

# THEME OF THE QUARTER

a closer look at . . .



## UNITED STATES SECURITY ASSISTANCE: THE ROLE OF THE STATE DEPARTMENT

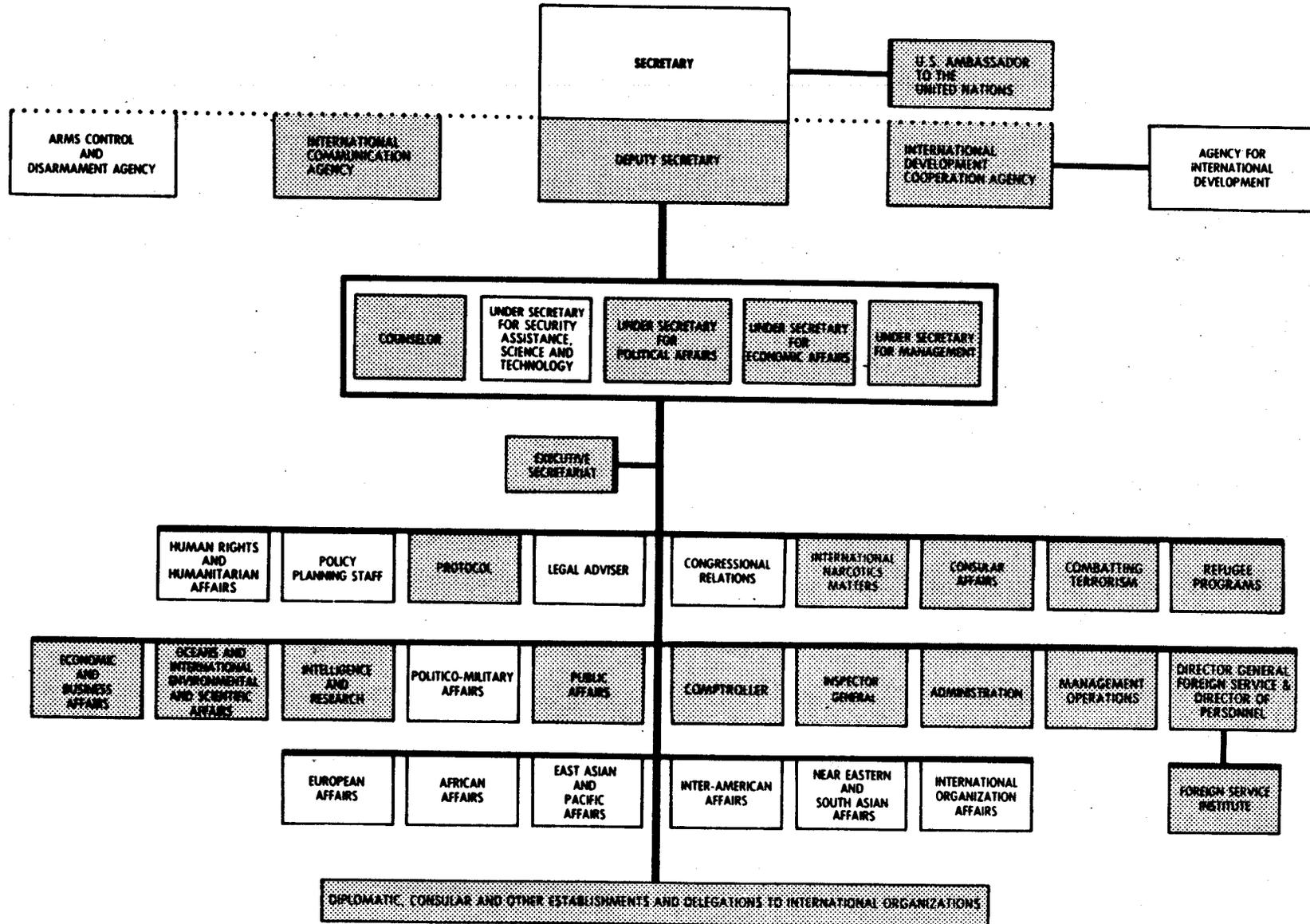
[Submitted by the Office of Security Assistance and Sales,  
Bureau of Politico-Military Affairs (PM/SAS),  
U.S. Department of State]

Security assistance and arms transfers are an essential element of our national security and an important component of our foreign policy. The Secretary of State, on behalf of the President, submits to Congress the annual security assistance budget. Furthermore, arms transfers, whether government-to-government under Foreign Military Sales (FMS) or direct commercial sales under Munitions Control licensing procedures, are conducted under State Department direction to insure that the transfers are coordinated with other USG activities and best serve the interests of the United States. Both the Foreign Assistance Act of 1961, as amended (FAA), and the Arms Export Control Act (AECA), as amended, which provide the legal authority for arms transfers and security assistance, indicate that the Secretary of State, under the direction of the President, "shall be responsible for the continuous supervision and general direction" of the relevant sales and export activities. The Secretary's responsibilities here include, but are not limited to, determining whether there shall be a sale or an assistance program to a country, the amount thereof, and whether there shall be delivery or other performance under such sales or export. These responsibilities clearly require considerable involvement within the Department of State in support of the Secretary in carrying out his mandate for the direction of security assistance and arms transfer. This article examines the overall role of the State Department in the U.S. Security Assistance Program.

### The Under Secretary for Security Assistance, Science and Technology.

By delegation from the Secretary, the Under Secretary for Security Assistance, Science and Technology (T), as the principal advisor to the Secretary of State in these areas, ensures that arms transfers and all security assistance programs are planned, developed, and carried out in the furtherance of U.S. foreign policy and national security objectives. He further ensures that the security assistance budget is developed and resources are allocated in compliance with

# DEPARTMENT OF STATE



applicable legislation and within Presidential guidelines. The primary vehicle for the Under Secretary's supervision is an interagency group which he chairs, and under whose aegis security assistance and arms transfer activities are carried out. In addition to his immediate staff, he also draws upon the Bureau of Politico-Military Affairs within the State Department for staff expertise and support.

The interagency arms transfer responsibilities of the Under Secretary encompass the supervision of arms transfers, which totalled about \$15 billion in FY 1980. The Under Secretary ensures that competing USG, Congressional, industrial, arms control community, and potential recipient country interests are rationalized, interagency coordination is achieved, U.S. national interests are furthered by specific arms transfers, and relevant provisions of the law are observed.

A main focus of the Under Secretary's security assistance program responsibilities involves the annual security assistance budget cycle, which comprises the formulation of an interagency budget and legislative initiatives. This is followed by extensive Congressional testimony, informal discussions, and the eventual promulgation of an annual Security Assistance Program after Congress enacts the necessary authorization and appropriation legislation. The FY 1982 budget proposal totals more than \$6 billion and includes Foreign Military Sales (FMS) financing, the Economic Support Fund (ESF), the grant Military Assistance Program (MAP), International Military Education and Training (IMET), and Peacekeeping Operations (PKO) for about 100 countries.

#### Bureau of Politico-Military Affairs.

Among the State Department's 16 bureaus, the Bureau of Politico-Military Affairs (PM) serves as the internal coordinator of all politico-military issues, and acts as the Department's principal liaison with the Department of Defense. Three offices within PM have primary responsibility for security assistance and arms transfers.

The Office of Security Assistance and Sales (PM/SAS) has the basic responsibility for carrying out State's role in managing the multi-billion dollar conventional arms transfer and security assistance programs. SAS develops recommendations, and advises and coordinates on all matters related to security assistance and arms transfers. SAS consists of a Director, eight other Foreign Service officers, and two military exchange officers from the Department of Defense.

SAS coordinates preparation of the security assistance budget from its inception to submission to the Office of Management and Budget (OMB) and the President. PM, usually represented by SAS, directs the work of the interagency Security Assistance Program Review Working Group (SAPRWG). The SAPRWG reviews individual country program proposals prepared by the regional bureaus within the State Department, and makes recommendations to the Under Secretary for Security Assistance, Science, and Technology, and to the Arms Export Control Board

which he chairs. The primary goal of this process is to ensure that adequate resources are made available to support overall U.S. foreign policy interests and national security objectives. A recurring problem, but one that has reached major proportions recently, has been how to meet increasing demands for very scarce resources at a time when budgetary constraints are more severe -- especially since we now must deal with an increasingly unstable international economic environment, as well as new foreign policy imperatives flowing from our southwest Asia/Persian Gulf strategy and developments in Central America and the Caribbean.

Following the enactment of funding legislation by the Congress, SAS has the primary responsibility for implementing State's role in programs as approved by Congress, as well as overseeing the inter-agency allocation of individual country programs, and preparing the necessary reprogramming proposals or other recommendations to senior officials regarding the Security Assistance Program. SAS also serves as the Department's principal point of liaison with the administering agencies -- the Defense Security Assistance Agency (DSAA) in the case of military assistance, and the Agency for International Development (AID) in the case of ESF. SAS also has assumed coordinating responsibilities for the Economic Support Fund which is implemented by AID. Through a year-long process, SAS is thus the focal point for all security assistance program and budgetary matters -- coordinating closely with OMB, the National Security Council (NSC) staff, JCS, OSD/ISA, DSAA, Treasury, the Arms Control and Disarmament Agency (ACDA), and the regional and functional bureaus of the State Department. SAS also coordinates for PM on issues and questions related to the number, location, and activities of overseas security assistance management personnel, often acting as a broker between DOD/DSAA, OMB, and the Office of Management Operations (MODE) within the Department of State.

SAS has responsibility within PM for ensuring that individual arms sales proposals conform to U.S. arms transfer policy and statutory requirements, including Congressional reporting. Moreover, SAS exercises authority within PM to make decisions on routine arms transfer requests within the context of overall policy. SAS prepares and coordinates decision memoranda to departmental principals and to the President regarding major cases to be reported to Congress, exceptions to the U.S. arms transfer policy, and controversial arms transfer questions. During FY 80, SAS processed 126 cases requiring notification to the Congress under section 36(b) of the AECA. Of these, 88 also required Presidential decisions. A major forecast of possible major sales (the "Javits Amendment Report") is prepared semi-annually. In addition, SAS regularly handles requests for the transfer to third parties of defense articles or technology of US origin, requests to co-produce US-developed military equipment, and requirements for the ship loan program and resultant transfers. SAS also assists the Office of Munitions Control by making assessments and recommendations on the proposed commercial sale of arms, technology, data, and services. Finally, SAS provides staff support for issues coming before the AECB, and provides information or support, as appropriate, on topics of interest to the Under Secretary for Security Assistance (T).

The Office of Munitions Control (PM/MC) administers the U.S. Government program for the control of commercial exports of defense articles and defense services, including related technical data. MC exercises this responsibility through a licensing process prescribed in the Interational Traffic in Arms Regulations (ITAR), Title 22, Code of Federal Regulations, Parts 121-130. The ITAR defines the defense articles and services which constitute the U.S. Munitions List (USML), and the ITAR prescribes policy and procedures for the following: the registration of manufacturers and exporters of defense articles/services; the application process for licenses to export unclassified or classified defense articles and technical data; the licensing of manufacturing and technical assistance agreements; violations, penalties, and administrative procedures; the protection of confidential business information; and the reporting of payments of contributions, fees, and commissions in connection with sales of defense articles and services. A new revision of the ITAR is currently under consideration.

There are about 1,500 manufacturers and exporters registered with MC. During Fiscal Year 1980, MC processed nearly 34,000 cases (license applications, manufacturing license and technical assistance agreements, and requests for advisory opinions). The FY 80 value of commercial exports against approved licenses totalled about \$1.8 billion.

MC reviews applications to determine if all ITAR requirements have been met and the proposed export sale is consistent with U.S. security and foreign policy. Approximately 80% of the cases are routine, e.g., spare parts, renewals, and unshipped balances of previously approved licenses, and are processed within a few days. The remaining 20%, which entail important security and foreign policy considerations, are referred for review to other offices within State, the Arms Control and Disarmament Agency, DOD, and other appropriate U.S. Government agencies. MC takes final action on these cases based on the interagency review, reconciling any differences between the reviewing offices.

The Office of Munitions Control has two main organizational subunits, the Arms Licensing Division (ALD) and the Support Services Division (SSD). ALD's Licensing Officers, each of whom is responsible for one or more U.S. Munitions List categories, review each case, make interagency referral, if necessary, and take appropriate final action. SSD is responsible for administrative services and the enforcement of ITAR compliance.

The Office of Security Assistance Special Projects (PM/SSP) is responsible for a wide range of analytic, policy, and legislative functions in support of arms transfer and security assistance programs. The office consists of a Director, three Foreign Service Officers, and a military exchange officer. SSP and PM/SAS work together closely, as SSP focuses on issues involving arms transfer and security assistance activities that involve the Congress, including security assistance legislation and sensitive arms transfer cases.

OMB calls on PM and, in particular, SSP to formulate and coordinate Executive Branch legislative proposals and related follow-on actions with the Congress throughout the annual budget and legislative cycle. SSP works with others to ensure a substantively sound and procedurally well-coordinated effort on the Hill. Furthermore, it prepares the annual security assistance Congressional Presentation Document, and it drafts testimony and back-up materials for Department principals. SSP also conducts informal briefings for members and staff on security assistance and arms transfer matters.

#### Other Bureaus and Offices.

A number of other bureaus and offices in State have an important role in security assistance and are regularly consulted by PM and the Under Secretary's office.

The Department has five regional bureaus with primary responsibility for bilateral relations. Within these bureaus there is a desk officer for each country. PM works closely with the desk officers on major and controversial arms transfers. The desk officers, together with their DOD counterparts, prepare the Congressional Presentation country justifications which support the annual security assistance budget requests.

Within the Office of the Legal Advisor, a section is devoted to political military questions (L/PM). PM coordinates closely with the lawyers in this office to ensure compliance with the myriad of legal requirements Congress has established for the security assistance program and for managing arms transfers.

The importance of Congress in security assistance and arms transfers cannot be emphasized enough. The State Department prepares the annual security assistance budget, but Congress must authorize and appropriate funds for it. Similarly, Congress requires it be notified before approval of major arms sales transfers (whether commercial or FMS) of U.S. origin military equipment from one country to another, and, in general, maintains a strong interest in arms transfers. The Office of Congressional Relations (H) advises PM of developments on the Hill, and PM coordinates with it on all issues and arms transfer cases with Congressional interest. H is the usual channel for correspondence to Congress from the State Department, including notifications of proposed third party transfers of U.S. military equipment and major commercial arms sales.

Section 502(B) of the FAA mandates the promotion of the increased observance of internationally recognized human rights, and declares such to be a principal goal of U.S. foreign policy. In addition to this affirmative legal obligation, the statute prohibits security assistance and the export of crime control and detection equipment (except under extraordinary circumstances certified to Congress) to any country whose government engages in a consistent pattern of gross violations of internationally recognized human rights (e.g., torture;

cruel, inhuman, or degrading treatment; prolonged detention without trial; disappearances; etc.). Congress provided that the Secretary of State shall carry out his responsibilities under Section 502(B) through the Assistant Secretary for Human Rights and Humanitarian Affairs. The Secretary and those acting in his behalf cannot, therefore, directly discharge duties under Section 502(B), but must consult with the Assistant Secretary for Human Rights and Humanitarian Affairs. Accordingly, all proposed security assistance activities must be referred to the Human Rights and Humanitarian Affairs Bureau to insure their compatibility with this provision of the law.

#### The Arms Control and Disarmament Agency.

Pursuant to its statutory requirements, the Arms Control and Disarmament Agency (ACDA) advises executive branch decisionmakers on the extent to which proposed transfers of military equipment will contribute to an arms race, increase the possibility of outbreak or escalation of conflict, or prejudice the development of bilateral or multilateral arms control arrangements. Under the Arms Export Control Act, ACDA prepares, in consultation with the Departments of State and Defense, an evaluation of the arms control impact of specific proposed arms sales. The Agency also takes the lead in the annual preparation of country specific security assistance arms control impact statements. The Arms Export Control Act requires that these statements be submitted to the Congress in conjunction with the security assistance program request each year. They include for each recipient nation an analysis of the relationship between expected sales to that country and arms control efforts relating to the country, as well as an assessment of the impact of anticipated sales on regional stability.

#### Security Assistance Budget Formulation

The annual Security Assistance budget process illustrates the relationships between the various offices in State, and State's relations with other Federal agencies. Changes in the budget process are evolving under the new Administration, but the overall steps in formulating the security assistance budget proposal are expected to remain the same. First, however, it should be pointed out that budget formulation is a continuous process. Each fiscal year's budget submission includes projected requirements for each country program for a varying number of out-years (the FY 82 budget proposal included projections through FY 85; the FY 83 submission will probably contain projections through FY 87). Policy initiatives with attendant foreign assistance costs can and do occur at any time, altering these projections. However, one can describe the administrative formulation of the security assistance budget in the following series of steps.

-- A key basic reference for the process is the Annual Integrated Assessment of Security Assistance (AIASA), submitted by each affected American diplomatic mission on May 15.

-- In early June, the Office of Management and Budget (OMB) conducts its spring planning review, and in July establishes formal planning ceilings for all portions of the Federal Budget, including the security assistance accounts. State and Defense work closely with OMB and provide their combined best estimates of future requirements. This dialogue is important because the budget formulation process is initiated prior to receipt of this formal guidance.

-- The development of budget proposals commences in June. The action is assigned to the Security Assistance Program Review Working Group (SAPRWG), a subordinate working group of an interagency group chaired by the Under Secretary for Security Assistance. PM chairs the SAPRWG which includes representatives from DOD (OSD, DSAA, JCS), NSC, Treasury, OMB, AID, ACDA, as well as State's Policy Planning Staff, and all the other offices in State described previously. The SAPRWG shepherds the budget proposal as it proceeds through Congress, allocates whatever is appropriated, and acts when policy initiatives or problems necessitate adjustments to the program during its implementation.

The building blocks of the budget proposal are the individual country decision units. A proposal is prepared for each country that includes all of the appropriate security assistance accounts (MAP, FMS financing, IMET, and ESF, and/or PKO) projected at several alternative funding levels. These levels range from a minimum level, below which it would be imprudent to provide any assistance, to an enhanced level that would permit new programs and policy initiatives. Each desk officer is responsible for preparing his country decision unit, in coordination with DOD. If ESF or PKO is to be requested, the AID regional desk officer will also participate in the decision unit preparation. Similar decision units are prepared for a few security assistance programs that are not country-specific, such as MAP General Costs, IMET General Costs, regional ESF programs, and for FY 82, unallocated ESF and MAP special requirements funds. The non-country specific decision units are prepared by the agencies primarily concerned. DOD, for example, drafts the MAP and IMET General Costs proposals. The MAP decision unit document includes security assistance organization manning and funding levels, and is thus extremely important to program implementation.

-- PM, in coordination with OMB, issues administrative budget formulation instructions in late May to the SAPRWG community. First drafts of decision units are prepared by mid-June. These drafts are distributed to the SAPRWG for a series of meetings in which each agency's concerns about each individual funding proposal are aired. Disagreements are resolved or identified for further work. The SAPRWG devotes at least one meeting to the collective proposals for each region. The SAPRWG also holds a separate meeting to consider DOD's General Costs decision units and any other proposals which are not regionally identifiable. This refining process commences in July and is completed early in August.

-- PM then compiles a worldwide priority ranking that includes each incremental funding alternative proposed in each decision unit. This overall ranking is based on regional rankings prepared by the regional bureaus in State, and commented on during the regional SAPRWG meetings. The draft worldwide ranking reflects proposed cutoff levels for each of the five security assistance accounts. This draft priority ranking is translated into proposed funding levels in each account for each country, and is the first draft of the security assistance budget proposal. The SAPRWG again meets to resolve as many questions as possible concerning the draft priority ranking and to define the remaining issues. The SAPRWG then provides the refined draft budget proposal and any unresolved issues to the office of the Under Secretary for Security Assistance. In 1981, this should be accomplished by 20 August.

-- In late August the interagency group meets to discuss the SAPRWG product and advise the Under Secretary of the outstanding issues. Thereafter, the Under Secretary submits his recommended security assistance budget proposal to the Secretary for decision. Upon receipt of the Secretary's guidance, the Under Secretary submits the security assistance budget proposal to the OMB Director on or before September 15.

-- Security assistance is included within the Federal Budget under function 150 (International Affairs), encompassing budgets in the following categories: foreign economic and financial assistance; conduct of foreign affairs; foreign information and exchange activities; and international financial programs. The Secretary of State is responsible for interranging all of the function 150 budget submissions. The resultant overall ranking would be submitted to OMB by October 15.

-- The OMB then reviews budget proposals government wide, assembles a proposed Federal Budget, and provides budget submitters the levels proposed for their agency -- often less than the amounts requested (the "OMB passback"). This OMB action normally occurs in late November, with a brief period allowed for reclama. As many issues as possible are resolved between OMB and State in the reclama process, with interagency coordination being made through the SAPRWG network (minus OMB, in this instance). Those issues not resolved are submitted to the President for decision. The resulting budget proposal is submitted to Congress on 15 January, and is supported in detail by the Security Assistance Congressional Presentation Document (CPD) and other CPDs.

Security assistance is a detailed and complex business, requiring the cooperative efforts of many offices and officials of the Department of State, and close coordination with the Defense Department, ACDA, AID, OMB, Treasury and the Congress. DISAM also makes an important contribution in training key State and Defense officers, as well as U.S. and foreign officials, who are essentially overseas participants in this vast enterprise.