc: VP Regan Buchanan Other Womack / Fable

COMMENTS

Should be seen by: _____
 (Date/Time)

② file:
foreign aid

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

March 1, 1986

ACTION

MEMORANDUM FOR JOHN M. POINDEXTER

FROM: JAMES R. STARK *JS*

SUBJECT: Presidential Determination re Waiver of
Certain ESF and Military Assistance Earmarks

Attached at Tab I is a memorandum from you to the President forwarding for his signature a Presidential Determination (PD) (Tab A) to waive a statutory earmark of \$50 million for the Tied Aid Credit Program and reallocate it evenly among all recipients of unearmarked ESF.

At last week's S-W-P breakfast, Secretary Shultz agreed not to break the Tunisian earmark. This is reflected in the PD. Since Shultz's memo (Tab B) does mention his desire to break the Tunisian earmark, I have included an explanatory note in your memo for the President.

SS/SF
Steve Danzansky, Howard Teicher and Ray Burghardt concur.

RECOMMENDATION:

That you sign the memo to the President at Tab I.

Approve _____

Disapprove _____

in 1st para, but does not concur in failure to give Tunisia money to Guatemala

Attachments

- Tab I - Poindexter Memo to the President
- Tab A - Presidential Determination and Statement of Justification
- Tab B - Shultz Memo to the President of February 11, 1986

THE WHITE HOUSE
WASHINGTON

ACTION

MEMORANDUM FOR THE PRESIDENT

FROM: JOHN M. POINDEXTER

SUBJECT: Determination to Waive Certain Statutory Earmarks to Permit the Reallocation of Security Assistance Funds for Other Country Programs

Issue

To sign the attached Presidential Determination (Tab A).

Facts

In late January, you authorized Secretary Shultz to consult with Congress on the possible waiver of security assistance earmarks in accordance with Section 614(a) of the Foreign Assistance Act of 1961. As a result of these consultations, the Secretary has recommended that you exercise your authority under the aforementioned Act to waive certain statutory earmarks of funds, namely:

- Up to \$50 million for a Tied Aid Credit Program to be allocated on a proportional basis to unearmarked Economic Support Fund recipients to help make up for the 30 percent reduction in funds suffered by the ESF program as a result of legislative action on our FY 1986 request.

You should note that George Shultz's memorandum (Tab B) also recommends shifting \$5 million in Congressionally earmarked MAP funds from Tunisia to Guatemala. After consulting with Cap and me, George has agreed that we should not break the Tunisian earmark.

Recommendation:

OK

No

That you sign the attached Determination (Tab A) making the necessary findings under Section 614(a) (1), and thereby also approving the attached Justification for this Determination.

Attachments

Tab A - Presidential Determination and Statement of Justification

Tab B - Shultz Memo to the President of February 11, 1986

THE WHITE HOUSE
WASHINGTON

Presidential Determination
No. 86-

MEMORANDUM FOR THE HONORABLE GEORGE P. SHULTZ
Secretary of State

SUBJECT: Economic Support Fund and Military Assistance

By virtue of the authority vested in me by Section 614(a)(1) of the Foreign Assistance Act of 1961, as amended (the "Act"), I hereby determine that it is important to the security interests of the United States to furnish up to \$50 million for recipients of unearmarked Economic Support Fund assistance under Chapter 4 of Part II of the Act from funds earmarked for a Tied Aid Credit Program under section 206 of the ISDCA without regard to such earmark; and

I hereby authorize the furnishing of such assistance.

You are requested to report this determination to the Congress immediately. None of the assistance provided for herein shall be furnished until after such report has been made.

This determination shall be published in the Federal Register.

JUSTIFICATION FOR THE PRESIDENT'S
DETERMINATION TO PROVIDE
ADDITIONAL ECONOMIC SUPPORT
FUND AND MILITARY ASSISTANCE

The International Security and Development Cooperation Act of 1985 (P.L. 99-83) (the "ISDCA") and the Foreign Assistance and Related Programs Appropriations Act, 1986 (included in P.L. 99-190) (the "FY 1986 Appropriations Act") have effected significant and extraordinary reductions on the availability of security assistance, particularly for Economic Support Fund (ESF) and Military Assistance Program (MAP) activities, to meet the political and economic security interests of the United States. From a requested level of \$4.024 billion, ESF availabilities have been reduced to \$3.7 billion. The MAP program is reduced by approximately 20 percent by this same legislation.

In addition to these significant reductions, the legislation has further added to the difficulty of providing ESF assistance to priority areas of concern by earmarking more than \$100 million than was requested for particular countries or programs.

Finally, enactment of the Balanced Budget and Emergency Deficit Control Act of 1985 (the "Gramm-Rudman Act") has exacerbated this problem further. The operation of the sequestration process under the Gramm-Rudman Act will reduce the ESF account by another \$159 million. The MAP program will be further reduced by \$33.6 million.

The bottom line is that there is \$3.54 billion available for ESF programs for which the Administration had proposed spending \$4.024 billion. Allowing for the earmarks in excess of amounts requested by the Administration reduces availabilities for these programs to well under \$3.5 billion.

Against this background, the Administration has worldwide assistance objectives, important to the security interests of the United States, which must to the extent possible be met. These objectives include the provision of assistance to countries threatened by debt, support for democratic institutions, support for those countries willing to undertake policy reforms necessary for sustained economic growth, assistance to meet the basic needs of the poor and ward off the threat of political and social unrest, and assistance to countries burdened by heavy costs of regional defense and those with which the United States has special security relations. The determination regarding the use of a portion of the funds earmarked for Tunisia to provide military assistance for the democratically elected civilian government in Guatemala, and the determination to utilize funds earmarked for Tied Aid Credits to provide ESF assistance to

unearmarked programs in that account are made in order to meet these worldwide security needs within the framework of the budget reductions made for FY 1986. Earmarked funds are reallocated to reflect security priorities under austere budget circumstances, and to mitigate some of the effects of these reductions.

Tied Aid Credits

Section 206 of the ISDCA earmarks \$50 million of ESF funds to be deposited in a separate fund and used to provide tied aid credits for the benefit of U.S. exporters. The effect of the determination will be to avoid the requirement to deposit and obligate \$50 million for this purpose. These funds will be allocated on a proportional basis to unearmarked ESF recipients. The President requested approximately \$1.5 billion in ESF assistance for unearmarked countries and regional activities. The effect of legislative action on the FY 1986 request has been to reduce by over 30 percent the funds available for such countries and programs. Waiver of the tied aid credit earmark will, to some extent, alleviate the significant impact that these reductions would have on United States security interests.

By waiving the requirement to deposit and utilize \$50 million for tied aid credits, we are not signaling a lessening of opposition to the predatory financing practices used by some countries in promoting the sales of their products through tied aid credits. Indeed, tied aid credit opportunities will continue to be sought on a case-by-case basis. As an example, A.I.D. is currently reviewing procedures for the Trade Financing Facility in Egypt with a view to modifying those procedures to permit more flexible use of the Facility, including initiating as well as countering mixed credits in appropriate circumstances. Additionally, the Administration has submitted and is actively pursuing legislation to authorize \$300 million for a "war chest" to be used to support mixed credit opportunities.

THE SECRETARY OF STATE
WASHINGTON

February 11, 1986

MEMORANDUM FOR: THE PRESIDENT

From: George P. Shultz *GPS*

Subject: Determinations to Waive Certain
Statutory Earmarks to Permit the
Reallocation of Security
Assistance Funds for Other Country
Programs

My memorandum to you of January 27 requested your approval to consult with Congress regarding the possible exercise of your authority under section 614(a) of the Foreign Assistance Act of 1961 (the "Act") to waive certain statutory earmarks of funds. The waiver of earmarks of Economic Support Fund (ESF) assistance for Cyprus, Uruguay and tied aid credits, and of Military Assistance Program (MAP) funds for Tunisia was discussed with the Congress. As a result of our consultations, we have decided to recommend that you exercise your authority under section 614(a) of the Act to waive the provisions of law earmarking ESF funds for tied aid credits and MAP funds for Tunisia.

Waiver of the tied aid credit earmark will allow the reallocation of \$50 million to unearmarked ESF countries. Tied aid credit opportunities would continue to be sought to counter predatory trade practices of other aid donors through, among other things, the \$300 million "war chest" included in the FY 1987 budget. Waiver of the Tunisia earmark would permit the allocation of \$5 million of MAP funds for Guatemala, while leaving the economic value of our military aid program for Tunisia at almost twice that of our original request. Strong congressional support for the Cyprus and Uruguay programs convinces me, although a portion of these earmarked funds could have been more appropriately used elsewhere, that it would be politically unwise to proceed with a waiver of those earmarks.

Recommendation

That you sign the Determination at Tab 1 making the necessary findings under section 614(a)(1), and thereby also approving the attached Justification for this Determination.

Attachment:

Determination and Statement of Justification

REFERRAL

DATE - 12 FEB 86

MEMORANDUM FOR: DUSAULT, P

OMB RM 8201 NEOB

DOCUMENT DESCRIPTION: TO: PRESIDENT

SOURCE: SHULTZ, G

DATE: 11 FEB 86

KEYWORDS: SECURITY ASSISTANCE ESF

MAP

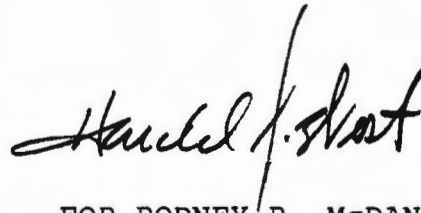
OMAN

SUBJ: ECONOMIC SUPPORT FUND & MILITARY ASSISTANCE

REQUIRED ACTION: COMMENTS/CONCURRENCE

DUE DATE: 13 FEB 86

COMMENTS:



FOR RODNEY B. McDANIEL
EXECUTIVE SECRETARY

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

~~TOP SECRET~~

INFORMATION

MEMORANDUM FOR JOHN M. POINDEXTER

FROM: RODNEY B. MCDANIEL *RL fr*
SUBJECT: Breakfast Meeting for March 26

Natl Sec Advisor
has seen

Deputy Natl Sec Advisor
has seen

1) Sable - FYI
2) file: Foreign
March 25, 1986
And

Item II: Congressional Action on Security Assistance and Foreign Affairs (State Request) (Danzansky/Farrar) -- Tab 2

- not discussed*
- o Senate Budget Resolution (3.7 billion) is 16% below President's 1987 request for international affairs function.
 - o Need to strengthen support on Hill for President's foreign affairs requests for 1986 and 1987.
 - o New demands for existing resources are emerging, such as:
 - Supplemental for the Philippines has been decided upon; necessary budget offsets have yet to be identified.
 - New look by President at Kissinger Commission funding shortfall in Central America.

Item III: Contra Aid Legislation (State Request)

General overview no discussion

No separate paper is submitted since you and Don worked this issue throughout the day. Sable, Burghardt and North will supplement by PROFS if necessary.

~~TOP SECRET~~

Declassify on: OADR

In addition

DECLASSIFIED
Sec. 3.4(b), E.O. 12958, as amended
DOS/White House Guidelines, Sept. 11, 2006
BY NARA *LM*, DATE *6/27/25*

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2424

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20508

~~CONFIDENTIAL~~

ACTION

March 25, 1986

MEMORANDUM FOR JOHN M. POINDEXTER

Natl Sec Advisor
has seen

THROUGH: STEPHEN I. DANZANSKY

FROM: STEPHEN P. FARRAR

SPT
SUBJECT: Breakfast Item: Congressional Action on
Security Assistance and Foreign Affairs

Issues

1. Can we build Congressional support for the President's budget request?
2. How can we adapt to likely shortfalls in 1986 and 1987?

Facts

- o The Senate Budget Resolution is \$3.7 (16%) billion below the President's 1987 request for the international affairs function (150) -- see table at Tab B. More than half the shortfall -- \$1.9 billion -- is in security assistance. The Budget Resolution level is likely to be the ceiling for the Appropriations Committee.
 - The embassy security request was funded at only \$400 million in 1987, less than a quarter of the \$1.7 billion request.
- o House Appropriations Committee action on 1986 supplementals is equally discouraging:
 - While the full embassy security supplemental request of \$702 million was approved, it must be funded through transfers from the Defense budget, the Economic Support Fund, the Military Assistance Program, Foreign Military Sales Credits, or the multilateral development banks.
 - \$50 million was approved for Ireland, but it must be provided out of existing Economic Support Fund resources.
- o Meanwhile, new demands for existing resources are emerging almost daily:

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Authority NSC/DOS WAIVERS
BY hM NARA DATE 6/27/25

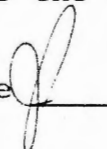
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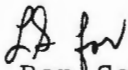
- A 1986 supplemental for the Philippines (\$100M ESF; \$50M FMS) has been decided upon, but the necessary budget offsets have yet to be identified.
- The President has promised a new look at the Kissinger Commission funding shortfall in Central America, as part of building Congressional support for the Contra bill.
- There is interest in finding new funding for Haiti to support the fledgling government.
- Pressure is building to restore \$10 million in ESF for Oman. These funds were reprogrammed elsewhere earlier this year.

RECOMMENDATION

That you use the talking points (Tab A) for tomorrow's breakfast meeting.

Approve 

Disapprove _____







Ron Sable, Steve Sestanovich and Jim Stark concur.

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Senate Action on
1987 International Affairs Budget
 (Budget Authority -- in \$Billions)

<u>Subfunction</u>	<u>1986 President's Request</u>	<u>1987</u>	
		<u>President's Request</u>	<u>Senate Budget Resol.</u>
151 Development Assistance	4.7	4.9	4.7
152 Security Assistance	<u>10.2</u>	<u>11.3</u>	<u>9.4</u>
Subtotal: Foreign Aid	14.9	16.2	14.1
153 Conduct of Foreign Affairs	3.0	3.8	2.6
154 Foreign Information and Exchange Activities	1.0	1.1	0.8
155 International Financial Programs	<u>1.9</u>	<u>1.5</u>	<u>1.3</u>
TOTAL INTERNATIONAL AFFAIRS	20.8	22.6	18.9

TALKING POINTS

- There are obviously no easy answers, but we should give careful thought to ways we might strengthen support on the Hill for the President's foreign affairs requests for 1986 and 1987.
- The President has boosted security assistance in recent statements (both his defense speech and "regional security" message), but this is a long way from really getting Congress to take notice.
- Perhaps more importantly, we need to plan how to stretch our 1986 resources to achieve our priority objectives.
 - o The highest priority appears to be clearing the way for the Philippines supplemental. This means putting together a credible package of offsets. We will all have to work together on this.