

This is an unclassified digest furnished in lieu of a report containing classified security information.

3.44.02
73-0411

COMPTROLLER GENERAL'S
REPORT TO THE CONGRESS

U.S. AGREEMENTS WITH AND ASSISTANCE
TO FREE WORLD FORCES IN
SOUTHEAST ASIA SHOW NEED FOR
IMPROVED REPORTING TO THE CONGRESS
Department of Defense
Department of State B-159451

6

D I G E S T



WHY THE REVIEW WAS MADE

In recent years the Congress has been increasingly concerned over the number and scope of agreements concluded by the executive branch committing the United States to provide substantial assistance to foreign countries.

quired coordination with or approval of the Department of State.

These agreements committed the United States to substantial cash payments directly to the concerned governments and to material support of their military forces.

GAO found in previous reviews that assistance provided under these agreements was often funded from multiple sources and not always fully identified or reported to the Congress.

GAO believes there is a need for the executive branch to exercise more coordinated control and management over the execution of such agreements.

To illustrate some of the executive agreements or arrangements concluded in recent years and to identify and report on the costs and financial administration of the assistance provided, GAO reviewed U.S. commitments, agreements, and assistance to allied governments that provided forces to Vietnam, namely

No evidence was found that the Congress, which is responsible for establishing levels of Federal spending, was notified or advised by the executive branch prior to its entering into specific agreements or commitments obligating the United States to incur substantial expenditures.

- | | |
|-------------------|-----------------|
| Australia | New Zealand |
| Nationalist China | The Philippines |
| Republic of Korea | Spain |
| | Thailand |

The Department of Defense reported that as of September 30, 1972, approximately \$12.6 billion of defense funds had been used to support the military forces of Vietnam, Korea, Thailand, Laos, and the Philippines. (See p. 10.)

FINDINGS AND CONCLUSIONS

The U.S. Government, through its military and diplomatic officials, entered into numerous types of agreements and arrangements with foreign governments, not all of which re-

Of this amount

--about \$10.9 billion was reported as assistance provided the Vietnam forces and local forces in Laos and Thailand and

APRIL 24, 1973

~~TOP SECRET~~

420313

091321

--approximately \$1.7 billion was reported as assistance to other free world forces. (See p. 11.)

However, these amounts did not include the value of

--equipment and supplies furnished from military excesses,

--equipment and supplies provided as a result of withdrawing U.S. Forces from Vietnam,

--facilities transferred to the Governments of Vietnam and Thailand, or

--assistance related to the dispatch of free world forces to Vietnam but not provided specifically to these forces. (See pp. 9 to 12 and 54.)

Approximately \$75 million was provided also as reimbursable assistance and billed to the forces of Australia and New Zealand. (See pp. 9 and 10.)

Status of troop strength

Free world forces in Vietnam, excluding United States and South Vietnam troops, reached a peak of more than 70,000 in 1969. As of October 1972, 38,000, primarily Korean, forces remained. The January 27, 1973, agreement to end the war in Vietnam provided for the withdrawal of all U.S. military and foreign allied forces within 60 days.

Basis for providing assistance to free world forces

Assistance was provided in accordance with various agreements between the United States and the participating countries. (See p. 13.)

Documents committing the United States to this assistance were signed

by military commanders in some cases and by an ambassador or other official of the American Embassy in others.

These agreements and arrangements were not well defined or clearly understood. (See p. 13.)

Direct cash payments

The United States made available about \$284 million in direct cash payments and credit financing to Korea, Thailand, and the Philippines for expenses related to the use of their forces in Vietnam. (See p. 9.)

There were significant weaknesses in the administration of the payment programs. (See p. 22.)

--U.S. officials had no assurance that expenses had been incurred or funds used for agreed purposes. (See pp. 23, 28, and 29.)

--The Military Assistance Advisory Groups did not reconcile claims with independent data nor obtain adequate supporting information. (See p. 23.)

--Payments for death and disability gratuities may have been excessive and, in some instances, questionable. (See pp. 29 to 32.)

--Some direct payments made were retroactive although this was not initially provided for in formal commitments or agreements. About \$900,000 in retroactive separation allowances were made by the United States to Thailand. (See pp. 34 and 35.)

Assistance to prepare and deploy forces to Vietnam

The United States provided at least

\$160 million to equip, train, and transport Korean and Thai forces to Vietnam. GAO was unable to evaluate this assistance because many of the records could not be located. (See p. 40.)

GAO noted that:

- An excessive number of vehicles had been provided to train the Thai forces. (See p. 43.)
- Ammunition provided to the Thai training center was stored with no security in evidence. (See p. 44.)
- U.S. military officials in Korea had not maintained adequate control over equipment provided for training. (See p. 43.)

Assistance provided to forces in Vietnam

The United States provided \$980 million to support the free world military assistance forces in Vietnam. Generally this was provided to each country's forces on similar bases, as agreed by the U.S. Military Assistance Command, Vietnam, and responsible officials of each military force. (See p. 47.)

However:

- U.S. military organizations did not account effectively for the issue and return of millions of dollars' worth of equipment provided to the free world forces. Consequently, U.S. ownership of much of this equipment was in question. (See p. 48.)
- The United States paid \$900,000 to lease billeting facilities for Korean forces in Saigon even though agreements required that Vietnam

provide this support. (See p. 51.)

- The Department of Defense had not recovered, as of July 1972, other costs of \$2.4 million, although this situation was reported to the Military Assistance Command, Vietnam, by Defense auditors in November 1969. (See p. 52.)

Increased military assistance related to the deployment of forces

U.S. commitments to the Korean and Thai forces in Vietnam included specific measures for military assistance to the regular forces of these countries. Many records relating to this assistance were no longer available. GAO found, however, that at least \$243 million of military assistance to these countries and the Philippines was primarily attributable to actual and proposed deployments of forces to Vietnam. (See pp. 54 to 60.)

Increased economic assistance related to the deployment of forces

The United States agreed to provide substantial economic assistance (loans, commodities, and technical aid) to Korea, Thailand, and the Philippines at the same time these countries agreed to send military forces to Vietnam.

Because this aid usually was made in connection with current Agency for International Development programs, GAO could not determine conclusively the assistance that would have been provided on the basis of essential economic need. (See pp. 64 to 73.)

RECOMMENDATIONS OR SUGGESTIONS

GAO had recommended that the Secretary of Defense should

- establish criteria to define reimbursable costs;
- reconcile claims against the United States with independent data, when available; and
- obtain assurance that reimbursements are made only for actual costs, in accordance with commitments. (See pp. 38 and 39.)

The Defense Department stated that GAO's recommendations on reducing the cost of assistance through improved administration were being implemented within the limits of data available.

In GAO's view, the problems and deficiencies noted in this report demonstrate the need for improved procedures and practices in administering foreign assistance.

The Secretaries of State and Defense should require that agreements and commitments providing assistance to foreign countries are clearly understood and adequately defined prior to providing the assistance.

GAO therefore recommends that the Secretary of State:

- Establish procedures to require that all agreements be subject to his approval. This would include those subordinate to or designed to implement basic government-to-government agreements which commit the United States to specific performance requiring expenditure of substantial amounts of money.
- Require a central repository to be established within the State Department for all such international agreements, arrangements, and commitments, similar to the one now in existence for treaties.

- Provide annually to the appropriate committees of the Congress a list and description of all such agreements, together with estimates of the future years' costs that each agreement involves.

GAO also recommends that the Secretaries of State and Defense take action needed to recover the overpayment.

AGENCY ACTIONS AND UNRESOLVED ISSUES

Department of State officials said they considered this report useful because it highlighted aspects of extremely complex matters and contained valid suggestions. Several State Department suggestions are incorporated in the report. (See pp. 76 to 85.)

Department of Defense comments and suggestions generally were constructive and useful.

- State and Defense agreed that the \$2.4 million should be collected. (See pp. 77, 84, and 99.)
- Defense agreed that the \$900,000 for leasing facilities for the benefit of Korean forces was a Vietnam responsibility. (See p. 99.)
- State said that GAO's recommendation on establishing a central repository for international agreements, arrangements, and commitments warranted careful study and would be seriously considered. (See p. 77.)
- Defense agreed that weaknesses in the administration of payments to free world forces did exist because arrangements were not clearly understood or agreed to by the parties concerned or because the U.S.

commitments were not clearly defined. (See p. 89.)

MATTERS FOR CONSIDERATION
BY THE CONGRESS

Public Law 92-403, dated August 22, 1972, requires the Secretary of State to transmit to the Congress any international agreement no later than 60 days after the agreement has entered into force. The GAO recommendation to the Secretary of State would be a logical step to assist him in complying with the intent of this legislation.

The Secretary may not consider most of the subordinate and implementing agreements referred to in this report

to be subject to the requirements of Public Law 92-403 because reporting of the parent agreement would suffice.

In addition to the reporting requirements of Public Law 92-403, GAO believes that the Congress, to be informed of significant commitments made through such subordinate and implementing agreements, might consider legislation requiring that the Secretary of State submit annually to the Congress a list and description of all such subordinate and implementing agreements made involving substantial amounts of U.S. funds or other tangible assistance, together with estimates of the amounts of such funds or other assistance.