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4/171-12/31/71

THE WHITE HOUSE
WASHINGTON

ACTION
28925
June 22, 1971

~~SECRET~~

MEMORANDUM FOR THE PRESIDENT

FROM: Henry A. Kissinger *HK*

SUBJECT: Determination to Allow Grant Military Assistance to Iran

Last fall when the Cooper-Church Amendment was stalling the Foreign Military Sales Act, the annual \$100 million sales program to Iran was shifted to the Export-Import Bank so that continuation of credits for Iran would be assured if the legislation failed. To accomplish that shift, Iran was reclassified under existing legislation as an economically developed country. That change then brought the small continuing grant military assistance program (\$2.4 million primarily for military training) under a prohibition in the Foreign Assistance Act against grant military assistance to developed countries. In time, it will be logical to remove Iran from the grant list. However, to do so now would be to damage this relationship for no good reason.

Therefore, for FY 1971 it is necessary for you to wave the restriction in the Foreign Assistance Act. OMB Director George Shultz and Secretary Rogers recommend in the attached memoranda that you make this waiver.

RECOMMENDATION: That you sign the waiver at the signature tab.

APPROVED FOR PRESIDENTIAL SIGNATURE

[Handwritten Signature]
Name Henry A. Kissinger

Date 6/22/71

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E.O. 12958, as amended
June 21, 2006

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11/71-12/31/71

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THE SECRETARY OF STATE
WASHINGTON

May 28, 1971

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Determination and Authorization under Section 614(a) of the Foreign Assistance Act of 1961, as Amended, Permitting the Furnishing of Defense Services to Iran on a Grant Basis

Discussion:

We propose to furnish Iran an amount not to exceed \$2,433,000 out of funds made available in the FY 1971 military assistance program. These funds will permit us to fulfill our undertaking to provide Iran assistance on a grant basis consisting of military training and support of our military mission there.

This modest assistance program performs two key functions: it supports the United States Military Assistance Advisory Group (ARMISH/MAAG) in Iran, and it permits the training of the Iranian military in the United States and in Iran. Both of these functions contribute to the strength of the Iranian Armed Forces and to the ability of Iran to play a role in the maintenance of stability in the Middle East.

It is important to United States interests to continue to have Iran as a strong, stable and reliable friend in the turbulent Middle East. Iran is a firm ally which continues to take a positive and cooperative attitude towards the achievement of common objectives in an area of political instability.

ARMISH/MAAG is our principal vehicle for counselling the Iranian Armed Forces on all aspects of their modernization and rationalization. Although Iran now has the capability to purchase its military equipment requirements,

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the Iranian Armed Forces are still in need of expert advice and counsel on a multitude of organizational, maintenance and support functions. ARMISH/MAAG has this mission. It provides needed expertise in the area of general military operations, force planning, training and the use of modern weaponry and techniques.

It is also in our interest to provide training in the United States and in-country to officers and men of the Iranian Armed Forces. Recent surveys of the status of the Iranian Armed Forces, including a GAO report on Military Assistance Training, have pointed up a pressing need for more pilots and technical officers as well as supervisory personnel in the enlisted grades. It is therefore advisable to continue a training program to ensure that the Iranian Armed Forces have a sufficient number of technicians to maintain an adequate degree of operational readiness.

The CONUS training plus the presence of ARMISH/MAAG combine to give the United States a position of friendship and influence vis-a-vis the Iranian Armed Forces which we value highly. As concerns FY 71 we have already undertaken to make available \$2,433,000 in grant military assistance. The recent oil settlement in Tehran is expected to increase significantly Iranian foreign exchange receipts. Iran's ability to sustain an increasing share of its defense burden is manifest. In future fiscal years it is our intent therefore to reduce substantially MAP grant assistance to Iran. Withholding the sum under reference, however, would be considered a failure on our part to fulfill a firm undertaking and would have adverse effects on Iranian planning.

Legal Aspects:

Section 620(m) of the Foreign Assistance Act of 1961, as amended, states that grant assistance shall not be furnished "to any economically developed nation capable of sustaining its own defense burden and economic growth." Iran is now considered to be subject to the prohibition of Section 620(m).

Section 614(a) of the Act permits a Presidential waiver of restrictions on furnishing assistance imposed

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under the Act, including the restriction of Section 620(m), when the President determines that such authorization is important to the security of the United States.

In light of considerations discussed above, I believe it would be appropriate for you to determine, under the authority of Section 614(a), that the provision of \$2,433,000 in grant military assistance to Iran is important to the security of the United States and authorize the provision of this assistance without regard to the requirements of Section 620(m).

Recommendation:

I recommend that you sign the attached determination and authorization, pursuant to Section 614(a) of the Foreign Assistance Act, to permit the grant of \$2,433,000 in military assistance to Iran in fulfillment of the FY 1971 program.


William P. Rogers

Enclosure:

Presidential Determination.

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