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REPORT TO THE COMMITTEE
ON INTERNATIONAL RELATIONS
HOUSE OF REPRESENTATIVES



BY THE COMPTROLLER GENERAL
OF THE UNITED STATES



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U.S. Monitoring Of Defense
Articles Provided
To Foreign Countries

Departments of Defense and State

The U.S. has provided \$44 billion in grant aid to foreign countries. The advisory groups in some countries did not perform sufficient in-depth end-item inspections to disclose unauthorized transfer of grant equipment. Plans should be developed, on a country-by-country basis, for eventual disposition of grant defense articles.

The U.S. sold \$29 billion worth of defense articles, and no formal procedures exist to detect their transfer without prior U.S. Government approval. Applicable legislation does not require end-use inspection of defense articles sold to foreign countries.

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COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D.C. 20548

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The Honorable Thomas E. Morgan, Chairman
Committee on International Relations
House of Representatives

Dear Mr. Chairman:

This report is in response to Section II of your letter of February 5, 1975, asking us to study military and military-related assistance programs abroad.

Specifically, you asked about the (1) frequency and effectiveness of end-item utilization inspections, (2) the degree of cooperation offered by the recipient host country, and (3) procedures followed to insure that U.S.-furnished defense articles are not transferred to third countries without prior approval of the President.

In subsequent discussions with your office, we said that we had already obtained during 1974 various types of information on end-item utilization inspection procedures from the Departments of Defense and State during recent assignments. Therefore, as agreed with your office, we have consolidated this information into a separate report, so some of it may duplicate information in other reports.

End-use inspections were reportedly restricted in some countries because ground or air transportation needed to make such inspections was inadequate or because prohibitions were placed on incountry travel by the host country or by the U.S. embassy for security reasons. However, we did not observe any serious examples of noncooperation in the countries we visited.

In some countries, end-item inspections were not made of military assistance-provided defense articles, particularly in countries which were no longer recipients of grant materiel. Instead, reliance was placed on listings of equipment provided by the host country.

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Also, in some countries where advisory group personnel continued to make end-use inspections of military assistance equipment, such inspections were often superficial and did not physically account for all defense articles provided. We concluded, therefore, that in most countries the advisory groups did not perform end-item inspections, either directly or by alternative methods, in sufficient depth to disclose the unauthorized transfer of grant-provided defense articles to third countries.

We have not included any recommendations to the Departments of State and Defense with respect to strengthening end-item inspections of military assistance provided defense articles because of on-going considerations by the Congress regarding the future need for the Military Assistance Program. In this connection, however, we have included a matter for consideration of the Committee, suggesting that the Foreign Assistance Act be amended to require the Departments of Defense and State to develop a plan, on a country-by-country basis, for the eventual disposition of defense articles provided under the Military Assistance Program when that program has been phased down or eliminated.

From our work overseas and in Washington, D.C., we further concluded that formal procedures or mechanisms do not exist for detecting whether defense articles sold to foreign countries are transferred to third countries without prior approval of the U.S. Government. Applicable legislation does not require end-use inspections for defense articles that are sold as it does for those provided under the Military Assistance Program.

Also, we have not included a recommendation with respect to performing end-item inspections of defense articles sold to foreign nations. The need for and desirability of such inspections is a foreign policy matter with diplomatic and domestic implications that will have to be addressed by the Congress and the executive branch.

Information on the annual levels of military assistance and sales programs, applicable regulations for end-item inspections, and results of our work in a number of countries are summarized in the appendix I.

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We have discussed this report with officials in the Departments of Defense and State, but, as requested by your office, we have not requested their written comments.

Sincerely yours,

Thomas A. Starks

Comptroller General
of the United States

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ABBREVIATION

MAAG Military assistance advisory group
MAP Military Assistance Program

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U.S. MONITORING OF DEFENSE ARTICLES
PROVIDED TO FOREIGN COUNTRIES

Introduction

The U.S. Government has been providing military assistance of some type to foreign countries for more than 100 years. After World War II, the U.S. Military Assistance Program (MAP) was quite large and remained large for some years because of wartime pledges and the rise of communism. By the end of the Korean conflict, the United States was providing large amounts of military assistance each year to countries in Europe and the Far East.

In fiscal year 1972, the Administration began submitting its request for military assistance to the Congress under the caption of Security Assistance Program. This program encompasses both the traditional MAP and the newer Foreign Military Sales program.

The level of security assistance in recent years has shifted from predominately grant aid to predominately military sales, as shown in schedule 1. For example, in fiscal year 1974 military sales orders were about \$8.3 billion, whereas programed grant aid was about \$800 million.

Schedule 1

<u>Fiscal year</u>	<u>FMS ordered</u>	<u>Excess programed</u> (millions)	<u>MAP programed</u>	<u>Total</u>
1950-64	\$ 5,163	\$2,515	\$30,528	\$38,206
1965	1,252	222	951	2,425
1966	1,548	201	973	2,722
1967	1,000	346	876	2,222
1968	805	496	597	1,898
1969	1,558	647	454	2,659
1970	922	535	302	1,839
1971	1,644	477	762	2,883
1972	3,272	534	549	4,405
1973	3,866	420	593	4,879
1974	8,263	96	^a 789	9,148
Total	<u>\$29,293</u>	<u>\$5,539</u>	<u>\$37,454</u>	<u>\$73,286</u>

a Consists of investment-type-items, \$278 million; ammunition, \$329 million; training, \$28 million; and operational expense, \$154 million.

As shown in schedule 2, a total \$34.9 billion in MAP equipment and spare parts and excess defense articles were delivered to recipient countries, 77.3 percent before 1966.

Schedule 2

<u>Equipment</u>	<u>Deliveries before 1966</u> (millions)	<u>Total deliveries</u>	<u>Percent of total deliveries</u>
Aircraft	\$ 6,224	\$ 7,191	86.6
Ships	1,710	1,862	91.8
Vehicles and weapons	7,124	8,084	88.1
Ammunition	4,158	4,892	85.0
Missiles	1,256	1,352	92.9
Communications	1,822	2,174	83.8
Other	2,170	2,974	73.0
Excess (note a)	<u>2,553</u>	<u>6,409</u>	<u>39.8</u>
Total	<u>\$27,017</u>	<u>\$34,938</u>	<u>77.3</u>

a

Types of excess equipment not available.

APPLICABLE LEGISLATION

The Foreign Assistance Act of 1961, as amended, provides the legislative authority for grant military assistance, and the Foreign Military Sales Act, as amended, contains the basic authority to sell defense articles. Both acts contain certain requirements that a recipient country must agree to before it can receive the defense articles.

Section 505(a) of the Foreign Assistance Act and section 3(a) of the Foreign Military Sales Act require a recipient country or international organization to obtain the President's approval before transferring U.S.-furnished defense articles to another country. The President shall not consent to the transfer unless the United States itself would transfer the defense articles to that country. The acts also require notification to the Congress before giving consent and Presidential approval for transferring any defense article on the United States Munitions List.

Section 505(a) of the Foreign Assistance Act concerns the right of the U.S. Government to conduct end-item utilization inspections and the transfer of defense articles to other countries.

***no defense articles shall be furnished to any country on a grant basis unless it shall have agreed that—

- (1) it will not, without the consent of the President—
 - (A) permit any use of such articles by anyone not an officer, employee, or agent of that country,
 - (B) transfer, or permit any officer, employee, or agent of that country to transfer such articles by gift, sale, or otherwise, or
 - (C) use or permit the use of such articles for purposes other than those for which furnished;
- (2) it will maintain the security of such articles, and will provide substantially the same degree of security protection afforded to such articles by the United States Government;
- (3) it will, as the President may require, permit continuous observation and review by, and furnish necessary information to representatives of the United States Government with regard to the use of such articles; and
- (4) unless the President consents to other disposition, it will return to the United States Government for such use or disposition as the President considers in the best interests of the United States, such articles which are no longer needed for the purposes for which furnished."

Section 623(a)(3) of the act assigns the Secretary of Defense the primary responsibility for supervising end-item use by recipient countries.

Section 3 of the Foreign Military Sales Act contains language almost identical to section 505(a)(1) and (2) of the Foreign Assistance Act quoted above. However, paragraphs (3) and (4) on the observation and subsequent disposition of defense articles no longer needed are peculiar only to grant military assistance and are not required for the sale of defense articles.

DEFENSE REGULATIONS

The Department of Defense established a Military Assistance and Sales Manual for use in implementing its responsibilities under the Foreign Assistance and Foreign Military Sales Acts. The manual does not provide for end-item inspections or other methods of monitoring defense articles sold under the Foreign Military Sales Act. However, it does summarize Defense responsibilities and functions for required end-item inspections of defense articles provided under MAP.

**** Within their areas of responsibility [supervision of end-item use by the recipient countries] is assigned to Unified Commands and, where appropriate, assigned further to MAAG's^{1/} or other DOD elements responsible for MAP activities in foreign countries."

* * * * *

**** in carrying out the above responsibility the Chief of MAAG, under the direction of the appropriate Unified Command, is responsible for supervising utilization by the foreign government of all defense articles and services furnished by the U.S. as grant aid. This responsibility includes proper utilization of personnel trained by the U.S....[and] supervising utilization of other than end-items ***."

* * * * *

"Except where specified otherwise by DSAA [Defense Security Assistance Agency], periodic submission by the recipient country of reports, as may be prescribed as to form and frequency by the Unified Command, satisfies the intent and purpose of the law. It is incumbent upon all DOD elements, however, to supplement and verify such reports by physical inspection, observation, and such other means as may be practicable."

As a minimum, the reports to be submitted by the foreign country will consist of an annual inventory of major items onhand of MAP origin as of 30 June each year. The report will include: (a) item identification, (b) quantity on hand, (c) current utilization, and (d) condition of material.

1/ Military assistance advisory group.

The manual allows considerable discretion for supplemental supervision and verification of reports submitted. The extent of additional verification depends on such factors as availability of personnel, the extent to which physical inspection is practical, and the degree to which the recipient country can be relied upon to manage its resources effectively and to render timely and accurate reports. The manual further allows for the use of temporary-duty teams and personnel to meet end-use supervision responsibilities.

CONTROLLING TRANSFER OF DEFENSE
ARTICLES TO THIRD COUNTRIES

We found no formal procedures or mechanisms for insuring that U.S. defense articles provided by grant or sale are not transferred to third countries without prior approval of the President. Although end-item inspection practices do exist in some countries for defense articles provided under MAP, such inspections often represent merely sightings of equipment and do not physically account for all articles. Little or no effort is specifically made to detect the unauthorized transfer to third countries of defense articles provided under the Foreign Military Sales Act.

Defense Directive 5132.3, dated December 20, 1972, states that MAAGs are responsible for reporting unauthorized transfers of defense articles of U.S. origin to third countries.

Defense officials advised us the MAAGs are responsible officially only for MAP-provided grant aid equipment. MAAGs will report unauthorized transfers of any U.S.-provided defense articles if and when they become aware of such transfers; however, they have no procedures or mechanisms directed specifically to this function.

We asked Defense whether some element other than the MAAGs may be carrying out this function. Officials advised us that, although other elements are required to gather data on military assistance activities, the data is not connected with a procedure or objective for determining whether U.S.-provided defense articles are being improperly transferred to third countries.

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A Defense Security Assistance Agency official believed the Department of State was responsible for monitoring defense articles sold to foreign countries. However, officials of the Bureau of Political-Military Affairs, State Department, expressed the opposite view that Defense is responsible for monitoring and reporting on all U.S.-provided defense articles, regardless of whether they are provided through grant aid or sales. Although officials were uncertain as to the procedure or mechanism being used by Defense, they believe the function is being performed. /

END-ITEM INSPECTION IN
COUNTRIES VISITED

During visits to a number of countries, we obtained information on MAAG end-item inspections of MAP-provided defense articles. We found no indication of formal end-item inspections of defense articles provided under the Foreign Military Sales Act. End-item inspections or alternative procedures existed for grant defense articles in most countries although they were generally too superficial to detect improper transfers of such articles to third countries.

In some countries the MAAGs relied on lists of equipment provided by the host country. In 1963, for example, the U.S. European Command relieved the MAAGs in Belgium, Denmark, France, the Netherlands, and Norway from the responsibility of making regular physical inspections of military grant aid equipment. The MAAGs were directed to negotiate a mutually agreeable system under which the host country would submit reports showing the quantity, status, and location of the equipment. We visited only one of these countries, Denmark, where we were advised that neither the Danes nor the MAAGs have complete lists of MAP-provided equipment.

Below are our observations in some of the countries visited in 1974 on prior assignments.

Bolivia

The United States delivered to Bolivia about \$40 million in MAP grant aid and excess defense articles from 1950 through fiscal year 1974, of which about \$11 million was for military training. MAP in Bolivia is administered by the U.S. Military Group, which in fiscal year 1974 was authorized a total staff of 29 U.S. military, 2 U.S. civilian, and 8 local nationals.

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In fiscal year 1974, we reviewed the Group's inventory records and visited selected military units. In a number of instances at one unit, equipment that had been assigned to it according to records was not there. In another unit, we observed some MAP-provided equipment onhand that, according to the Group's records, was assigned elsewhere.

We concluded, therefore, that the Group needed to improve its control and monitoring of MAP-provided equipment. Defense officials subsequently informed us that, even though MAP-provided equipment was not in the designated units, it was being used by the Bolivian military for the purposes intended. They also said that the newly assigned Group commander was making a concerted effort to correct these unit assignment discrepancies.^{1/}

Brazil

The United States delivered to Brazil about \$222 million in MAP grant aid and \$83 million in excess defense articles through fiscal year 1974. More than 73 percent of the MAP equipment was provided before 1962. Fiscal year 1968 was the final year for which MAP materiel aid was programed for Brazil, and by the end of fiscal year 1974, virtually all programed materiel aid had been delivered. Since fiscal year 1968, the United States has continued to provide about \$800,000 annually for grant military training.

Our August 26, 1974, report to the Congress,^{2/} reported that, in 1969 in testimony before the Congress, a Defense representative stated that the chief reason the U.S. Delegation to the Joint Brazilian-United States Military Commission was in Brazil to supervise the use and subsequent disposition of all grant aid materiel. Defense later informed us that the Delegation had other duties and was principally concerned with carrying out the provisions of the agreements for military cooperation between the two countries. The Delegation was authorized 46 U.S. military and civilian personnel and 26 local-hire employees in fiscal year 1974.

We reported that Delegation personnel spent little time monitoring grant aid equipment and made no regular inspections or visits to Brazilian units to determine whether MAP-provided

^{1/} Bolivia--An Assessment of U.S. Policies and Programs, ID-75-16, Jan. 30, 1975, p. 29.

^{2/} The Brazilian Economic Boom: How Should the United States Relate to It? (B-133283).

equipment or spare parts was needed or properly used. Instead, they made occasional liaison visits to Brazilian units, during which they observed the use and condition of equipment. We further noted that U.S. advisors had made no end-item inspection reports in recent years. Officials told us that the Delegation had insufficient personnel for extensive equipment monitoring.

The report concluded that, due to the age of the grant military equipment and the fact that the Delegation had not been monitoring its use, liquidating reversionary rights to the equipment and ships on lease or loan would benefit the U.S. Government. Therefore, we recommended that the Secretary of State take this course of action. Both the Departments of State and Defense concurred in the recommendation and initiated discussions with Brazil on the matter.

Denmark

The United States delivered to Denmark about \$618 million in MAP grant military aid and \$21 million in excess defense articles through 1965.

The MAAG in Denmark was authorized a staff of seven U.S. military, one U.S. civilian, and six local nationals in fiscal year 1974. Its efforts in recent years have been directed principally to foreign military sales, though a small amount of its total time (6 percent in 1974) has been spent in monitoring MAP-provided materiel.

Our review of MAAG trip reports and discussions with MAAG officials during 1974 revealed that monitoring of the use and condition of MAP property was very limited. An official stated that it was, in fact, only a token effort, and that end-item inspections were not inventories but rather informal "sightings" of MAP equipment that were made during visits to Danish military bases for other purposes. MAAG officials we interviewed commented that extensive end-item inspections are not necessary because the Danes are capable of maintaining MAP-provided equipment.

The MAAG was relieved by the U.S. European Command in 1963 of the responsibility of making regular physical inspections of MAP-provided equipment and was directed to negotiate a mutually agreeable system under which the Danes would submit reports showing the quantity, status, and location of the equipment. A MAAG official told us, however, that neither the Danes nor MAAG had a complete inventory of MAP-provided equipment.

We discussed with the MAAG chief the feasibility of Denmark purchasing the residual rights of MAP-provided equipment. He said the Danes probably would not want to buy equipment that is virtually worn out and he indicated the Danish defense budget could not absorb the cost of buying the residual rights.

Ethiopia

This country received about \$207 million in MAP grant aid and excess defense articles through fiscal year 1974. The MAAG in Ethiopia was authorized a staff of 85 U.S. military and civilian personnel and 33 local nationals in fiscal year 1974.

The MAAG's major functions in 1974 were administering MAP and advising the Ethiopian military forces, and little effort was devoted to military sales. MAAG personnel, in response to a GAO questionnaire, estimated that only about 6 percent of total MAAG effort was directed to end-item inspections of MAP-provided equipment. Officials said that the MAP monitoring effort was not very effective and would become even less so with a planned reduction in personnel in fiscal year 1975. They stated that the MAAG will be forced to rely on Ethiopian military records, which they considered to be poor, for information on maintenance and use of equipment.

Although MAAG advisors were available for the entire advisory spectrum, their primary efforts were directed to management principles, logistics, and maintenance. MAAG officials stated that a planned personnel reduction will drastically reduce the field advisory effort. In addition, internal strife and overthrow of the Emperor and other government officials could possibly further limit MAAG monitoring efforts.

Most of Ethiopia's existing equipment is of World War II vintage, and annual MAP funding for Ethiopia is not enough to modernize the equipment currently in the Ethiopian inventory. The state of that equipment prompted a portion of the 1971 MAP to be devoted to a modernization program for small arms and communication equipment. For example, M-1 rifles are being replaced by M-14 rifles. The program, which is expected to be completed by 1977, will result in an estimated excess of 26,000 to 28,000 older weapons.

As the weapons become excess, they must under the Foreign Assistance Act be returned to the MAAG for disposition. However, Ethiopia has not complied with the agreement and the MAAG has lost virtually all control over these weapons. An advisor stated in late fiscal year 1974 that he had been trying to get the excess weapons returned for about 10 months. MAAG officials explained that MAP end-item control is only as good as the rapport between the granting and recipient countries and the extent the recipient abides by the spirit of the agreement. The officials agreed they really do not have control over the weapons granted to Ethiopia.

We discussed with U.S. officials in Ethiopia the possibility of selling U.S. residual rights to MAP equipment. The officials said Ethiopia has not been approached about this because they do not believe it has the money and because the equipment is largely obsolete.

Indonesia

The United States delivered to Indonesia about \$148 million in MAP grant aid and excess defense articles through 1974. The Defense Liaison Group administers MAP in Indonesia, with an authorized permanent staff in fiscal year 1974 of 45 U.S. military, 4 U.S. civilians, and 20 local nationals.

The Liaison Group indicated that its effort consists principally of advising high-level Indonesians on administrative and logistical functions. However, end-item inspections are made of MAP equipment, consisting essentially of physically monitoring and maintaining surveillance to determine condition and use. Such inspections are made only on MAP equipment provided after 1966, because an accurate inventory of pre-1967 equipment is not available.

Italy

Italy received about \$2.5 billion in grant military aid and excess defense articles from 1950 through 1962, when the United States determined that Italy had sufficient economic resources to support its own defense program. Final deliveries were made in 1966.

In fiscal year 1974, the MAAG was authorized a staff of 13 U.S. and 3 local nationals. Little attempt was being made to conduct end-item inspections and the MAAG position was that the periodic inventory submitted by Italy satisfied

the requirements. According to MAAG officials, their policy was to submit reports to the MAAG chief when inspections were made. Such inspections were conducted on an informal basis, usually in conjunction with visits which were made to Italian military bases for other purposes.

The Secretary of State directed the MAAG in March 1973 to informally approach Italy about purchasing residual rights to MAP-provided equipment. The Italians were informed that they would be

- relieved from supervision and reporting requirements,
- free to modify or cannibalize the equipment,
- under no obligation to return the material to the United States, and
- allowed to retain all proceeds from disposal.

The only restrictions were that the material could not be transferred to third countries or private individuals without U.S. approval. In addition, the United States would have first right of repurchase.

At the time of our review in 1974, no formal action had been taken on sale of reversionary rights.

Japan

The United States delivered to Japan about \$855 million in grant military assistance and \$175 million of excess defense articles before the program was terminated there in 1967. According to the Mutual Defense Assistance Office, about \$850 million of the equipment still remains in Japan. The office was authorized a staff of seven U.S. military, five U.S. civilians, and five local nationals in fiscal year 1974.

The Office's MAP functions have been minimal since 1969, when U.S. military service components in Japan were tasked to work with their counterparts in the Japan Self Defense Forces. Its officials stated that their primary MAP functions involve administering the turn-in program of military hardware previously granted to Japan. They also stated that MAP end-item inspections were made by temporary-duty teams from U.S. military services in Japan; therefore,

Office efforts in this regard essentially involved reviewing reports submitted by Japan on unused or inoperable equipment and taking action for the return of these items to the U.S. Government. The temporary teams made end-item inspections irregularly but more or less annually. There have been no reports of improper use of equipment in the past several years.

Philippines

The Philippines received \$557 million in U.S. grant military aid from 1950 through 1974, including about \$91 million in excess defense articles. The Joint U.S. Military Advisory Group's authorized staff for fiscal year 1974 was 59 U.S. and 6 local nationals.

In June 1974 only about 4 percent of the Group's total time was devoted to end-item inspections, and the inspections were generally limited to major items located in areas accessible to the Group. Significant amounts of MAP-provided equipment was reportedly located in troubled areas where the Philippine Government and the U.S. Embassy prohibited visits.

Group personnel indicated that the bulk of their efforts on end-item inspections involved reviewing Philippine armed forces reports on inoperable equipment to identify problem areas and screen equipment requisitions. Therefore, the end-item inspection process provided only a limited review of equipment use and little control over unauthorized disposition of equipment.

Saudi Arabia

Saudi Arabia received about \$32 million in MAP materiel and training aid and excess defense articles from 1953 through 1965, when grant materiel assistance was terminated. Thereafter, Saudi Arabia has received \$4.7 million in MAP training assistance. In fiscal year 1974, the U.S. Military Training Mission in Saudi Arabia was authorized a permanent staff of 135 U.S. and 6 local nationals.

The Mission is oriented principally to military sales rather than to grant military aid. The fact that only about 0.3 percent of its time is devoted to end-item inspections indicates that such inspections are nonexistent or, at best, minimal. This may be due in part to the fact that grant materiel aid was terminated 10 years ago and amounted to only about \$23 million.

The end-item inspection process basically consists of keeping track of old MAP equipment, such as spare parts for inoperative F-86 aircraft. According to Mission officials, one T-33 trainer aircraft and some F-86 aircraft are the only MAP-provided equipment left in Saudi Arabia. However, the T-33 aircraft has not been reported in MAP assets since 1969 and full title to eight MAP-provided F-86s was transferred to Saudi Arabia in May 1965. Thus, Mission officials stated there is no MAP-provided equipment left in Saudi Arabia on which end-item inspections are required.

Spain

The United States delivered about \$712 million in MAP grant aid and excess defense articles through 1974. Materiel grants were terminated in fiscal year 1974. The MAAG was staffed with 31 U.S. personnel in fiscal year 1974.

The MAAG reportedly makes regular end-item inspections of MAP-provided equipment and attempts to visit each Spanish unit once during a 2- to 3-year cycle. However, not all MAAG sections maintain accurate and complete inventories of MAP equipment remaining in-country. Therefore, visits may disclose proper use and maintenance but do not serve as a means of accountability over U.S. equipment. Some MAAG officials felt that end-item inspection visits were important as a means of visiting Spanish units on an operational level and for expressing U.S. interests in Spain.

MAP equipment has been provided as payment for base rights, which raised some issues concerning the right of the United States to make end-item inspections. This point was cleared up about 2 years ago when MAAG officials explained to Spanish officials the U.S. legal requirement for end-item inspections. Since then, we were advised that Spain has cooperated fully in this respect and has supplied some equipment inventory lists and permitted end-item inspections.

In fiscal year 1973, almost \$7 million in MAP-provided equipment was declared excess in Spain. The proceeds from the sale of this equipment were about \$40,000, or less than 1 percent of acquisition value. The proceeds on sales of excess equipment in fiscal year 1972 was only about 1.2 percent of acquisition value.

Spain, at the time of our review, had not been approached on purchasing all residual rights of MAP-provided equipment. However, the country team plans to discuss the matter during current renegotiations of the base rights agreement.

Zaire

The United States provided a total of about \$32 million in MAP grant aid and excess defense articles to Zaire from 1963 through fiscal year 1974. About \$1.5 million of this total represents training assistance from 1970, when grant materiel aid was terminated. The MAAG was authorized a staff of 20 U.S. military and 6 local nationals in fiscal year 1974.

One of the MAAG's major functions in past years was making end-item inspections of MAP-provided equipment. These inspections were sharply curtailed in July 1973 with the reassignment of the MAAG aircraft. During the first 5 months of 1973, 15 field trips were made, mostly for end-item inspections, but only two trips were made in the following 12 months. We were advised that incountry travel without an airplane was extremely difficult due to the inadequacy of Zaire's road system and other modes of transportation.

According to a MAAG official most of the MAP-provided equipment is in poor condition; is at least 4 years old, and Zaire has not purchased repair parts for it.

CONCLUSION

End-item utilization inspections of MAP-provided defense articles have been made irregularly in many countries and with no accurate inventories of items to be inspected. These inspections were somewhat superficial in nature, since they consisted principally of random sightings of equipment made in conjunction with visits to military bases for other purposes.

Monitoring the use of MAP-provided equipment varied from country to country and, to some extent, depended on recipient countries' willingness to fully comply with the terms of their agreements with the United States. The ability of MAAG or other Defense personnel to monitor the use of U.S. defense articles depends largely on the rapport these personnel have with host country military organizations. In this type of environment, the transfer of U.S. defense articles to third countries probably could go undetected.

The Departments of State and Defense have no formal procedures or mechanisms for detecting whether U.S.-furnished defense articles are transferred to third countries without the required prior approval of the President.

U.S. personnel become aware of illegal transfers through accidental discovery. Once discovered, violations are to be reported to the Departments of State and Defense for corrective action. This action would involve diplomatic contacts or perhaps a note to the country's ambassador explaining the situation and asking that it be stopped. Further corrective action would involve terminating assistance to the transferring country as required by the Foreign Assistance Act, section 505(d), and the Foreign Military Sales Act, section 3(c). However, we observed no instances where these actions had been taken.

The Foreign Assistance Act requires that MAP-furnished defense articles be returned to the U.S. Government by the recipient country when such articles are no longer needed. The conditions or ages of the articles may preclude redistribution, in which case they could be disposed of incountry as scrap.

Since MAP started in 1950, it is conceivable that some of the defense articles such as aircrafts, tanks, ships, and other major items, have been in use for nearly 25 years; 77 percent of the MAP and excess provided equipment and parts were delivered more than 9 years ago. Thus, except for scrap value, the usefulness to the United States of this obsolescent or obsolete equipment is questionable; nevertheless, the requirement exists that end-item utilization reports and inspections be made as long as MAP recipients have physical custody of the equipment.

MATTER FOR CONSIDERATION OF THE COMMITTEE

Section 17(b) of the Foreign Assistance Act of 1974 directed the President to "submit to the first session of the 94th Congress a detailed plan for the reduction and eventual elimination of the present military assistance program." During forthcoming consideration of foreign assistance authorization, the Committee may wish to amend the act to require a country-by-country plan for the eventual disposition of MAP-provided equipment. The plan should include the time frame for disposition and method; i.e., return to U.S. inventory, use to meet MAP requirements elsewhere, sale of reversionary rights, sale for scrap value, or transfer of title as a gift.

THOMAS E. MORROW, PA. CHAIRMAN

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B-183189

Honorable Elmer B. Staats
Comptroller General
General Accounting Office
441 G Street, N.W.
Washington, D.C. 20548

Dear Mr. Staats:

As you know, the Committee on Foreign Affairs will soon commence consideration of Fiscal Year 1976 Foreign Assistance Authorization legislation. Shortly thereafter, in accordance with the Budget and Impoundment Control Act of 1974, the Committee must begin work on such legislation for Fiscal Year 1977. One of the major tasks facing the Committee with respect to this legislation is the formulation of the future course of United States security assistance and foreign military sales programs.

In order that the Committee may have the information needed to act on forthcoming legislation, it is hereby requested that the General Accounting Office conduct the following studies:

I. Military Assistance Advisory Group (MAAG) Operations in Developing Countries

- A. Are MAAGs necessary to carry out the provisions of the Foreign Assistance Act with respect to U.S. grant military aid programs?
- B. Could other U.S. officials assigned to diplomatic missions in such countries, or TDY teams from the nearest major command, perform MAAG functions--especially end-item utilization inspections?

II. End-Item Utilization Procedures

- A. How frequent and effective are end-item utilization inspections?
- B. What is the degree of cooperation offered by the host country?

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Congress of the United States
Committee on Foreign Affairs
House of Representatives
Washington, D.C. 20515

February 5, 1975

- C. What procedures are followed to insure that U.S. furnished defense articles are not being transferred to third countries without prior approval of the President?

III. Excess Defense Articles Program

- A. What types of excess defense articles have been generated overseas and how have they been utilized?
- B. What quantity of excess defense articles will become available over the next three years?
- C. How should these excesses be disposed of in the event that grant military assistance programs are terminated or substantially reduced?

IV. Life Cycles of Major Defense Articles Furnished by the U.S.

This information will be useful in determining how long and under what procedures the United States should continue to furnish recipient countries with spare parts and other items necessary to maintain such equipment.

V. Effect of Military Assistance Program (MAP) Deliveries on U.S. Defense Needs

- A. Have such deliveries caused U.S. forces to suffer shortages?
- B. If so, what types of equipment shortages have resulted?

VI. Survey of Security Supporting Assistance Programs

- A. For what purposes has such assistance been given?
- B. Are the objectives of such assistance being met?
- C. What additional types of financial, economic and other assistance are being furnished to recipient countries?
- D. What is the relationship between security supporting assistance and the military assistance and sales aspects of the overall security assistance program?
- E. What is the relationship of such assistance to development programs financed by the United States or other sources?

VII. U.S. Military Co-production and Licensing Arrangements in Foreign Countries

- A. What degree of control does the United States retain under such arrangements?
- B. What impact do such arrangements have on employment in the United States?

I would, of course, appreciate any suggestions and recommendations you consider appropriate to the above proposed studies.

If, during the course of your investigations, further guidance is required, please contact Marian A. Czarnecki, Chief of Staff of the Committee, or John J. Brady, Jr. and Robert K. Boyer, Staff Consultants.

Thank you for your expeditious consideration of this request.

Sincerely yours,

James G. McGowan
Chairman

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