

APPENDIX M

FOREIGN MILITARY ASSISTANCE

Foreign military assistance is an integral part of the United States peacetime engagement strategy and directly contributes to American national security and foreign policy objectives. The principal components of the program are Foreign Military Sales (FMS), Foreign Military Financing (FMF), International Military Education and Training (IMET), and transfers of Excess Defense Articles (EDA). Drawdowns of defense assets, directed by the President in response to urgent requirements, are also administered under the auspices of the foreign military assistance program. All components of the foreign military assistance program enable friends and allies to acquire U.S. equipment, services, and training for legitimate self-defense and for participation in multinational security efforts.

Ongoing foreign military assistance efforts support the primary foreign policy goals of safeguarding American security, building American prosperity, and promoting American values. By enhancing the capabilities of U.S. friends and allies to address conflicts, humanitarian crises, and natural disasters, it is less likely that American forces will be called upon to respond to regional problems. Strengthening deterrence, encouraging defense responsibility sharing among allies and friends, supporting U.S. readiness, and increasing interoperability between potential coalition partners through the transfer of defense equipment and training help security partners defend against aggression and strengthen their ability to fight alongside U.S. forces in coalition efforts. Therefore, when American involvement becomes necessary, these programs help to ensure that foreign militaries can work more efficiently and effectively with ours rather than be hobbled by mismatched equipment, communications, and doctrine.

Foreign military assistance, particularly the IMET program, helps to promote the principles of democracy, respect for human rights, and the rule of law. In addition to making the world a safer place, the spread of democratic principles contributes to a political environment more conducive to the global economic development so critical to the nation's well-being. Thus, there is a genuine linkage between foreign military assistance programs and the day-to-day lives of Americans.

FOREIGN MILITARY SALES

The FMS program is the government-to-government method for selling U.S. defense equipment, services, and training. Sales in FY 2000 were approximately \$12.1 billion. Responsible arms sales further national security and foreign policy objectives by strengthening bilateral defense relations, supporting coalition building, and enhancing interoperability between U.S. forces and militaries of friends and allies. These sales also contribute to American prosperity by improving the U.S. balance of trade position, sustaining highly skilled jobs in the defense industrial base, and extending production lines and lowering unit costs for such key weapon systems as the M1A2 tank, F-16 aircraft, AH-64 helicopter, and F/A-18 aircraft.

The Department of Defense has launched a major effort to reform the current Foreign Military Sales system and ensure that this valuable program remains a credible foreign policy tool. The reform effort focuses on improving the FMS system's performance and adopting better business practices wherever possible. The framework of the reform effort was outlined in three white papers on process transparency; pricing, finance, and USG cost recovery; and arms/technology transfer. To improve transparency, the Department of Defense authorized routine release of the cost elements that determine the overall price of a sale. In addition, the Department of Defense is working with foreign governments and industry representatives to allow greater participation by the foreign purchaser in contract negotiations. The Department of Defense has proposed a legislative change in the area of pricing and USG cost recovery, which, if approved, would permit reimbursement of USG support to direct commercial sales. In addition, a performance based budgeting methodology for FMS administrative funds is being developed for implementation in FY 2002. To better serve industry and the foreign purchaser with licensing and disclosure issues, an ombudsman function has been established in the Defense Security Cooperation Agency.

FOREIGN MILITARY FINANCING

The principal means of ensuring America's security is through the deterrence of potential aggressors who would threaten the United States or its allies. Foreign Military Financing, the U.S. government program for financing through grants or loans the acquisition of U.S. military articles, services, and training, supports U.S. regional stability goals and enables friends and allies to improve their defense capabilities. Congress appropriates FMF funds in the Foreign Operations budget; the Department of State allocates the funds for eligible allies and friends; and the Department of Defense executes the program. As FMF helps countries meet their legitimate defense needs; it also promotes U.S. national security interests by strengthening coalitions with allies and friends, cementing cooperative bilateral military relationships, and enhancing interoperability with U.S. forces. Because FMF monies are used to purchase U.S. military equipment and training, FMF contributes to a strong U.S. defense industrial base, which benefits both America's armed forces and American workers.

FMF grants in FY 2000 totaled \$4.79 billion, with the vast majority of funds earmarked to support the Middle East Peace Process. FMF is also being used to facilitate integration of Poland, Hungary, and the Czech Republic into NATO and to continue support of the Partnership for Peace (PfP) program. Specifically, PfP participating countries receive funding under the Warsaw Initiative to help them enhance their interoperability with NATO, improve their compatibility with and understanding of NATO practices and terminology, and participate in PfP exercises. It is also being used to sustain small defense and maritime forces promoting peace and security in the Caribbean island nations, to support worldwide demining, and to bolster the capabilities of African nations to respond to limited peace and humanitarian missions on the continent.

INTERNATIONAL MILITARY EDUCATION AND TRAINING

The IMET program is perhaps the most cost-effective (\$49.8 million in FY 2000) foreign military assistance program. Last year, it supported grant military education and training for more than 9,000 foreign military and civilian defense personnel. Indeed, over half a million foreign personnel have been trained through IMET sponsorship over the past three decades. By attending courses and programs in the United States, future leaders of foreign defense and defense-related establishments are exposed to U.S. values, including respect for human rights, democratic institutions, and the role of a professional military under civilian control. Since 1991, the IMET program has expanded to nearly 30 new countries, primarily in Central Europe and the New Independent States of the former Soviet Union.

The IMET program fosters military-to-military relations and promotes military professionalism, both of which are key to the ability to conduct combined operations quickly and effectively and to enhance the self-defense capabilities of U.S. friends and allies. The regional commanders in chief rely on IMET as a key part of their engagement plans. IMET also trains small-unit and field commanders in the conduct of operations that are both effective and respectful of the rights of combatants and non-combatants. IMET courses fall into three categories: 50 percent Professional Military Education (e.g., Command and General Staff College); 30 percent Expanded IMET (e.g., Civil-Military Relations); and 20 percent technical training (e.g., aircraft engine repair).

Under Expanded IMET (E-IMET), international military and civilian students increase their ability to absorb and maintain basic democratic values by addressing issues of military justice, respect for internationally recognized human rights, effective management of defense resources, and improved civil-military relations. E-IMET is a major component of the U.S. engagement strategy in such places as Central America, Africa, and the New Independent States.

The IMET program remains one of DoD's highest priority foreign military assistance programs, and its effective implementation is one of the U.S. Military Departments' most important international missions. It is one of the least costly and most effective programs for maintaining U.S. influence and assisting countries in their transitions to functioning democracies.

Military Assistance Programs						Table M-1
Program	FY 1996	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001^a
FMS (\$B)	10.5	8.8	8.6	12.2	12.1	12.8
FMF Grants (\$B)	3.28	3.22	3.3	3.4	4.78	3.55
FMF Loans (\$M)	544	297.5	100	0	0	0
IMET (\$M)	39	43.46	50	50	49.8	55
EDA Grants (\$M) ^b	615	341	273	350	314	^c
EDA Sales (\$M) ^b	270	69	160	669	119	^c
^a Estimated						
^b EDA figures reflect current value at time of notification.						
^c EDA transfers are not projected for future years.						

DRAWDOWN AUTHORITIES

Under Section 506 of the Foreign Assistance Act, the President can draw down defense articles from DoD inventories and provide defense services and military education and training to foreign governments and international organizations, on a grant basis. This authority is used primarily in response to military emergencies or to provide assistance for international narcotics control, international disaster relief, and refugee assistance. In 2000, drawdowns totaling \$80.6 million were authorized in support of such efforts as disaster relief for southern Africa, peacekeeping in Sierra Leone, humanitarian assistance in Venezuela due to mudslides, and establishing a program to support a transition to democracy in Iraq.

EXCESS DEFENSE ARTICLES

Excess Defense Articles are the defense materiel, other than construction equipment, in excess of Approved Force Acquisition Objectives and Approved Force Retention Stock levels at the time such articles are dropped from the DoD inventory. EDA articles may be sold to eligible countries and international organizations under the FMS program, or transferred on a grant basis under Section 516 of the Foreign Assistance Act. EDA transfers enable the United States to meet its foreign policy goals by helping allies and friends improve their defense capabilities and, at the same time, benefit the military departments by relieving them of the costs resulting from the demilitarization and disposal of excess equipment. In FY 2000, EDA transfers totaling \$433 million (the current value of the equipment) were approved. Turkey, Jordan, Greece, Egypt, Israel, and Poland were the largest recipients of EDA offers consisting of such items as ships, aircraft, vehicles, and helicopters.

PEACEKEEPING

The number of situations requiring peacekeeping operations has risen dramatically in the past few years. Various elements of foreign military assistance can provide support to peacekeeping operations in a variety of ways. Military equipment and services, including training, may be provided to individual countries or international organizations participating in selected regional peacekeeping operations through security assistance sale and lease programs or grant authorities. During FY 2000, military equipment and services were provided to nations contributing to peacekeeping efforts in Bosnia, Kosovo, and East Timor. The United Nations has also obtained a variety of military and support equipment on reimbursable leases and purchase agreements in support of peacekeeping programs in these troubled regions.

CONCLUSION

Changes in the international security environment will continue to provide challenges for the foreign military assistance program. In many regards, the foreign military assistance mission has grown in scope and complexity with the expanded involvement of DoD in regional policy issues and coalition defense and with the growth of high visibility, nontraditional military assistance efforts in support of peacekeeping and demining. An effective foreign military assistance program, supporting U.S. national security interests and foreign policy objectives, remains a key part of U.S. security strategy. These programs work directly for the U.S. taxpayer, producing national security and economic benefits that far exceed the money spent, are important to the foreign policy agenda, and represent good investments in a future international environment friendly to American interests.