

U.S. International Narcotic Control Programs and Policies

By

John C. Whitehead
Deputy Secretary of State

[The following is a reprint of a 14 August 1986 statement by Deputy Secretary Whitehead before the Subcommittee on Foreign Operations of the Senate Appropriations Committee, together with a report prepared by the Bureau of International Narcotic Matters on the status of efforts to control narcotics production. These items reflect the growing linkage between U.S. foreign assistance programs and international narcotics control.]

I welcome the opportunity to discuss the Administration's international narcotic control programs and policies. I am accompanied today by Mr. Peter McPherson, the AID [Agency for International Development] Administrator; Miss Ann Wroblewski, Assistant Secretary Designate for International Narcotic Matters (INM); and Mr. Frank McNeil, Deputy Assistant Secretary, Bureau of Intelligence and Research. We have a fairly detailed report which, with your permission, I would like to include for the record. It was prepared in response to the interest of the committee expressed during the course of a number of recent hearings. [The text of this report follows Mr. Whitehead's statement.]

I would, however, like to offer some brief introductory remarks.

As the President's recent statements make clear, let there be no mistake that this Administration is fully committed to stopping the flow of illicit narcotics into our country. The danger of narcotics to our youth and to the very fabric of our society cannot be a subject of partisan debate. We are grateful to the support this committee has provided for the Administration's efforts in the past, and I am confident we can count on your continued support in the future.

International narcotics control is central to the pursuit of our foreign policy objectives. We have and will continue to use every opportunity to convey the message to our friends in the international community on the need for greater effort in controlling narcotics traffic. The President made this an agenda item at the Tokyo economic summit. We have raised it at the United Nations. It is a priority issue in the bilateral talks with President De la Madrid of Mexico this week as it was with Prime Minister Junejo of Pakistan last month.

The most effective tool we have in this effort is the growing realization among foreign governments that narcotics trafficking is not just an American problem, but a universal threat. The efforts of the First Lady and our high-level attention to this problem are already paying dividends. Countries in which narcotics are produced or which are part of the international trafficking pattern now recognize the unacceptably high risk that narcotics pose to their own societies. These risks range from increases in violent crime to national security threats by narcoterrorist groups. The international community is finally recognizing the challenge we all face. That is the first and most important step in winning the battle.

Nevertheless, there remains a large and unacceptable gap between perception and effective action. We expect more concrete measures from our friends and are prepared to encourage and support them. The situation remains serious.

From the foreign policy perspective, our highest priority is to reduce production. We are moving closer to our objective of having effective eradication programs in all key producing countries. In 1981 only two governments were engaged in eradication programs. By 1985 the list had grown to 14. As a result, marijuana production is today declining in Colombia, Jamaica, and other countries in Latin America and the Caribbean. We expect that trend to continue.

Current Colombian experiments to identify environmentally safe herbicides, which can be reproduced on a large scale, could provide a new tool for eradicating coca plants. The recent dramatic demonstration of the renewed commitment of the Bolivian Government to narcotics control has resulted in the price of the coca leaf falling to an all-time low. I met with President Paz Estenssoro and his senior officials in La Paz this spring and known directly of their concerns and their need for support.

In the meetings this week involving Presidents Reagan and De la Madrid, Secretary of State Shultz and Foreign Secretary Sepulveda, and Attorneys General Meese and Garcia, the United States and Mexico have reiterated their unrestricted cooperation and assistance in rejuvenating a control program. We have emphasized the high priority we attach to reducing the flow of heroin and marijuana from Mexico, and the high priority we attach to effective action against those traffickers responsible for the death of DEA [Drug Enforcement Administration] Agent Camarena.

In September, the United States and Mexico will collaborate in an intensive spraying program of opium poppy in the infamous tri-State area. Mexico has agreed to let us bring in six turbo Thrush aircraft, and combine them with three of their high-spraying capacity Bell 212 helicopters, in an effort to eliminate 70% or more of the fall poppy crop before it is harvested. We have assisted the Mexicans in improving this program in 1986, including refinements in the spraying process. Together with the verification program, in which DEA agents ride with Mexican officials to confirm fields destroyed, these improvements bode well for restoring the effectiveness of this once heralded program. However, we have other problems: the level of effectiveness in seizures, arrests, and prosecution has never been as good as in the eradication program. We seek a strong across-the-board effort at improving enforcement.

U.S. ENCOURAGEMENT AND SUPPORT

The tools and resources provided by Congress are critical assets supporting our diplomatic efforts. The Administration's FY 1987 budget request for \$65.4 million for international narcotics control programs includes a substantial increase in funds for eradication. We also have requested more funds for enforcement efforts, supporting crop reduction activities. Seventy-three percent of available funding is dedicated to these very efforts. We urge the committee to appropriate the full amount.

We have also used economic assistance funds administered by AID in direct and indirect support of our narcotic control objectives. In Peru, Bolivia, and Pakistan, for example, the disbursement of development assistance funds are tied to achieving specific narcotic control objectives in target areas. In Thailand, AID and INM are funding a project in which entire villages must agree to keep farming areas free of poppy. This program is going well with the support of the Thai Army's aggressive new eradication program.

We still have a long way to go. I would not minimize the obstacles, but I am heartened by what I believe are clearly positive trends. I believe that our friends recognize the need to eliminate this scourge. They know that we mean business. Continued and increased pressure has to be

applied at all points of the chain--through crop control; through increased seizures of both drug products and financial assets; through intensified investigation and prosecution of traffickers; and through effective treatment and prevention of drug abuse.

The Administration is committed to work with you and other members of the Congress in support of this effort.

REPORT ON STATUS OF EFFORTS TO CONTROL NARCOTICS PRODUCTION

THE LINK BETWEEN ASSISTANCE AND NARCOTICS CONTROL

Of the 18 countries that are the primary sources of illicit narcotics entering the United States, 15 receive some form of U.S. economic, military, or narcotics control assistance. Fourteen of the fifteen conducted eradication programs in 1985; the other, Morocco, relies on interdiction to control hashish production. The remaining three--Iran, Afghanistan, and Laos--are politically inaccessible to us.

Security assistance levels are significant in 11 of the 14 cases. However, narcotics assistance constituted all of the assistance (\$700,000) to Brazil and 98% of the \$10.3 million given to Mexico, while Venezuela's total assistance was \$100,000 in military training funds.

Beyond these source countries, there are other nations which are important transit points for illicit narcotics shipments to the United States, such as India, Malaysia, the Bahamas, Lebanon, and Turkey. Of these, all but the Bahamas receive some economic or military assistance.

There are both direct and indirect links between U.S. assistance and narcotics control.

The countries in which narcotics control and development assistance objectives have been closely linked are Peru, Bolivia, and Pakistan. In each country, AID and INM have agreed on target areas, and development assistance is conditioned on achieving specific narcotics control objectives. For example, much of the development assistance intended for the Chapare region of Bolivia, the primary growing region for coca destined to become cocaine, has not been spent since 1983 because its release is contingent upon Bolivia complying with conditions of its 1983 agreement with the United States.

There are various types of indirect links between control and development assistance, such as the poppy clauses used in Pakistan and Thailand. These clauses commit a government to keeping specific development areas free of narcotics, especially areas which have not been traditional narcotics growing areas. In the one instance when new opium poppy was discovered in an area of Pakistan which was under such an agreement, the government destroyed the crop.

AID and INM emphasize development assistance, rather than crop substitution, to control narcotics. That change in policy reflects the discovery that, under substitution programs, farmers grew new crops but didn't abandon opium poppy.

Despite the disappointment in the spring 1986 opium crop, which expanded largely in response to greatly increased demand and higher prices within the region, it still appears that the model developed by INM in Pakistan works there and will work elsewhere. Specific kinds of development assistance in selected areas are conditioned on assurances--backed up by demonstrable enforcement--that the areas will be rid of illicit narcotics crops. For example, Thailand has

a program in which development assistance is conditioned upon entire villages agreeing to keep their farming areas free of poppy. Since 1984, that program has steadily progressed--boosted in 1985 and 1986 by the Thai Army's aggressive new eradication program.

So far, assistance that is directly or indirectly linked to narcotics control through one or more types of agreements have been discussed. Other types of assistance are not tied to control, such as most military assistance, and economic assistance to nongrowing areas. However, the government of every source and transit nation is fully aware of the conditions imposed in Public Law 98-164. Without exception, these governments know they could lose all U.S. assistance if they fail to take adequate steps to cooperate with the U.S. Government on narcotics control. This message was solidly reinforced by President Reagan last week.

THE NARCOTICS PROBLEM: REVIEW OF PROGRESS

The highest U.S. Government priority is reducing production. In 1981, only two countries were eradicating illicit narcotic crops. In 1985, there were eradication programs in 14 countries. We are moving closer to our objective of having effective eradication campaigns operating simultaneously in all key growing sectors. The 1987 INM budget includes a substantial increase in funds for eradication. Increased funding for enforcement is also projected where such activities support crop reduction or reduce the supply of illicit narcotics or precursor chemicals.

Many 1985 objectives were not only met, but exceeded. Even more will be done this year and next. The gains are real, and the prospects for continued advancement in 1986 and 1987 are quite good. But the situation remains severe. Drug abuse has spread to many drug producing and trafficking countries, keeping production at high levels, and narcotics trafficking organizations in some countries are so powerful that they pose a security threat to the legitimate government. Narcotics-related violence is on the increase. However, significant change has occurred, and many of our hopes ride on that change. Other nations now realize that narcotics trafficking is a clear and present universal danger, and that they too stand in harm's way. With that realization, we are finally beginning to work together as an international community progressing toward common goals.

THE 1986-87 AGENDA

The Administration has requested \$65.4 million for the international narcotics program for FY 1987, a level that is essential to support the needed expansion of eradication and enforcement programs. The Department urges the committee to provide the full amount requested. **[Editor's Note.** The omnibus Continuing Appropriations Resolution for FY 1987 (P.L. 99-591, 30 October 1986) provided \$66.445 million for international narcotics control; subsequently, the International Narcotics Control Act of 1986 (P.L. 99-570, 27 October 1986) increased the appropriation to \$75.445 million.]

The precedent-setting Colombian program has capped efforts in Latin America and the Caribbean to destroy marijuana crops, and it is estimated that marijuana production totals for 1986 will continue the decline of recent years. Aerial surveys confirm that the 1985 crop in the traditional northern growing areas of Colombia was 85% smaller than the 1983 crop. In 1986, the eradication effort is being expanded into other areas of Colombia to counter traffickers' efforts to develop new sources of supply.

Several countries are working hard to contain the problem. Ecuador, which collaborated with Colombia on a joint coca eradication effort along their common border, is intensifying both its eradication and interdiction efforts for 1986. Brazil, with U.S. assistance, initiated operations to destroy both coca and marijuana, as well as important seizure campaigns, while also expanding its efforts to interdict shipments of precursor chemicals used in cocaine refining.

Like Colombia, Panama and Belize conducted aerial eradication programs, using herbicides, in 1985 and 1986. Following the spraying this spring, Panamanian production of marijuana dropped sharply enough that authorities think aerial spraying is no longer needed. Jamaica initiated a long-needed manual eradication campaign to destroy both spring and fall marijuana crops in 1985, resulting in gains that have been confirmed by aerial surveys. Brazil, Costa Rica, Guatemala, and other governments have also destroyed marijuana plantations.

The marginal gains of the manual eradication campaigns against the coca bush could be a thing of the past. In 1985, Colombia succeeded in identifying chemicals which appear to meet the criteria of being environmentally safe while effectively destroying the hardy coca bush. Expanded testing is proceeding with both backpack and aerial applications. It should lead to a method that affords large-scale elimination of illicit coca cultivation. If it succeeds in Colombia, it could work in other coca cultivation areas, too.

Colombia remains the major refining source for cocaine, while Bolivia and Peru remain the major sources of coca leaf. Cocaine refining sites are shifting somewhat because of Colombia's campaign against cocaine labs and improved ways of controlling the flow of refining chemicals.

The bottom line on cocaine is that the *supply of coca leaf must be reduced*. New leaders in Bolivia and Peru began their administrations in 1985 by declaring their intentions of attacking the drug production problem. Perhaps the most dramatic demonstration of the new Bolivian intent is the ongoing campaign to suppress cocaine refining and trafficking. As Ambassador Rowell told Congress last week, these have come to a halt in the Beni area. Moreover, thanks to this campaign, called "Operation Blast Furnace," the price of leaf has fallen to an all-time low, and the Embassy reports that more farmers are requesting assistance in cultivating alternative crops. This may be the first trickle in what could be a flood-like movement away from the economic dependence of farmers and others on the coca trade--a change that is essential if eradication is to succeed. Traffickers have learned they can no longer count on Bolivia as a safehaven. Moreover, the raids are achieving the primary goal of stopping the spread of cocaine refining.

Bolivia must complete the planning for both the voluntary and involuntary phases of its eradication campaign, and bring a substantial portion of its illicit coca acreage under control, enforced by eradication where necessary, enhanced by alternative development opportunities where appropriate. The government recognizes that continued assistance is dependent in part on achieving the eradication targets in the new agreement now being negotiated with the United States.

The killings and lawlessness in Peru's Upper Huallaga Valley continue, proving again that narcotics control and the battle against terrorism must both share a high priority with the Government of Peru. Economic and military assistance to Peru in 1987 are dependent in part on the development and implementation of a comprehensive strategy for coca control. The strategic task in 1986 and 1987 is to extend the coca eradication campaign into additional growing areas of the Upper Huallaga Valley. Coca eradication in the valley doubled in 1985, but the new areas are quite inaccessible and the pace of manual eradication may be difficult to sustain.

Increased production of heroin and marijuana in Mexico, which were on a downward trend for several years thanks to effective aerial eradication, were key disappointments in 1985 when other countries, despite great burdens, met or even exceeded our expectations. In meetings this week involving Presidents Reagan and De la Madrid, Secretary of State Shultz and Foreign Secretary Sepulveda, and Attorneys General Meese and Garcia, the United States and Mexico have reiterated their unrestricted cooperation and assistance in rejuvenating a control program. The United States is emphasizing the high priority it attaches to reducing the flow of heroin and

marijuana from Mexico, and the high priority it attaches to effective action against those traffickers responsible for the death of DEA Agent Camarena.

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In 1986 INM has purchased additional aircraft and is launching the special Latin American regional enforcement program for which the Appropriations Committee provided \$5 million. The regional air wing, based in Colombia, will upgrade strike force capability throughout the Andean coca growing region. Future Blast Furnace-type operations may be conducted through use of this regional air wing, funded by INM, or with the assistance of DEA aircraft, or further use of U.S. military aircraft, or a combination thereof. The U.S. Government is not limited to the military option.

This air wing is but one aspect of the trend toward regional approaches to narcotics control. The cross-border operations involving Colombia with Peru, Ecuador, and now Bolivia found their counterpart at the policy level in the expressions of solidarity at the OAS [Organization of American States] conference this year.

The U.S. Government is also helping to curb the overseas demand, which keeps production at high levels. AID, USIA [U.S. Information Agency], and INM have worked successfully on public awareness and prevention campaigns.

In Southeast Asia, Burma now has the opportunity, with production down in 1985 and a major eradication program having been successfully undertaken in the first quarter of 1986, to reduce the world's largest production of illicit opium. In Thailand the new eradication program is being expanded. These governments must enhance their efforts to seize control of the border from traffickers, to destroy heroin laboratories, and to interdict shipments of both precursor chemicals and finished opium products.

It is estimated that opium production in Pakistan this spring rose to a new range of 100-150 metric tons--more than double what it was one year ago. This expansion was driven largely by higher prices, resulting from increased regional opium and heroin demand, and by a reduction in the Pakistani Government's enforcement program in the key Gadoon area coupled with an expansion of opium cultivation into remote tribal areas such as Bajaur and Mohmand.

The United States and Pakistan agreed at a special meeting of the bilateral narcotics working group in June that the ban on opium cultivation would be effectively enforced in the Gadoon, where AID has a major development project, and in the Dir, where the Special Development and Enforcement Project managed by the United Nations is being developed. The Pakistanis also agreed to enforce the ban in those portions of the Bajaur and Mohmand tribal areas where development assistance has been scheduled.

India is increasingly important as a conduit of opium products from both Southwest and Southeast Asia, as well as for the shipment of precursor chemicals into the Golden Triangle.

Turkey continues to sustain one of the most successful efforts at preventing production of illicit opium poppy. Long a natural attraction for smugglers of every stripe because it serves as the landbridge between Asia and Europe, Turkey continues to be a principal trafficking route for heroin from Southwest Asia, some of it refined in Turkish labs.

Pakistan and neighboring nations must also find ways of curbing the flow of opium products out of Afghanistan and suppressing the numerous heroin labs which operate along the Afghan-Pakistan border. Viable approaches have not been found to Iran or to Laos, and reports of increased opium production in the latter are of renewed concern, particularly given success elsewhere in the Golden Triangle.

CONCLUSION

The general task remains the same as in earlier years: the grower-to-user narcotics chain which stretches across five continents must be broken through a comprehensive program of international control. Pressure must be applied at all points in the chain--through crop control; through increased seizures of both drug products and financial assets; through intensified investigation and prosecution of traffickers; and through effective treatment and prevention of drug abuse.

Delivery of AWACS Aircraft to Saudi Arabia

[The following is a reprint of the letter and certification provided by President Reagan to Congress on 18 June 1986 regarding the delivery of five AWACS (airborne warning and control system) aircraft sold to the Government of Saudi Arabia in 1981. Four of the aircraft have already been delivered, with the fifth aircraft scheduled for delivery in March, 1987. Identical copies of the letter were addressed to Thomas P. O'Neill, Jr., then Speaker of the House of Representatives, and George Bush, President of the Senate.]

By letter dated October 28, 1981, I assured then-Senate Majority Leader Baker that the proposed transfer to Saudi Arabia of AWACS (airborne warning and control system) aircraft would not occur until I had certified to the Congress that specified conditions had been met. Subsequently, Section 131 of the International Security and Development Cooperation Act of 1985 (ISDCA) [P.L. 99-83, 8 August 1985] incorporated the text of that letter, with its conditions for certification, into legislation.

I am pleased to inform you that all conditions set forth in my October 28 letter and repeated in Section 131 of the ISDCA have now been met and that I herewith forward to you my certification to that effect. Through the extensive efforts of the Defense and State Departments, agreements and other actions necessary to fulfill these requirements have been concluded.

I now wish to draw particular attention to the sixth condition that I have certified. I remain convinced that, as I stated in 1981, the sale of these AWACS aircraft to Saudi Arabia will contribute directly to the stability and security of the area and enhance the atmosphere and prospects for progress toward peace. I also believe that significant progress toward peaceful resolution of disputes in the region have been accomplished with the substantial assistance of Saudi Arabia. These perceptions are strengthened by a review of events of the last five years.

The current deployment of U.S. AWACS aircraft to Saudi Arabia has contributed significantly to the stability and security of Saudi Arabia and the region as a whole. The Royal Saudi Air Force's (RSAF) gradual assumption of the role now performed by the U.S. AWACS aircraft will continue this contribution. Over the past five years the U.S. AWACS aircraft have demonstrated their ability to detect approaching Iranian aircraft well before they would be detected by ground-based radar. This early detection, coupled with the demonstrated resolve of the RSAF to deploy its F-15s and engage aggressor aircraft, has deterred Iran from escalating attacks against targets on land and in Gulf waters under the Saudi protective umbrella. The Saudi commitment to a strong defense as evidenced by such measures as the AWACS acquisition, past defensive military action, and efforts to organize collective security among the members of the Gulf Cooperation Council (GCC), taken together with the Kingdom's obvious lack of aggressive intent, have contributed and will continue to contribute to the stability and security of the area. Our continued success in helping to support regional stability will diminish prospects that U.S. forces might be called to protect the governments, shipping lanes, or vital petroleum resources of the region.

Saudi Arabia has firmly supported every significant diplomatic effort to end the Iran-Iraq war. Mediation missions under the auspices of the United Nations, the Organization of the Islamic Conference, and third countries acting independently have received Saudi diplomatic and facilitative assistance. In encouraging a negotiated settlement of the conflict, the Saudis have made clear their preference that the war end without concessions of sovereignty by either side.

Saudi efforts to advance the Arab-Israeli peace process have been substantial. The Fahd Peace Plan and the Arab endorsement of the plan embodied in the 1982 Fez Communique significantly and irreversibly modified the Arab consensus of the three "no's" enunciated at the 1986 Khartoum Summit, i.e., no recognition, no negotiation, and no conciliation with Israel. The Fez Communique moved the formal Arab position from rejection of peace to consideration of *how* to achieve peace with Israel. The plan's statement that all states in the region should be able to live in peace was an implicit acceptance of the right of Israel to a secure existence. The concept of land for peace was a direct reflection of U.N. Resolution 242. While various elements of the Fez Plan differ from our views, the Plan remains the single largest step toward peace on which the Arab world has been able to agree. The existence of this consensus provided a base from which King Hussein felt he could launch his initiative to bring Israel, Jordan, and the Palestinians to the negotiating table in 1984-85.

Saudi Arabia has signaled its tacit support for King Hussein's moves to lay the foundation for peace negotiations by continuing substantial financial assistance payments to Jordan following critical steps in the process, i.e., after Jordan resumed diplomatic relations with Egypt and again after the February 1985 agreements between Hussein and PLO [Palestine Liberation Organization] Chairman Arafat. Despite vocal Syrian opposition, the Saudis sent official observers to the Amman Palestine National Council meeting in late 1984 where moderate Palestinians made a decision to break with radicals, thereby opening the way for King Hussein to begin his peace initiative

During the subsequent and continuing debate over how to make peace with Israel, the Saudis have consistently lent support to moderate Arab governments. Egypt's readmission to the Organization of the Islamic Conference was significantly assisted by crucial Saudi support for a procedural motion calling for a secret ballot on the readmission vote. Following the police riots in Cairo in February of this year [1986], the Saudi Council of Ministers issued a statement supporting President Mubarak.

Although its efforts, like our own, met with limited success, Saudi Arabia played a major and highly visible role in attempts to arrange a lasting cease-fire in Lebanon. In the August 1983 effort of Crown Prince Abdullah and Prince Bandar to bring an end to fighting in the Shuf mountains, and again through observers at the Geneva and Lausanne Lebanese national reconciliation talks, Saudi Arabia sought to bring peace to a moderate Arab nation and establish the framework for a stable government. The Saudis also proved supportive of Lebanese efforts to negotiate directly with Israel [the] conditions for [an] Israeli withdrawal from southern Lebanon. In this regard, the Saudis supported Lebanese efforts to win Syrian consent to compromises necessary to reach agreement.

Saudi Arabia has provided crucial support for Sudan during that country's transition to a democratic form of government. Furthermore, it has established a significant record in working for regional stability and settlement of regional disputes in countries beyond its immediate neighborhood. Saudi aid has been crucial to the Afghan cause and significant to Pakistan, Morocco, and Tunisia. Despite limitations imposed by concern for its own security, the depth of regional animosities, and the need to establish and work within an Arab consensus, Saudi Arabia has assisted substantially the significant progress that has been made in the peaceful resolution of disputes in the region.

Saudi Arabia has publicly condemned terrorism and terrorist actions, having itself been a victim of terrorism. More important, it has taken practical actions to oppose terrorism regardless of its origins.

I am convinced that the assurances I made in my letter to Senator Baker have been amply fulfilled. A firm foundation has been laid for close and continued U.S.-Saudi cooperation in operating the Saudi AWACS and in building an air defense system for Saudi Arabia and the GCC.

By contributing to the self-defense of these countries, we are diminishing the likelihood of direct intervention by U.S. forces in defense of vital Western interests. At the same time, we are encouraging forces of moderation which, if they prevail, will bring lasting peace to a turbulent region.

Sincerely,
RONALD REAGAN

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Certification of Conditions Requisite to Transfer of AWACS Aircraft to Saudi Arabia

In accordance with Section 131 of the International Security and Development Cooperation Act of 1985, P.L. 99-83, I hereby certify that the conditions set forth in my communication of October 29, 1981, to the Senate with respect to the transfer to Saudi Arabia of five E-3A airborne warning and control system (AWACS) aircraft have been met, specifically:

1. SECURITY OF TECHNOLOGY

A. That a detailed plan for the security of equipment, technology, information, and support - ing documentation has been agreed to by the United States and Saudi Arabia and is in place; and

B. The security provisions for Saudi AWACS aircraft are no less stringent than measures employed by the United States for protection and control of its equipment of like kind outside the continental United states; and

C. The United States has the right of continual on-site inspection and surveillance by U.S. personnel of security arrangements for all operations during the useful life of the AWACS. It is further provided that security arrangements will be supplemented by additional U.S. personnel if it is deemed necessary by the two parties; and

D. Saudi Arabia will not permit citizens of third nations either to perform maintenance on the AWACS or to modify any such equipment without prior, explicit mutual consent of the two governments; and

E. Computer software, as designated by the United States Government, will remain the property of the United States Government.

2. ACCESS TO INFORMATION

That Saudi Arabia has agreed to share with the United States continuously and completely the information that it acquires from use of the AWACS.

3. CONTROL OVER THIRD-COUNTRY PARTICIPATION

A. That Saudi Arabia has agreed not to share access to AWACS equipment, technology, documentation, or any information developed from such equipment or technology with any nation other than the United States without the prior, explicit mutual consent of both governments; and

B. There are in place adequate and effective procedures requiring the screening and security clearances of citizens of Saudi Arabia and only cleared Saudi citizens and cleared U.S. nationals will have access to AWACS equipment, technology, or documentation, or information derived therefrom, without the prior, explicit mutual consent of the two governments.

4. AWACS FLIGHT OPERATIONS

That the Saudi AWACS will be operated solely within the boundaries of Saudi Arabia, except with the prior, explicit mutual consent of the two governments, and solely for defensive purposes as defined by the United States, in order to maintain security and regional stability.

5. COMMAND STRUCTURE

That agreements as they concern organizational command and control structure for the operation of AWACS are of such a nature to guarantee that the commitments above will be honored.

6. REGIONAL PEACE AND SECURITY

That the sale contributes directly to the stability and security of the area and enhances the atmosphere and prospects for progress toward peace. Significant progress toward the peaceful resolution of disputes in the region has been accomplished with the substantial assistance of Saudi Arabia.

I will provide separately to the Congress, under appropriate procedures, those contracts and agreements pertinent to this sale and certification, including those whose confidentiality must be preserved.

U.S. - New Zealand Disagreement on Port Access for U.S. Ships

[The following is a reprint of a Department of State policy statement announced by then Department Deputy Spokesman Charles Redman on 2 July 1986.]

In Manila, Prime Minister Lange and Secretary of State Shultz discussed the ship visit problem between our two countries. The meeting concluded with a recognition that the Government of New Zealand does not feel that it can live with U.S. policy on this issue, but that we would part company as friends. We regret that the position of the United States, both with reference to that meeting and with respect to our efforts to find a satisfactory solution, has been misconstrued.

The United States maintains a worldwide policy of neither confirming nor denying the presence or absence of nuclear weapons. Implicit in this policy is a requirement for ambiguity about the nature of the armaments of our ships. Our other allies recognize the need for this ambiguity, and none feel constrained to make judgements about individual ships. It is on this point that the policy of the Government of New Zealand differs significantly from that of all our other allies.

If New Zealand maintains its intentions to say no to ships operating under the ambiguity of neither confirming or denying, or to nuclear-powered ships, then it is not possible for us to send Navy vessels into New Zealand's ports. This vitiates the principal contribution that New Zealand makes to the alliance.

Suggestions that the United States has refused to engage in negotiations or consultation on this issue are at variance with the facts. The United States has made a considerable effort to work with New Zealand over the past two years to resolve the port ban and to restore normal port access. We have maintained intensive contacts and understand fully the New Zealand Government's position. Unfortunately, the New Zealand Government has as yet not put forward any proposal to restore normal port access compatible with our global responsibilities and our policy of neither confirming or denying our requirements.

It has been alleged that the ANZUS [Australia, New Zealand, United States security pact] treaty contains only an obligation to consult. Article IV of the treaty clearly states that an armed attack on any of the parties in the Pacific area would be a danger to the other parties and that all would act to meet the common danger. The U.S. government has consistently confirmed that it would fully and promptly fulfill its security commitments under ANZUS, by both military and non-military means, as best would meet the threat.

New Zealand's withdrawal of an essential element of its ANZUS participation inevitably must alter the obligations of the United States with respect to its security responsibilities to New Zealand. We continue to hope that New Zealand will eventually restore normal port access on a basis comparable to other alliance partners.

SECURITY ASSISTANCE PERSPECTIVES

Navy International Logistics Control Office (NAVILCO): Twenty Years of Service to the Free World

By

Jayne Greenberg

"It must be the foreign policy of the United States to support free people who are resisting attempted subjugation by armed minorities or by outside pressures." When President Truman made this statement in his address to Congress on March 12, 1947, U.S. foreign policy took a decidedly different turn.

BAYONNE BEGINNINGS

Navy Security Assistance began late in 1947 when our country demonstrated its commitment to friendly nations by supplying military aid to Greece and Turkey (Greece had been fighting Communist forces since before the end of World War II). With the first Greek-Turkish aid shipment of 5,000 tents from the Naval Supply Center (NSC), Bayonne, New Jersey, Navy military assistance became a tool of U.S. foreign policy.

NSC Bayonne had a major role in controlling customer country requisitions for defense items under the Military Assistance Program (MAP). NSC Oakland, California, provided this service to MAP participants in the Pacific but the International Logistics Department of NSC Bayonne handled the balance. Foreign aid divisions were established at both installations to meet the soaring demands of the Military Assistance Program. In 1964, all Navy security assistance records were consolidated at NSC Bayonne.

NAVILCO EMERGES

In February, 1967, NSC Bayonne was disestablished and command of the Bayonne peninsula passed to the Commander, U.S. Army, Military Ocean Terminal. As the supply center was being phased out, the U.S. Navy International Logistics Control Office (NAVILCO) was established as a tenant activity at the Bayonne Army base. In January, 1978, NAVILCO was relocated to the 134-acre Aviation Supply Office (ASO) Compound in the northeast section of Philadelphia. Since then, NAVILCO has grown to an organization of over 400 civilian and military personnel. NAVILCO is now under the direction of its 10th Commanding Officer, Captain Heinz R. Borchardt, SC, USN.

CRUCIAL ROLE IN SECURITY ASSISTANCE

NAVILCO has a vital role in the management of the U.S. Navy's portion of the International Logistics Program (ILP). This program provides security assistance, or the transfer of defense articles, services, and training to allied nations. NAVILCO is part of the large, integrated network of supply organizations which comprise the Navy ILP community. The only command of its type

in the Department of the Navy, NAVILCO provides dynamic requisitioning, accounting, and reporting control for the Navy's multi-billion dollar Foreign Military Sales (FMS) and Grant Aid (GA) Programs.

NAVILCO occupies an important place in the Navy's Security Assistance organizational structure. A field activity of the Naval Supply Systems Command (NAVSUP), NAVILCO reports directly to the Commander, NAVSUP. The Security Assistance Directorate (SUP 07) of NAVSUP has program management responsibility and provides policy and procedural guidance to NAVILCO.

To coordinate supply requirements and material distribution, NAVILCO maintains a close working relationship with the Office of the Chief of Naval Operations, Inventory Control Points, Hardware Systems Commands, and stock points. The Command also has frequent contact with U.S. Security Assistance Program agencies overseas including Unified Commands, Defense Attaches, and Security Assistance Organizations in U.S. embassies in many countries around the world.

DYNAMIC OPERATIONS

The center for supply and financial transactions within the Navy's Security Assistance Program, NAVILCO provides dedicated support for customer country requirements. As the organization through which foreign countries place their defense orders, NAVILCO ensures requisitions are passed to Navy supply and procurement systems, and received by freight forwarders for shipment. The Command controls the investigation and resolution of problems which may arise in satisfying foreign country defense needs. In addition, NAVILCO ensures that the requesting country is billed for the cost of the material and shipping expenses.

Various offices and departments at NAVILCO perform interrelated functions to execute the Navy Security Assistance Program, as reflected in the organizational chart on the next page.

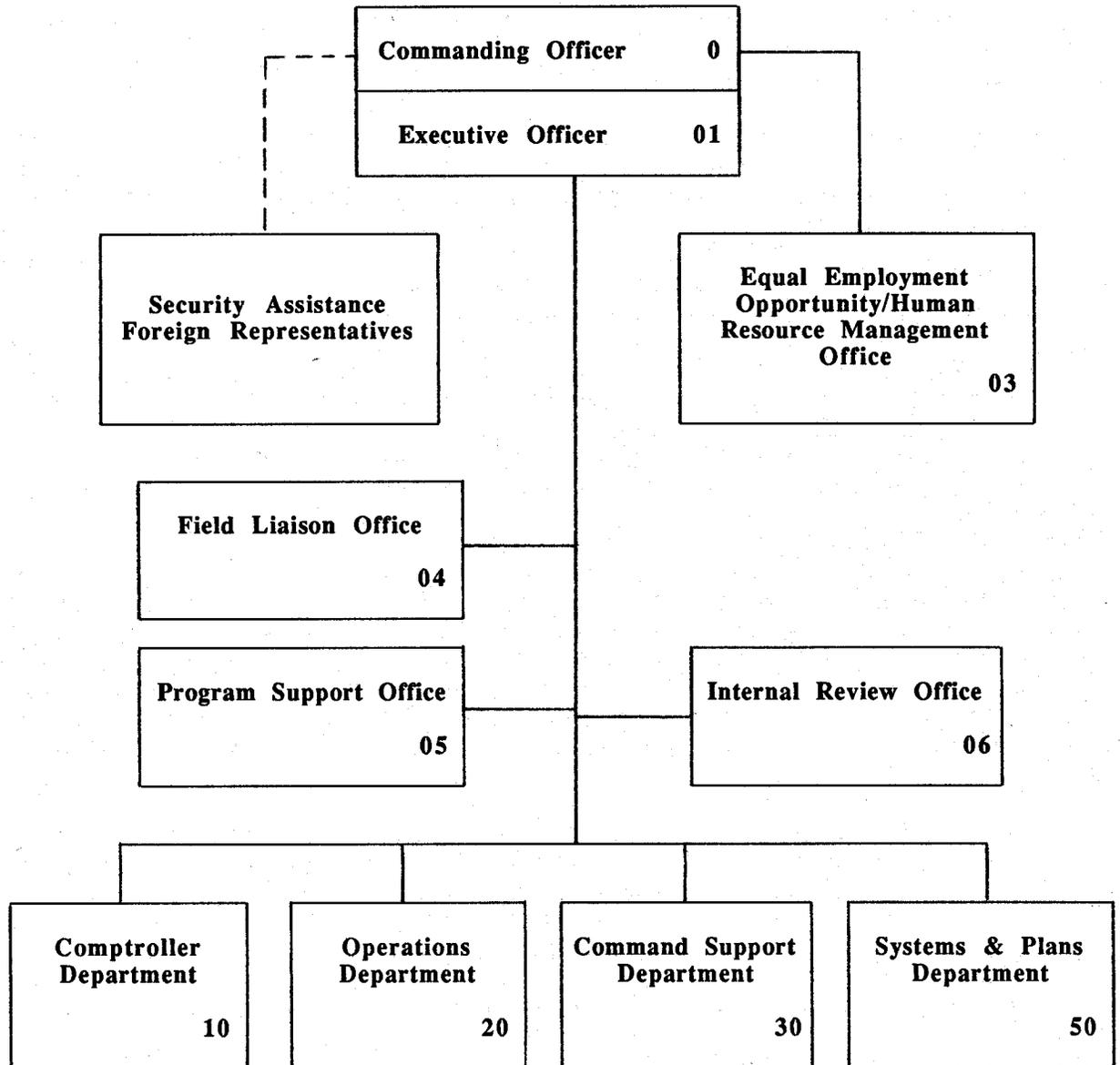
From a material requirements perspective, NAVILCO's Operations Department (Code 20) is the single control point between the Navy supply system and customer countries. Besides positioning requisitions in the appropriate section of the supply system, NAVILCO monitors status requests and gives continuous feedback to foreign customers. Country Program Managers (CPMs) in 13 operational branches are the primary contact points on all matters relating to customer country transactions. CPMs and their staffs manage assigned cases involving the contracts between the U.S. and foreign countries documenting defense articles, services, or training to be supplied. CPMs coordinate with other elements of the Navy supply system to ensure timely delivery to meet customer needs.

On the financial side, NAVILCO's Comptroller Department (Code 10) tightly regulates Foreign Military Sales and Grant Aid case funds. Financial Program Managers (FPMs) ensure that money is available to finance customer requisitions, and that commitments, obligations and expenditures are within prescribed case limits. By performing detailed accounting and reporting, FPMs make certain all transactions are recorded against the correct country, case, and requisition. FPMs coordinate with CPMs, their counterparts in the Operations Department, to ensure cases are financially complete and closed on schedule.

The Systems and Plans Department (Code 50) manages the computerized Management Information System for International Logistics (MISIL). A large-volume, transaction-driven system, MISIL is the means by which the Navy controls its FMS and GA programs. MISIL contains separate, but carefully integrated computer operations designed to perform four basic functions: supply control, financial control, reporting, and file maintenance. A current MISIL software redesign and state-of-the-art hardware conversion will enhance NAVILCO's ability to

control requisitions from the time they enter the supply system until material and services are delivered, and final accounting and reporting are achieved.

NAVILCO ORGANIZATIONAL CHART



NAVILCO supports customer countries at home and abroad in its liaison role. Besides working with numerous U.S. Navy organizations, NAVILCO coordinates with foreign embassies, freight forwarders, foreign government agencies, and customer support offices. As the vital connection between the Navy supply system and foreign customers, NAVILCO guides customer country representatives on specific country program matters.

UNIQUELY FOREIGN FLAVOR

The Command works closely with Security Assistance Foreign Representatives (SAFRs) who are on assignment to NAVILCO. SAFRs coordinate FMS transactions between their navies and the U.S. Navy. Countries currently represented are Australia, Greece, Indonesia, Israel, Italy, Japan, Korea, Netherlands, Peru, Saudi Arabia, Spain, Taiwan, Turkey, and the United Kingdom. These friendly officers in their distinctive national uniforms and with offices sporting colorful national flags and scenic posters, give NAVILCO a decidedly international atmosphere.

INDOCTRINATION AND TRAINING

On visits to customer countries, specifically-trained Field Liaison Office (Code 04) personnel indoctrinate foreigners on the structure and policy of the Navy Security Assistance Program. This NAVILCO staff trains foreign customers on methods of requisitioning, investigating problems, understanding reports, and requesting status. Besides furnishing such training overseas, NAVILCO provides frequent orientations for U.S. and foreign visitors. These often include high-level briefings for flag-level officers of foreign navies and air forces, as well as leaders of foreign defense procurement offices and foreign defense attaches.

Several times a year, as part of the training program at the Navy Supply Corps School in Athens, Georgia, NAVILCO hosts graduates of the Foreign Officer Supply Course for orientation sessions. The foreign officers are a mix of FMS trainees and participants in the International Military Education and Training (IMET) Program. These visits give foreign officers a first-hand look at the U.S. Navy supply system as well as valuable insights into our way of life.

"STRENGTH THROUGH SERVICE"

From its beginnings in Bayonne to its present home in Philadelphia, NAVILCO's importance as a control center has increased as the Navy's Security Assistance Program expanded. During the last week of February, 1987, the Command will be celebrating the 20th anniversary of its commissioning with a gala luncheon, a memorabilia exhibit, and an awards ceremony. Honors will go to NAVILCO employees as a group as well as to individuals for outstanding contributions toward enhancing the Command's mission, which is exemplified by its logo, "Strength through Service."

NAVILCO plays a key role in executing security assistance commitments which allow the U.S. to carry out its foreign policy. The NAVILCO team of professionals is dedicated to providing the finest collective security assistance possible by working diligently with representatives from over 65 countries to ensure that they get what they order, that it works, and that it contributes to their defense efforts. By providing services necessary for the effective management of the Navy's Security Assistance Programs, NAVILCO is at the cutting edge of our country's attempts to foster U.S. foreign policy ideals of regional stability and global peace.

ABOUT THE AUTHOR

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