

Congressional Budget Justification

FOREIGN ASSISTANCE

Title IV Supporting Information

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Estimating Foreign Military Sales

Foreign Military Sales (FMS) policies derive from U.S. statutes, Presidential directives, and policies of the Departments of State and Defense. The U.S. offers to sell defense articles and services (including training) under FMS procedures only in response to specific requests from authorized representatives from foreign governments or eligible international organizations.

The following table is in two parts. The first part shows the total dollar value by country of government-to-government FMS Letters of Offer and Acceptance (LOAs) signed in FY 2007, regardless of when the articles and services were or will be delivered.

The second part shows the estimated dollar values projected for FY 2008 and FY 2009. These estimates were derived through:

- a. An analysis of each country's historical FMS sales record (past 10 years).
- b. Development of an adjusted mean plus or minus one standard deviation -based range of likely sales for each country.
- c. In-depth, multi-tiered evaluation of each item contained on individual country lists of potential sales (based on inputs by the Security Assistance Offices and reviewed by DSCA Regional Directorates). Each entry is evaluated for:
 - (i) Likelihood of sale, in and of itself, to be made in the year listed.
 - (ii) Likelihood that the sale will go FMS and not Direct Commercial Sales (DCS).
 - (iii) Release considerations, if any, associated with the item and likelihood for approval and a FMS sale after completion of the accompanying thorough, and often lengthy, U.S. Government review process.
 - (iv) A judgment of how essential the listed military equipment of defense service is to the country's defense needs.
 - (v) Whether the country's foreign procurement budget, as a whole, is adequate to fund the listed item in its entirety or possibly, at a lesser amount of quantity and dollars.
 - (vi) Whether the funding required to make the purchase will in fact be approved by the purchasing country's budget process.
- d. Consideration of potential economic and political/military factors over the time frame concerned.

Each phase of the FMS LOA request / offer / acceptance process has many variables that make it difficult to determine exactly when--or even if --a particular sale may occur. Variance of one day in a purchasing country's acceptance of a single significant sales agreement could shift the recording of the transaction from one fiscal year to the next.

Foreign Military Sales & Construction Sales Agreements

(\$ in thousands)

	FY 2007 ACTUAL			ESTIMATED	
	DEFENSE ART/SERV	CONSTR/ DESIGN	TOTAL	FY 2008	FY 2009
Africa:					
African Union	0	0	0	0	0
Angola	200	0	200	0	0
Botswana	115	0	115	3,000	2,000
Cameroon	250	0	250	0	0
Cape Verde	0	0	0	0	0
Chad	100	0	100	0	0
Congo (Kinshasa)	1,464	0	1,464	0	0
Djibouti	1,372	0	1,372	1,800	2,600
Eritrea	0	0	0	0	0
Ethiopia	3,200	0	3,200	700	3,500
Gabon	0	0	0	0	0
Gambia	0	0	0	0	0
Ghana	810	0	810	250	300
Guinea	0	0	0	100	300
Kenya	3,853	0	3,853	180	200
Liberia	280	0	280	1,780	5,100
Madagascar	0	0	0	0	0
Malawi	0	0	0	0	0
Mozambique	694	0	694	0	0
Niger	0	0	0	0	0
Nigeria	724	0	724	4,000	2,000
Rwanda	0	0	0	0	0
Sao Tome & Principe	0	0	0	0	0
Senegal	1,565	0	1,565	0	0
Seychelles	0	0	0	0	0
Sierra Leone	300	0	300	0	0
South Africa	0	0	0	0	0
Swaziland	203	0	203	0	0
Togo	0	0	0	0	0

Foreign Military Sales & Construction Sales Agreements

(\$ in thousands)

	FY 2007 ACTUAL			ESTIMATED	
	DEFENSE ART/SERV	CONSTR/ DESIGN	TOTAL	FY 2008	FY 2009
Uganda	0	0	0	0	0
Zambia	0	0	0	0	0
Regional Total	15,130	0	15,130	11,810	16,000
Western Hemisphere:					
Antigua-Barbuda	299	0	299	0	0
Argentina	38,188	0	38,188	7,500	0
Bahamas	0	0	0	0	25
Belize	163	0	163	3,960	0
Brazil	75,579	0	75,579	155,000	0
Canada	1,304,576	0	1,304,576	300,000	150,000
Chile	13,916	0	13,916	73,000	
Colombia	435,617	4,046	439,663	259,200	121,100
Dominica	50	0	50	0	306
Dominican Republic	250	0	250	0	0
Ecuador	648	0	648	135	0
El Salvador	6,290	0	6,290	1,500	3,100
Grenada	115	0	115	0	306
Guatemala	250	0	250	100	100
Guyana	0	0	0	0	0
Haiti	835	0	835	400	300
Honduras	598	0	598	1000	1300
Jamaica	1,039	0	1,039	500	0
Mexico	957	0	957	0	0
Nicaragua	744	0	744	1,150	500
Panama	1,689	0	1,689	648	648
Paraguay	0	0	0	0	0
Peru	0	0	0	2,940	0
St. Kitts and Nevis	195	0	195	0	306
St. Lucia	545	0	545	0	306

Foreign Military Sales & Construction Sales Agreements

(\$ in thousands)

	FY 2007 ACTUAL			ESTIMATED	
	DEFENSE ART/SERV	CONSTR/ DESIGN	TOTAL	FY 2008	FY 2009
Suriname	0	0	0	0	300
Trinidad & Tobago	0	0	0	0	0
Uruguay	759	0	759	250	
Regional Total	<u>1,883,302</u>	<u>4,046</u>	<u>1,887,348</u>	<u>807,283</u>	<u>278,597</u>
East Asia & Pacific:					
Australia	3,058,947	0	3,058,947	458,000	1,955,700
Brunei	0	0	0	2,000	0
Cambodia	1,084	0	1,084	50	100
East Timor	527	0	527	0	0
Fiji	0	0	0	0	0
Indonesia	22,343	0	22,343	38,000	562,840
Japan	315,433	0	315,433	123,800	789,391
Korea (Seoul)	839,831	0	839,831	403,095	996,977
Malaysia	25,428	0	25,428	0	0
Mongolia	5,033	185	5,218	11,870	2,790
New Zealand	17,336	0	17,336	0	0
Rep of Philippines	125,502	0	125,502	133,078	189,910
Singapore	116,407	16,992	133,399	419,450	76,400
Thailand	88,439	0	88,439	20,336	2,800
Tonga	1,083	0	1,083	50	100
Regional Total	<u>4,617,393</u>	<u>17,177</u>	<u>4,634,570</u>	<u>1,610,129</u>	<u>4,577,008</u>
Europe:					
Albania	2,852	0	2,852	3,650	5,000
Armenia	7,181	0	7,181	5,400	2,600
Austria	468	0	468	2,000	2,000
Azerbaijan	4,542	0	4,542	3,900	2,900
Belgium	86,322	0	86,322	18,200	32,400
Bosnia-Herzegovina	10,648	0	10,648	9,450	8,000
Bulgaria	21,495	0	21,495	20,700	15,000

Foreign Military Sales & Construction Sales Agreements

(\$ in thousands)

	FY 2007 ACTUAL			ESTIMATED	
	DEFENSE ART/SERV	CONSTR/ DESIGN	TOTAL	FY 2008	FY 2009
Croatia	0	0	0	1,800	1,200
Czech Republic	4,670	0	4,670	3,425	3,000
Denmark	28,027	0	28,027	49,900	60,400
Estonia	5,254	0	5,254	6,642	7,400
Finland	262,173	0	262,173	5,300	168,100
France	89,732	0	89,732	33,600	15,100
Georgia	81,692	0	81,692	17,350	13,000
Germany	165,037	0	165,037	173,600	347,033
Greece	222,422	0	222,422	260,034	481,655
Hungary	4,710	0	4,710	2,000	9,100
Iceland	0	0	0	8,110	0
Ireland	290	0	290	535	361
Italy	49,986	0	49,986	55,500	75,000
Latvia	6,433	0	6,433	3,931	1,061
Lithuania	9,072	0	9,072	1,800	2,800
Luxembourg	640	0	640	160	0
Macedonia	4,734	0	4,734	7,200	8,900
Malta	0	0	0	8,000	0
Moldova	890	0	890	400	1,000
Montenegro	0	0	0	0	650
Netherlands	417,154	0	417,154	21,000	64,360
Norway	720,223	0	720,223	133,700	90,000
Poland	16,459	0	16,459	17,000	31,000
Portugal	28,337	0	28,337	28,200	11,000
Romania	41,183	0	41,183	18,400	28,450
Serbia, Rep of	126	0	126	300	400
Slovakia	2,929	0	2,929	5,085	3,177
Slovenia	1,514	0	1,514	1,800	1,000
Spain	144,568	0	144,568	230,237	32,570
Sweden	6,083	0	6,083	9,700	1,200
Switzerland	45,157	0	45,157	500,000	0

Foreign Military Sales & Construction Sales Agreements

(\$ in thousands)

	FY 2007 ACTUAL			ESTIMATED	
	DEFENSE ART/SERV	CONSTR/ DESIGN	TOTAL	FY 2008	FY 2009
Turkey	2,033,629	0	2,033,629	499,932	293,090
Ukraine	20,602	0	20,602	15,000	17,000
United Kingdom	375,383	805	376,188	120,920	77,520
Regional Total	<u>4,922,617</u>	<u>805</u>	<u>4,923,422</u>	<u>2,303,861</u>	<u>1,914,427</u>
Near East Asia:					
Bahrain	213,921	0	213,921	25,000	0
Egypt	485,067	28,834	513,901	2,796,556	1,300,000
Iraq	1,416,752	293,409	1,710,161	3,300,000	3,000,000
Israel	1,065,541	72,326	1,137,867	2,259,200	3,300,000
Jordan	360,651	0	360,651	203,000	200,000
Kuwait	90,452	0	90,452	260,700	0
Lebanon	40,154	0	40,154	125,737	62,000
Morocco	42,303	0	42,303	25,000	74,485
Oman	39,700	0	39,700	32,800	100,700
Qatar	0	0	0	0	0
Saudi Arabia	1,715,289	0	1,715,289	1,415,533	1,079,000
Tunisia	8,276	0	8,276	19,630	20,630
United Arab Emirates	1,639,445	0	1,639,445	1,076,000	365,000
Yemen	14,056	2,732	16,788	12,725	23,003
Regional Total	<u>7,131,607</u>	<u>397,301</u>	<u>7,528,908</u>	<u>11,551,881</u>	<u>9,524,818</u>
South Asia:					
Afghanistan	0	0	0	6,358,000	0
Bangladesh	0	0	0	3,500	0
India	92,334	0	92,334	1,016,686	55,000
Kazakhstan	1,495	0	1,495	8,000	8,000
Kyrgyz Republic	872	0	872	4,000	1,000
Nepal	200	0	200	0	0
Pakistan	187,156	0	187,156	155,000	200,000
Sri Lanka	310	0	310	0	0

Foreign Military Sales & Construction Sales Agreements

(\$ in thousands)

	FY 2007 ACTUAL			ESTIMATED	
	DEFENSE ART/SERV	CONSTR/ DESIGN	TOTAL	FY 2008	FY 2009
Tajikistan	1,096	0	1,096	500	0
Turkmenistan	1,513	0	1,513	800	100
Uzbekistan	0	0	0	0	0
Region Total	<u>284,976</u>	<u>0</u>	<u>284,976</u>	<u>7,546,486</u>	<u>264,100</u>
Non-Regional:					
Classified Totals (A)	163,583	0	163,583	3,033,750	2,090,250
International Org.	83,855	0	83,855	34,800	34,800
Non-Regional Total	<u>247,438</u>	<u>0</u>	<u>247,438</u>	<u>3,068,550</u>	<u>2,125,050</u>
Worldwide Total	19,102,462	419,330	19,521,792	26,900,000	18,700,000

Note: Totals May Not Add Due To Rounding.

(A) For Further Information, Please See Classified Annex To This Document.

Foreign Military Sales Administrative Costs

Foreign Military Sales Administrative Costs

The Foreign Military Sales (FMS) program is implemented, for the most part, by the same Department of Defense personnel who work in the military departments and defense agency procurement, logistics support and administrative organizations established to carry out DoD's requirements for procurement and support of weapons, equipment, supplies and services needed by our Army, Navy, Air Force and Marines. A small number of fully dedicated security assistance organizations and personnel are also employed by the military departments and defense agencies in accomplishing the FMS mission. This integration of FMS provides organizational efficiencies and procurement cost economies to both the U.S. and the FMS customer countries.

The Arms Export Control Act (AECA) requires that the costs of implementing FMS be paid by FMS customer countries. To satisfy this requirement, an "administrative surcharge" of three point eight per cent (3.8%) is applied to FMS cases written on or after August 1, 2006. For cases that were written between June 1, 1999 and July 31, 2006 a two and half percent (2.5%) surcharge was applied. These administrative funds collected from the FMS customer are made available to the military departments and defense agencies to pay for their FMS administrative costs related to such functions as FMS case preparation (including preparation of price and availability estimates/information), sales negotiations, case implementation and execution, procurement, program control, ADP operations, accounting, budgeting and other financial program management. Operating costs of overseas Security Assistance Organizations (SAOs) relating to support of the FMS programs are also financed from FMS administrative funds. DSCA administers an annual budget process to develop estimated funding requirements and establish approved administrative funding levels.

The ceiling included in Foreign Operations, Export Financing and Related Programs Appropriations Act of 2008, is \$395 million on obligations of FMS administrative funds. Through a Congressional Notification dated 22 January 2008, the ceiling was increased to \$ 435 million. All FMS administrative budget obligations and expenditures are from FMS customers' funds that have been collected into the U.S. Treasury in the Foreign Military Sales Trust Fund account. There is no net outlay impact on the U.S. budget from the operations of the FMS administrative budget.

In FY 2009, \$470 million is required. DoD's FMS workload is significantly increasing as indicated by actual sales between FYs 2001-2005 in the \$10-13 billion range, FY 2006 and 2007 sales was over \$20 billion and anticipated sales for FY 2008 is in the \$26.9 billion range. Additionally, there are major infrastructure investments required, including Information Technology.

The following table shows FMS administrative budget amounts for FYs 2007-2009.

Foreign Military Sales Administrative Costs/Workyears
(\$ in millions)

	FY 2007 Actual		FY 2008 Estimate		FY 2009 Request	
	Workyrs	Dollars	Workyrs	Dollars	Workyrs	Dollars
Military Departments	2,334	233.248	2,306	283.819	2,102	286.008
Other Defense Activities	681	103.335	677	109.232	669	145.284
Overseas (Net)	395	36.417	394	41.949	399	38.708
Total	3,410	373.000	3,377	435.000	3,170	470.000

Overseas Military Program Management

United States military and civilian personnel are assigned to Security Assistance Organizations (SAOs) overseas to ensure effective planning and management of host country security assistance/cooperation programs. SAO personnel (including local national hires) serve under the authority of the Chiefs of U.S. Diplomatic Missions. Each SAO provides liaison between the Mission, the Department of Defense, and the host country defense establishment in security assistance/cooperation matters.

SAO personnel work closely with members of the host country defense establishment to develop and execute security assistance programs, such as Foreign Military Sales (FMS), Foreign Military Financing (FMF), and International Military Education and Training (IMET), among others. These programs are key to the development of a defense infrastructure capable of integrating U.S. weapons and support systems into the existing force structure. Professional military personnel exchanges and cooperative planning contribute to effective and efficient country security assistance/cooperation programs.

The Department of Defense reviews staffing authorizations in coordination with the Department of State, the Chiefs of U.S. Diplomatic Missions, and the Geographic Combatant Commands to ensure that SAOs are properly staffed to conduct their missions efficiently.

In FY 2008, separate SAOs will be assigned to 103 countries. In 12 additional countries, programs will be administered by augmentation personnel assigned to carry out security assistance management functions under the supervision of the Defense Attaché or other Mission staff. In other countries with which the U.S. maintains a security cooperation relationship, Defense Attaches and other Mission personnel manage the programs without augmentation personnel.

The following tables identify the security cooperation authorized staffing levels and associated costs at the conclusion of FY 2007 and the estimated levels for FY 2008 and FY 2009. Actual assigned strengths for FY 2007 and FY 2008 may be less than the authorized levels shown. Staffing requirements may change as individual country programs develop.

The following is a glossary of SAOs assigned to U.S. Diplomatic Missions overseas that manage host country security cooperation programs:

U.S. SECURITY ASSISTANCE ORGANIZATIONS (SAOs)

DAO	Defense Attaché Office
JUSMAG	Joint U.S. Military Assistance Group
JUSMAG-K	Joint U.S. Military Affairs Group - Korea
KUSLO	Kenya U.S. Liaison Office
MAP	Military Assistance Program
MDAO	Mutual Defense Assistance Office
ODC	Office of Defense Cooperation
ODR	Office of Defense Representative
ODRP	Office of Defense Representative – Pakistan
OMC	Office of Military Cooperation
OMC-E	Office of Military Cooperation - Egypt
OMC-K	Office of Military Cooperation – Kuwait

OSC	Office of Security Cooperation
SAAO	Security Assistance Augmentation Office
SAO	Security Assistance Organization
USLO	U.S. Liaison Office
USMAAG	U.S. Military Assistance Advisory Group
USMILGP	U.S. Military Group
USMLO	U.S. Military Liaison Office
USMTM	U.S. Military Training Mission - Saudi Arabia

Foreign Military Program Management – Costs (\$ in thousands)

	Org	FY 2007 Actual			FY 2008 Estimate			FY 2009 Proposed		
		FMF	FMS	Total	FMF	FMS	Total	FMF	FMS	Total
Africa:										
Angola	DAO	0	0	0	0	0	0	0	0	0
Benin	EMBASSY	16	0	16	17	0	17	17	0	17
Botswana	ODC	360	23	383	392	23	415	386	25	411
Cameroon	DAO	0	0	0	0	0	0	0	0	0
Cape Verde	EMBASSY	0	0	0	0	0	0	0	0	0
Chad	DAO	52	0	52	57	0	57	56	0	56
Cote d'Ivoire	DAO	0	0	0	0	0	0	0	0	0
Congo (Kinshasa)	DAO	34	0	34	87	0	87	36	0	36
Djibouti	USLO	200	242	442	216	234	450	213	258	470
Eritrea	USLO	10	0	10	11	0	11	11	0	11
Ethiopia	SAO	250	182	432	271	176	447	267	194	460
Gabon	EMBASSY	91	0	91	97	0	97	95	0	95
Ghana	ODC	350	21	371	380	21	401	374	23	397
Guinea	DAO	0	0	0	0	0	0	0	0	0
Guinea-Bissau	EMBASSY	0	0	0	0	0	0	0	0	0
Kenya	KUSLO	850	446	1,296	910	432	1,342	910	476	1,387
Lesotho	EMBASSY	0	0	0	0	0	0	0	0	0
Liberia	ODC	506	100	606	541	98	639	542	108	650
Madagascar	DAO	79	0	79	85	0	85	84	0	84
Malawi	EMBASSY	49	0	49	51	0	51	50	0	50
Mali	DAO	0	0	0	0	0	0	0	0	0
Mauritania	EMBASSY	0	0	0	0	0	0	0	0	0
Mozambique	DAO	0	0	0	0	0	0	0	0	0
Namibia	DAO	0	0	0	0	0	0	0	0	0
Niger	DAO	0	0	0	0	0	0	0	0	0
Nigeria	ODC	450	228	678	475	221	696	482	244	726
Rwanda	DAO	27	0	27	30	0	30	30	0	30
Sao Tome & Principe	EMBASSY	0	0	0	0	0	0	0	0	0
Senegal	ODC	370	67	437	390	66	456	394	72	466
Seychelles	EMBASSY	11	0	11	12	0	12	12	0	12
South Africa	ODC	353	100	453	385	98	483	379	108	487
Tanzania	DAO	23	0	23	25	0	25	25	0	25
Togo	EMBASSY	0	0	0	0	0	0	0	0	0
Uganda	DAO	36	0	36	39	0	39	38	0	38
Zambia	DAO	0	0	0	0	0	0	0	0	0
Zimbabwe	DAO	0	0	0	0	0	0	0	0	0
Regional Total		4,117	1,409	5,526	4,471	1,368	5,839	4,401	1,508	5,908
Western Hemisphere:										
Argentina	MILGP	195	259	454	213	250	463	210	275	485
Bahamas	USNLO	21	0	21	23	0	23	23	0	23
Belize	MLO	656	0	656	685	0	685	704	0	704
Bolivia	MILGP	67	72	139	73	70	143	72	77	149
Brazil	MLO	524	0	524	551	0	551	562	0	562
Canada	DAO	80	260	340	87	251	338	86	276	362
Chile	MILGP	0	121	121	0	119	119	0	131	131
Colombia	MILGP	100	375	475	109	363	472	107	400	507
Costa Rica	ODR	700	623	1,323	733	606	1,339	751	668	1,419
Dominican Republic	MAAG	641	0	641	689	0	689	688	0	688
Eastern Caribbean	MLO	452	79	531	476	77	553	485	85	570
Ecuador	MILGP	571	59	630	592	58	650	612	64	676
El Salvador	MILGP	300	69	369	327	67	394	322	74	396

Org	FY 2007 Actual			FY 2008 Estimate			FY 2009 Proposed			
	FMF	FMS	Total	FMF	FMS	Total	FMF	FMS	Total	
Western Hemisphere:										
Con't:										
Guatemala	MILGP	202	0	202	220	0	220	217	0	217
Guyana	MLO	18	0	18	20	0	20	20	0	20
Haiti	MLO	809	20	829	852	20	872	868	22	890
Honduras	MILGP	407	32	439	444	31	475	437	35	472
Jamaica	MLO	241	10	251	263	10	273	259	12	270
Mexico	ODC	491	150	641	535	145	680	527	160	687
Nicaragua	MLO	247	9	256	269	10	279	265	10	275
Panama	ODC	75	125	200	82	121	203	81	133	214
Paraguay	ODC	198	0	198	216	0	216	213	0	213
Peru	MAAG	372	0	372	405	0	405	399	0	399
Suriname	DAO	0	0	0	0	0	0	0	0	0
Trinidad & Tobago	MLO	80	0	80	87	0	87	86	0	86
Uruguay	ODC	228	13	241	249	13	262	245	15	260
Venezuela	MILGP	237	0	237	258	0	258	254	0	254
REGIONAL TOTAL		7,912	2,276	10,188	8,458	2,212	10,670	8,489	2,437	10,927
East Asia & Pacific:										
Australia	ODC	30	313	343	33	302	335	32	333	365
Cambodia	DAO	350	34	384	382	33	415	376	37	413
East Timor	SAO	193	0	193	210	0	210	207	0	207
Fiji	SAO	215	0	215	234	0	234	230	0	230
Indonesia	ODC	325	167	492	354	162	516	348	178	526
Japan	MDAO	188	1,068	1,256	195	1,141	1,336	192	1,148	1,339
Malaysia	ODC	151	336	487	160	325	485	157	358	516
Mauritius	EMBASSY	25	0	25	27	0	27	27	0	27
Mongolia	DAO	169	0	169	184	0	184	181	0	181
New Zealand	DAO	11	100	111	12	98	110	12	108	120
Philippines	JUSMAG	450	726	1,176	481	707	1,188	473	779	1,252
Singapore	ODC	15	655	670	16	639	655	16	705	720
South Korea	JUSMAG	309	1,238	1,547	337	1,207	1,544	332	1,331	1,662
Thailand	JUSMAG	569	604	1,173	595	587	1,182	586	647	1,233
Vietnam	DAO	63	0	63	69	0	69	68	0	68
REGIONAL TOTAL		3,063	5,241	8,304	3,289	5,201	8,490	3,237	5,622	8,860
Europe & Eurasia:										
Albania	ODC	196	45	241	214	44	258	211	48	259
Armenia	ODC	123	75	198	134	73	207	132	81	213
Austria	ODC	11	201	212	12	195	207	12	215	226
Azerbaijan	ODC	328	25	353	358	25	383	352	27	380
Belgium	ODC	73	658	731	80	640	720	79	706	784
Bosnia	ODC	171	147	318	186	143	329	183	158	341
Bulgaria	ODC	388	148	536	423	144	567	416	159	575
Croatia	ODC	392	0	392	427	0	427	420	0	420
Czech Republic	ODC	238	160	398	259	155	414	255	171	426
Denmark	ODC	50	452	502	55	439	494	54	484	538
Estonia	ODC	200	106	306	218	104	322	215	114	329
Finland	DAO	0	18	18	0	18	18	0	20	20
France	ODC	89	504	593	97	491	588	95	541	637
Georgia	ODC	350	48	398	382	47	429	376	51	427
Germany	ODC	92	1,062	1,154	100	1,087	1,187	98	1,163	1,261
Greece	ODC	667	1,376	2,043	707	1,410	2,117	716	1,482	2,198
Hungary	ODC	150	370	520	164	360	524	161	397	558
Italy	ODC	138	785	923	150	767	917	148	845	993
Kazakhstan	SAO	400	107	507	426	105	531	429	115	544
Kyrgyzstan	SAO	160	19	179	174	19	193	171	21	192

Org	FY 2007 Actual			FY 2008 Estimate			FY 2009 Proposed			
	FMF	FMS	Total	FMF	FMS	Total	FMF	FMS	Total	
Europe & Eurasia:										
Con't:										
Latvia	ODC	98	148	246	107	143	250	105	157	262
Lithuania	ODC	225	76	301	245	74	319	241	82	323
Luxembourg	EMBASSY	0	0	0	0	0	0	0	0	0
Macedonia	ODC	202	120	322	220	118	338	217	130	346
Malta	EMBASSY	21	0	21	23	0	23	23	0	23
Moldova	ODC	155	34	189	169	33	202	166	37	203
Netherlands	ODC	59	535	594	64	522	586	63	575	638
Norway	ODC	41	373	414	45	363	408	44	400	444
Poland	ODC	685	598	1,283	717	583	1,300	735	643	1,378
Portugal	ODC	200	632	832	218	617	835	215	680	894
Romania	ODC	320	57	377	349	56	405	344	62	405
Russia	DAO	413	20	433	450	20	470	443	22	465
Slovakia	ODC	140	162	302	153	159	312	151	175	325
Slovenia	ODC	206	86	292	225	85	310	221	93	315
Spain	ODC	27	521	548	29	508	537	29	560	589
Sweden	ODC	0	0	0	0	0	0	0	0	0
Switzerland	DAO	0	121	121	0	119	119	0	131	131
Tajikistan	SAO	150	48	198	164	47	211	161	51	213
Turkey	ODC	2,001	1,166	3,167	2,131	1,139	3,270	2,150	1,275	3,425
Turkmenistan	DAO	126	75	201	137	73	210	135	81	215
Ukraine	ODC	300	96	396	327	94	421	322	104	426
United Kingdom	ODC	20	262	282	22	255	277	22	281	302
Uzbekistan	SAO	158	53	211	172	52	224	169	58	227
REGIONAL TOTAL		9,763	11,489	21,252	10,533	11,323	21,856	10,478	12,391	22,870
Near East & South Asia:										
Afghanistan	OMC	86	87	173	94	86	180	93	618	710
Algeria	DAO	370	0	370	403	0	403	397	0	397
Bahrain	OMC	75	672	747	82	656	738	81	722	803
Bangladesh	ODC	207	88	295	226	86	312	222	95	318
Egypt	OMC	2,500	2,837	5,337	2,590	2,772	5,362	2,685	3,075	5,760
India	ODC	398	595	993	434	582	1,016	427	642	1,069
Iraq	OMC	18	0	18	500	850	1,350	1,449	1,571	3,020
Israel	DAO	110	258	368	120	250	370	118	275	393
Jordan	MAP	733	710	1,443	779	691	1,470	786	761	1,548
Kuwait	OMC	113	641	754	123	625	748	121	689	810
Lebanon	DAO	500	191	691	545	185	730	536	204	741
Morocco	ODC	384	327	711	419	318	737	412	351	763
Nepal	SAO	288	0	288	314	0	314	309	0	309
Oman	OMC	305	471	776	332	459	791	327	506	832
Pakistan	ODRP	800	150	950	872	655	1,527	1,085	319	1,404
Qatar	USLO	700	484	1,184	763	481	1,244	751	530	1,281
Saudi Arabia	USMTM	90	1,704	1,794	98	1,665	1,763	96	2,902	2,998
Sri Lanka	DAO	181	20	201	197	20	217	194	22	216
Tunisia	ODC	229	170	399	250	166	416	246	183	429
United Arab Emirates	USLO	90	812	902	98	792	890	96	873	970
Yemen	OMC	200	32	232	218	31	249	215	35	250
REGIONAL TOTAL		8,377	10,249	18,626	9,457	11,371	20,828	10,648	14,373	25,020
WORLDWIDE TOTAL		33,232	30,664	63,896	36,208	31,474	67,682	37,253	36,332	73,585

Overseas Military Program Management - Personnel Strengths

ORG.	FY 2007 ACTUAL				FY 2008 ESTIMATED				FY 2009 PROJECTED				
	MIL	CIV	LOCAL	TOTAL	MIL	CIV	LOCAL	TOTAL	MIL	LOCAL	FSN	TOTAL	
Africa:													
Botswana	ODC	2	0	1	3	2	0	1	3	2	0	1	3
Chad	DAO a/	0	0	1	1	0	0	1	1	0	0	1	1
Djibouti	USLO	1	0	2	3	1	0	2	3	1	0	2	3
Eritrea	USLO	1	0	0	1	0	0	0	0	0	0	0	0
Ethiopia	SAAO	3	0	1	4	3	0	1	4	3	0	1	4
Ghana	ODC	1	0	0	1	1	0	0	1	1	0	0	1
Kenya	KUSLO	4	2	1	7	4	1	2	7	5	0	2	7
Liberia	ODC	3	1	0	4	3	1	0	4	3	1	0	4
Namibia	EMB /b	0	0	0	0	0	0	0	0	0	0	0	0
Niger	DAO a/	0	0	1	1	0	0	1	1	0	0	1	1
Nigeria	ODC	3	0	1	4	3	0	1	4	3	0	1	4
Rwanda	DAO a/	0	0	0	0	0	0	0	0	0	0	0	0
Senegal	ODC	1	0	3	4	1	0	3	4	1	0	3	4
South Africa	ODC	2	0	0	2	2	0	0	2	2	0	0	2
Regional total		21	3	11	35	20	2	12	34	21	1	12	34
Western Hemisphere:													
Argentina	USMILGP	3	0	4	7	3	0	4	7	3	0	4	7
Barbados	USMLO c/	3	0	0	3	3	0	0	3	3	0	0	3
Belize	USMLO	2	0	0	2	2	0	0	2	2	0	0	2
Bolivia	USMILGP	4	0	5	9	4	0	5	9	4	0	5	9
Brazil	USMLO	4	0	2	6	4	0	2	6	4	0	2	6
Canada	DAO a/	1	0	1	2	1	0	1	2	1	0	1	2
Chile	USMILGP	3	1	3	7	3	1	3	7	3	1	3	7
Colombia	USMILGP	6	2	3	11	6	2	3	11	6	2	3	11
Costa Rica	ODR	1	0	3	4	1	0	3	4	1	0	3	4
Dominican Republic	USMAAG	2	0	1	3	2	0	1	3	2	0	1	3
Ecuador	USMILGP	5	1	4	10	5	1	4	10	5	1	4	10
El Salvador	USMILGP	3	0	6	9	3	0	6	9	3	0	6	9
Guatemala	USMILGP	1	0	1	2	1	0	1	2	1	0	1	2
Guyana	USMLO	0	0	0	0	0	0	0	0	0	0	0	0
Haiti	USMLO	2	0	1	3	2	0	1	3	2	0	1	3
Honduras	USMILGP	4	1	5	10	4	1	5	10	4	1	5	10
Jamaica	USMLO	2	0	1	3	2	0	1	3	2	0	1	3
Mexico	ODC	3	1	4	8	3	1	4	8	3	1	4	8
Nicaragua	USMLO	2	1	2	5	2	1	2	5	2	1	2	5
Panama	ODC	2	1	2	5	2	1	2	5	2	1	2	5
Paraguay	ODC	1	0	4	5	1	0	4	5	1	0	4	5
Peru	USMAAG	1	0	5	6	1	0	5	6	1	0	5	6
Suriname	DAO a/	1	0	0	1	1	0	0	1	1	0	0	1
Trinidad and Tobago	USMLO	0	0	0	0	0	0	0	0	0	0	0	0
Uruguay	ODC	2	0	3	5	2	0	3	5	2	0	3	5
Venezuela	USMILGP	2	0	0	2	2	0	0	2	2	0	0	2
Regional Total		60	8	60	128	60	8	60	128	60	8	60	128
East Asia & Pacific:													
Australia	ODC	4	0	1	5	4	0	1	5	4	0	1	5
Cambodia	ODC	1	0	2	3	1	0	2	3	1	0	2	3
East Timor	ODC	1	0	1	2	1	0	1	2	1	0	1	2
Fiji	DAO a/	1	0	2	3	1	0	2	3	1	0	2	3
Indonesia	ODC	2	0	8	10	3	0	8	11	3	0	8	11
Japan	MDAO	5	3	9	17	5	3	9	17	5	3	9	17
Malaysia	ODC	2	0	6	8	2	0	6	8	2	0	7	9
Mongolia	DAO a/	0	0	2	2	0	0	2	2	0	0	2	2
New Zealand	DAO a/	0	0	1	1	0	0	1	1	0	0	1	1
Papua New Guinea	DAO a/	0	0	0	0	0	0	1	1	0	0	1	1
Philippines	JUSMAG	11	2	5	18	11	1	5	17	11	1	5	17
Singapore	ODC	5	0	4	9	5	0	4	9	5	0	4	9
South Korea	JUSMAG-K	11	1	12	24	11	0	14	25	12	0	14	26
Thailand	JUSMAG	10	0	11	21	11	1	10	22	10	1	10	21
Vietnam	DAO a/	0	0	1	1	0	0	1	1	0	0	1	1
Regional Total		53	6	65	124	55	5	67	127	55	5	68	128

	ORG.	FY 2007 ACTUAL				FY 2008 ESTIMATED				FY 2009 PROJECTED			
		MIL	CIV	LOCAL	TOTAL	MIL	CIV	LOCAL	TOTAL	MIL	CIV	LOCAL	TOTAL
Europe:													
Albania	ODC	1	0	2	3	1	0	2	3	1	0	2	3
Armenia	ODC	1	0	2	3	1	0	2	3	1	0	2	3
Austria	ODC	2	0	0	2	2	0	0	2	2	0	0	2
Azerbaijan	ODC	2	0	1	3	2	0	1	3	2	0	1	3
Belgium/Luxembourg	ODC	1	0	2	3	1	0	2	3	1	0	2	3
Bosnia	ODC	1	0	3	4	1	0	1	2	1	0	1	2
Bulgaria	ODC	2	0	2	4	2	0	2	4	2	0	2	4
Croatia	ODC	1	1	1	3	1	1	1	3	1	1	1	3
Czech Republic	ODC	1	0	2	3	1	0	2	3	1	0	2	3
Denmark	ODC	1	0	2	3	1	0	2	3	1	0	2	3
Estonia	ODC	1	1	1	3	1	1	1	3	1	0	2	3
Finland	ODC	0	0	0	0	1	0	0	1	1	0	0	1
France	ODC	2	1	1	4	2	1	1	4	2	1	1	4
Georgia	ODC	3	0	2	5	3	0	2	5	3	0	2	5
Germany	ODC	3	1	3	7	3	1	3	7	3	0	3	6
Greece	ODC	5	0	8	13	5	0	8	13	5	0	8	13
Hungary	ODC	1	1	2	4	1	1	2	4	1	1	2	4
Italy	ODC	3	0	3	6	3	0	3	6	3	0	3	6
Kazakhstan	SAAO	2	0	2	4	2	0	2	4	2	0	2	4
Kyrgyzstan	SAAO	2	0	1	3	2	0	1	3	2	0	1	3
Latvia	ODC	1	0	2	3	1	0	2	3	1	0	2	3
Lithuania	ODC	1	0	2	3	1	0	2	3	1	0	2	3
Macedonia	ODC	1	0	2	3	1	0	2	3	1	0	2	3
Moldova	ODC	1	0	2	3	1	0	2	3	1	0	2	3
Netherlands	ODC	2	1	1	4	2	1	1	4	2	1	1	4
Norway	ODC	1	0	1	2	1	0	1	2	1	0	1	2
Poland	ODC	5	0	3	8	5	0	3	8	5	0	3	8
Portugal	ODC	4	0	2	6	4	0	2	6	4	0	2	6
Romania	ODC	2	1	1	4	2	0	2	4	2	0	2	4
Russia	ODC	2	0	0	2	2	0	0	2	2	0	0	2
Serbia	ODC	1	0	0	1	1	0	0	1	1	0	0	1
Slovakia	ODC	1	1	1	3	1	0	2	3	1	0	2	3
Slovenia	ODC	1	0	2	3	1	0	2	3	1	0	2	3
Spain	ODC	5	3	1	9	5	3	1	9	5	3	1	9
Sweden	DAO a/	0	0	0	0	0	0	0	0	0	0	0	0
Switzerland	DAO/a	0	0	1	1	0	0	1	1	0	0	1	1
Tajikistan	SAAO	1	0	1	2	2	0	1	3	2	0	1	3
Turkey	ODC	19	2	5	26	18	2	5	25	17	2	5	24
Turkmenistan	DAO a/	0	0	0	0	1	0	0	1	1	0	0	1
Ukraine	ODC	1	0	3	4	1	0	3	4	1	0	3	4
United Kingdom	ODC	2	1	0	3	2	1	0	3	2	1	0	3
Uzbekistan	SAAO	2	0	1	3	0	0	1	1	0	0	1	1
Regional Total		88	14	71	173	88	12	71	171	87	11	71	169
Near East/South Asia:													
Afghanistan	OMC	6	0	3	9	6	0	3	9	6	0	3	9
Algeria	ODC	2	0	1	3	2	0	1	3	2	0	1	3
Bahrain	OMC	6	1	0	7	6	1	1	8	6	1	1	8
Bangladesh	ODC	1	0	1	2	1	0	2	3	1	0	2	3
Egypt	OMC	28	8	17	53	28	7	17	52	28	7	17	52
India	ODC	4	1	6	11	3	0	8	11	3	0	8	11
Iraq	OMC	8	0	4	12	8	0	4	12	8	0	8	16
Israel	ODC	3	2	0	5	3	2	0	5	2	2	0	4
Jordan	MAP	9	1	5	15	9	1	5	15	10	0	5	15
Kuwait	OMC	10	1	1	12	10	1	1	12	10	1	1	12
Lebanon	ODC	1	0	3	4	2	0	3	5	3	0	3	6
Madagascar	DAO a/	0	0	1	1	0	0	1	1	0	0	1	1
Morocco	ODC	3	1	3	7	3	1	3	7	3	1	3	7
Nepal	ODC	1	0	3	4	1	0	3	4	1	0	3	4
Oman	OMC	6	1	2	9	6	1	2	9	6	1	2	9
Pakistan	ODRP	4	1	6	11	4	1	6	11	4	1	6	11
Qatar	USLO	3	0	0	3	3	0	0	3	3	0	0	3
Saudi Arabia	USMTM	63	0	8	71	63	0	8	71	63	0	8	71
Sri Lanka	ODC	1	0	1	2	1	0	1	2	1	0	1	2
Tunisia	ODC	4	0	1	5	4	0	1	5	4	0	1	5
United Arab Emirates	USLO	7	1	1	9	7	1	1	9	7	1	1	9
Yemen	OMC	1	0	1	2	1	0	2	3	1	0	2	3

	ORG.	FY 2007 ACTUAL			FY 2008 ESTIMATED				FY 2009 PROJECTED				
		MIL	CIV	LOCAL	TOTAL	MIL	CIV	LOCAL	TOTAL	MIL	CIV	LOCAL	TOTAL
Regional Total		171	18	68	257	171	16	73	260	172	15	77	264
WORLDWIDE TOTAL		393	49	275	717	394	43	283	720	395	40	288	723

a/ Personnel authorized to assist the DAO with security assistance management functions.

b/ Personnel authorized to assist the Embassy with security assistance management functions.

c/ Manages programs for Eastern Caribbean countries.

Excess Defense Articles

The Excess Defense Articles (EDA) program enables the United States to meet foreign policy objectives while simultaneously supporting our friends and allies in improving their defense capabilities. EDA can be sold to any country eligible to purchase defense articles, or provided on a grant basis to countries justified in the country papers to receive grant EDA. Providing EDA on a grant basis turns U.S. defense items that are in excess of our Approved Force Acquisition Objective and Approved Force Retention Stock into instruments that meet a number of our national security interests. Some of the objectives met by EDA are: strengthening coalitions; cementing bilateral foreign military relationships; enhancing interoperability; furthering legitimate modernization efforts of our allies; aiding in multilateral peacekeeping efforts; combating illegal narcotics production and narco-trafficking; and aiding in demining assistance programs.

Providing EDA on a grant basis has contributed to our foreign policy successes. This excess equipment has helped our Latin American and Caribbean friends combat the threat of illegal narco-trafficking, and has permitted many South American and African nations to participate in support of U.S. and UN peacekeeping operations. Grant EDA contributes to regional stability by supporting the ongoing military reform efforts of democratic governments in Central and Eastern Europe. Additionally, grant EDA has a positive global impact – furthering U.S. national security interests and supporting the growth and strengthening of democracies, promoting military reform, and fighting the spread of illicit narcotics.

EDA articles are transferred in an "as is, where is" condition to the recipient and are only offered in response to a demonstrated requirement. The grant EDA program operates at essentially no cost to the United States, with the recipient responsible for any required refurbishment and repair of the items as well as any associated transportation costs. The vast majority of EDA items are of low to medium technologies that do not present proliferation concerns.

Each grant-eligible country has a justification statement providing the objective and proposed use of potential EDA within each country paper. Eligibility simply permits a nation to be considered for grant EDA and does not guarantee the transfer of any EDA, nor does it circumvent or bypass in any way the comprehensive case-by-case review each potential EDA offer receives. Furthermore, all potential EDA transfers are subject to the same Conventional Arms Transfer Policy interagency review as any other government-to-government transfer.

**Grants of Excess Defense Articles
Under the Provisions of the Foreign Assistance Act**
(\$ in thousands)

	OFFERED IN FY 2007		DELIVERED IN FY 2007	
	ACQ. VALUE	CURRENT VALUE	ACQ. VALUE	CURRENT VALUE
<u>EAST ASIA & PACIFIC:</u>				
CAMBODIA	43,592	13,608	99	30
MONGOLIA	0	0	272	47
TONGA	1,858	557	0	0
REGIONAL TOTAL	45,450	14,165	371	77
<u>EUROPE & EURASIA:</u>				
ESTONIA	4,516	1,682	4,516	1,682
GEORGIA	3,390	1,017	4,178	418
GREECE	178,526	35,989	163,013	32,887
MOLDOVA	795	199	163	65
PORTUGAL	0	0	12,473	2,515
REGIONAL TOTAL	187,227	38,887	184,343	37,567
<u>NEAR EAST:</u>				
EGYPT	1,861	372	0	0
IRAQ	37,831	3,783	6,121	1,224
ISRAEL	59,498	12,883	360,115	45,683
JORDON	0	0	116,248	23,248
LEBANON	11,300	6,968	684	137
MOROCCO	38,210	7,518	7,672	1,195
NEPAL	0	0	479	173
YEMEN	137,772	34,725	7,992	1,598
REGIONAL TOTAL	286,472	66,249	499,311	73,258
<u>SOUTH AND CENTRAL ASIA:</u>				
PAKISTAN	31,167	12,979	38,705	14,724
REGIONAL TOTAL	31,167	12,979	38,705	14,724
<u>WESTERN HEMISPHERE:</u>				
CHILE	201,042	64,855	0	0
COLOMBIA	23,052	9,569	0	0
DOMINICAN REPUBLIC	3,717	1,115	0	0
ECUADOR	0	0	220	95
GUATEMALA	0	0	1,696	375
NICARAGUA	0	0	119	30
PANAMA	79,873	15,534	5,433	962
REGIONAL TOTAL	307,684	91,073	7,468	1,462
WORLDWIDE TOTAL	858,000	223,353	730,198	127,088

NOTE: Totals may not add due to rounding.

**Sales of Excess Defense Articles
Under Foreign Military Sales Provisions**
(\$ in thousands)

	OFFERED IN FY 2007		DELIVERED IN FY 2007	
	ACQ. VALUE	CURRENT VALUE	ACQ. VALUE	CURRENT VALUE
<u>EAST ASIA & PACIFIC:</u>				
AUSTRALIA	0	0	1,224	506
JAPAN	54	27	0	0
NEW ZEALAND	923	46	0	0
TAIWAN	35,265	2,324	0	0
REGIONAL TOTAL	36,242	2,397	1,224	506
<u>EUROPE & EURASIA:</u>				
GREECE	124,051	25,214	119,551	23,929
ICELAND	2,038	123	0	0
ISRAEL	0	0	53	19
ITALY	1,000	500	0	0
SPAIN	6,183	1,926	0	0
TURKEY	0	0	74	7
REGIONAL TOTAL	133,272	27,763	119,678	23,955
<u>NEAR EAST & SOUTH ASIA:</u>				
INDIA	2,753	275	11,058	3,317
REGIONAL TOTAL	2,753	275	11,058	3,317
<u>WESTERN HEMISPHERE:</u>				
ARGENTINA	1,115	204	0	0
REGIONAL TOTAL	1,115	204	0	0
WORLDWIDE TOTAL	173,382	30,639	131,960	27,778

NOTE: Totals may not add due to rounding

Leased Defense Articles

The lease of defense articles can be authorized under the Arms Export Control Act (AECA), Chapter 6, if there are compelling U.S. foreign policy and national security reasons for providing defense articles on a lease rather than a sales basis. Defense articles cannot be leased if they are needed for public use during the period of the lease.

Except for leases entered into for the purposes of cooperative research or development, military exercises or communications or electronics interface projects, the country leasing the defense article(s) must agree to pay, in U.S. dollars, all costs incurred by the United States Government in leasing the article(s). These costs include reimbursement for depreciation of the article(s) while leased. In addition, the country must also pay the cost of restoration or replacement if the article(s) are damaged while leased. If the article(s) is lost or destroyed while leased, the U.S. requires funds to cover the replacement cost (less depreciation, if any) or an amount equal to the actual value (less depreciation) when the article(s) will not be replaced in the U.S. inventory.

The President may waive reimbursement of depreciation for any defense article which has passed three-quarters of its normal service life if the President determines that to do so is important to the national security interests of the United States. In some cases, the President may waive the reimbursement of all lease charges with respect to a lease that is made in exchange with the lessee for a lease on substantially reciprocal terms of defense articles for the Department of Defense. Waivers for depreciation or reciprocity are made before the implementation of the lease agreement.

Leases are conducted for a fixed duration of time not to exceed five years and provide that, at any time during the lease, the U.S. may terminate the lease and require the immediate return of the defense article(s).

Leases Under the Arms Export Control Act Implemented FY 2007

	REPLACEMENT VALUE	TOTAL RENTAL VALUE
<u>Europe and Eurasia:</u>		
	\$41,031.80	\$22,883.30
Croatia		
	\$4,619,410.50	\$610,360.00
Denmark		
	\$449,361.35	\$37,441.14
France		
	\$3,566,836.89	\$244,046.55
Iceland		
	\$8,187,016.80	\$781,260.80
The Netherlands		
	\$104,322.12	\$51,354.05
Romania		
	\$22,919,841.25	\$1,981,869.30
United Kingdom		
Total	\$39,887,820.71	\$3,729,215.14
<u>Middle East:</u>		
	\$2,025,831.87	\$96,923.43
Israel		
	\$25,348.98	\$1,766.40
Lebanon		
Total	\$2,051,180.85	\$98,689.83
<u>Pacific:</u>		
	\$291,531.18	\$37,002.02
Australia		
	\$27,525,000.00	\$0.00
Korea		
	\$3,624,321.50	\$68,382.00
Singapore		
Regional Total	\$31,440,852.68	\$105,384.02
<u>Western Hemisphere:</u>		
	\$86,089.68	\$3,248.64
Mexico		
Total	\$86,089.68	\$3,248.64
WORLDWIDE TOTAL	\$73,465,943.92	\$3,936,537.63

Stockpiling of Defense Articles for Foreign Countries

Section 514(b) of the Foreign Assistance Act of 1961 (FAA), as amended, establishes annual ceilings on the value of additions of defense articles located abroad that may be set aside, reserved, or otherwise earmarked from U.S. military inventories for use as War Reserves Stocks by Allies (WRSA) or other foreign countries (other than NATO). Most defense articles added to stockpiles under this ceiling will come from existing stocks.

In FY 2009, it is anticipated that no defense articles will be added to existing stockpiles as items are in sufficient supply to provide the necessary support.

Value of Annual Ceiling for Stockpiling
(\$ in thousands)

Fiscal Year	Amount Stockpiled
1976	96,750
1977	125,000
1978	270,000
1979	90,000
1980	95,000
1981	85,000
1982	130,000
1983	125,000
1984	125,000
1985	248,000
1986	360,000
1987	125,000
1988	116,000
1989	77,000
1990	165,000
1991	378,000
1992	378,000
1993	389,000
1994	292,000
1995	250,000
1996	50,000
1997	50,000
1998	60,000
1999	340,000
2000	60,000
2001	50,000
2002	0
2003	100,000
2004	0
2005	0
2006	0
2007	200,000
2008	200,000
2009	0

End-Use Monitoring of Defense Articles and Services Government-to-Government Services

Introduction

In 1996, Congress amended [Public Law 104-164] Section 40A [22 U.S.C. 2785] of the Arms Export Control Act "...requiring that the President establish a program which provides for the end-use monitoring of defense articles and defense services sold, leased, or exported under this Act or under the Foreign Assistance Act of 1961. Section 40A requires that to the extent practicable, such program shall be designed to provide reasonable assurances that the recipient is complying with the requirements imposed by the United States Government with respect to the use, transfers, and security of defense articles and monitoring of U.S. arms transfers, and security of defense articles and services." Section 40A also requires an annual report to Congress on the actions taken to implement the end-use monitoring program, to include detailed accounting of costs and number of personnel associated with the monitoring program. This report describes the actions the Department of Defense is taking to comply with its end-use monitoring requirements in accordance with the Arms Export Control Act (AECA).

Department of Defense (DoD) End-Use Monitoring (EUM) - Golden Sentry

As DoD's Executive Agency responsible for managing the Department of State's (DoS) foreign military sales program the Defense Security Cooperation Agency developed the Golden Sentry program to comply with Section 40A of the AECA. Through the Golden Sentry Program, DoD monitors government-to-government transfers to ensure that defense articles and services provided by the United States Government (USG) are utilized and safeguarded in accordance with the terms and conditions of the transfers. Primarily, Golden Sentry's objectives are to minimize security risks to the U.S., its friends and allies, and to ensure compliance with the technology control requirements that are associated with U.S.-origin arms transfers via government-to-government programs.

In compliance of the AECA within DoD, EUM is a multi-phased process:

DoD Processes *Prior* to Any Transfer- Pre-checks and Vetting

There is carefully established process between the DoD and the Department of State to thoroughly review and debate all sensitive arms transfers before a consensus is reached. In view of the serious consequences of the proliferation of dangerous weapons and technologies, we believe that by 'front-loading' this array of processes and procedures we mitigate these risks.

"Each proposed transfer is thoroughly vetted by many different organizations and offices to ensure that releasability, disclosure, and other concerns are addressed. The most important measures placed on these exports, involve establishing the trustworthiness of the purchaser and the actual "end-use" of the defense article *before* a determination is made regarding a transfer. Foreign customers' requests for significant military equipment are coordinated closely with the combatant commanders and the U.S. country team. The U.S. country team must assess several

aspects of the transfer to include political impacts in the region as well as the ability of the host nation and the security assistance organization in country to properly perform their end-use monitoring responsibilities. The endorsement of the combatant commander and consistency with the Theater Security Cooperation strategy and implementation plans are critical. During this “pre-sale” process, determinations are made as to whether a country has the will and the capability to secure, account for, and operate these systems within the requirements established by the United States. For some systems, approval must be obtained from the National Disclosure Policy Committee for release to each specific country. Finally, a formal notification is provided to the Congress before any offers of transfer are made. These notifications clearly identify the customer and the capability being proposed for transfer and provide an opportunity for further discussion or Congressional disapproval of a proposed transfer.”

DoD Processes *During* Transfer- Government-to-Government Agreements

All transfers of defense articles, services, or training provided through the Foreign Military Sales Program, are conducted under a government-to-government agreement (known as a Letter of Offer and Acceptance or “LOA”) between the United States and the foreign government or international organization. This agreement specifies the type and quantities of items to be sold, as well as any unique conditions regarding end-use monitoring requirements that might be necessary based on the complexity or sensitivity of the equipment or technologies being provided. The LOA may require the country to secure, account for, and operate the systems in accordance with provisos that equal the requirements of the U.S. Military Departments. The conditions of the LOA may also state that USG officials may travel in country to physically inventory or otherwise monitor the use of specific types of equipment---either as part of routine visits or to verify reports of unauthorized use. Signing the document commits the purchaser to the conditions established on the LOA. DoD remains sensitive to issues of sovereignty with all U.S. friends and allies, and, therefore, efforts are constantly made to ensure that these governments are informed and understand the requirements of end-use monitoring mandated by U.S. law.

DoD Processes *After* Transfer - End-Use Monitoring and Compliance

The purpose of the “Golden Sentry” program is to scrutinize the foreign purchaser’s use of defense articles and services (to include training) to ensure their use is in compliance with the agreements under which they were provided. The “Golden Sentry” program is relatively new. It was initiated in 2001, and is still in the process of promulgating procedures throughout the security assistance/cooperation community. The program levies monitoring and compliance requirements to foreign governments, U.S. security assistance organizations worldwide, as well as our military departments. It also comprises of Compliance Assessment Visits (CAV) by EUM personnel to determined countries to ensure that proper end-use, security and accountability procedures are being followed by our foreign partners and U.S. security assistance personnel.

To conduct EUM with available resources, Golden Sentry uses a risk management approach. Routine EUM is conducted on low technology/low risk defense articles. During routine visits to host nations’ military installations, U.S. security assistance personnel monitor U.S.-transferred

equipment to ensure it is used for the purposes for which they were provided. Enhanced EUM (EEUM) is conducted on high technology/high risk defense articles. In addition to Routine end-use monitoring, security assistance personnel conduct specific visits to perform physical security and accountability inventories of EEUM items.

DSCA's priority is the Enhanced EUM program that monitors: man portable air defense systems (MANPADS), such as Stinger Missiles and gripstocks; long range, highly capable man portable land attack missiles (such as JAVELIN and Tube-Launched, Optically-Tracked, Wire-Guided missile (TOW-2B)); and beyond visual range air-to-air missiles (such as the AIM-120 AMRAAM. Other items which require Enhanced EUM include Night Vision Devices, Communications Security (COMSEC) Equipment, and defense articles provided under the, Military Assistance Program (MAP) Additional Enhanced EUM items that were added in 2004 were the AIM-9X Sidewinder, the Harpoon Block II missile and the entire family of precision guided munitions, i.e., the Joint Stand-Off Weapon (JSOW), Unmanned Aircraft Systems (UAS) and the Joint Direct Attack Munitions (JDAM). In 2006, Joint Air-to-Surface Standoff Missile (JASSM) and Special Provisions pertaining to specific countries' Physical Security and Accountability with the transfer were also added to the Enhanced EUM list.

EUM Guidance

DSCA has published seven policy memoranda to promulgate clearly the direction of the EUM Golden Sentry program.

1. The first memorandum published was "End-Use Monitoring (EUM) Responsibilities in Support of the Department of Defense Golden Sentry EUM Program (DSCA Policy Memo 02-43)," dated 4 December 2002. This policy delineated the responsibilities of the security assistance/cooperation community in support of the Golden Sentry program.
2. The second policy memorandum was titled "Revised Guidance for Stinger/Man Portable Air Defense Systems (MANPADS) (DSCA Policy Memo 03-10)," dated 4 June 2003. This memorandum increased the U.S. inventory requirement by the security assistance organizations from 5% to 100% annually of foreign Stinger missiles, grip stocks and essential components.
3. A third policy memorandum is titled "Golden Sentry End-Use Monitoring (EUM) Visits Policy (DSCA Policy memo 04-11) dated 2 April 2004. This memorandum provides defined guidance for the conduct of three types of EUM visits: Familiarization, Compliance Assessment Visit and Investigative.
4. The fourth policy memorandum was titled Golden Sentry End-Use Monitoring (EUM) Stinger Missile and Gripstock Inventory Standardized Procedures (DSCA Policy Memo 05-10) dated 29 March 2005. This policy promulgates a more refined procedure for Stinger Missile and gripstock inspection requirements. Additionally, it mandates all USG representatives adhere to the standards within the checklist in the conduct of Stinger missiles and gripstock inventories.

5. The fifth policy memorandum is titled Enhanced End Use Monitoring (Enhanced EUM) Update (DSCA 07-14) dated 05 April 2007. This change updates Chapter 6 and 8 of the Security Assistance Management Manual (SAMM). The change reflects additional information relating to Enhanced EUM. Chapter 6 identifies supplementary criteria for Enhanced EUM record keeping. Chapter 8 adds Figure C8.F1., which outlines the procedure for adding or removing defense items to or from the Enhanced EUM list.
6. The sixth policy memorandum is titled Note for End Use Monitoring (DSCA 07-07) dated 11 May 2007. This update revised the standard LOA note for EUM, which is mandatory for all LOAs.
7. The seventh policy memorandum is titled Update of Chapter 8, “End-Use Monitoring (EUM)” of the SAMM (DSCA Policy Memo 07-20) dated 28 June 2007. The revisions clearly articulate End Use Monitoring responsibilities to the Implementing Agencies, COCOMs, SAOs, and supporting agencies. The change also renames “Tiger Team Visits” to “Compliance Assessment Visit”. In addition, the change describes a new quarterly reporting responsibility vice “End of Year” reporting. Finally, the change gives detail instruction on the use of the EUM application within the Security Cooperation Information Portal (EUM-SCIP) as a means to track and report on EUM related labor and costs as well as maintain accountability of Enhanced items.

The listed policy memorandums have been incorporated into the Security Assistance Management Manual (SAMM).

An announcement in the FY07-FY08 DoD End-Use Monitoring Advisory Message (DTG 161733Z MAR 07) refined the guidance for funding. Since resources are currently managed at HQ DSCA for unfunded and justified EUM requirements, this advisory message will disseminate to the Security Assistance Community the proper procedures for obtaining resources for Program Element 27 (PE#27 EUM). PE#27 accounts for the resources needed to implement the Department of Defense’s Golden Sentry EUM program throughout the security cooperation community.

Efforts since FY2007 CBJ report

Resources: For FY07, DSCA has budgeted and manages the \$1.4M for Enhanced EUM at its headquarters. In addition to the Program Manager hired in 2002, DSCA has added four full-time civilian employees: Additionally, funding for option year two was provided for three additional contractors to expedite full deployment of the Security Cooperation Information Portal (SCIP) EUM application.

Security Assistance Organization (SAO) EUM Workload Surveys: EUM activity was added to the annual SAO tasking as a separate workload measure in 2003. A detailed explanation was developed to clarify which tasks performed by SAOs should be included in the EUM category, thereby capturing the resource expenditures associated with the performance of “Routine” and “Enhanced” EUM by the SAO.

Actual for FY07

	EUM WORKLOAD SURVEY	TOTAL SAO FUNDING
CENTCOM	342.6	17128.5
EUCOM	1036.6	25915.8
NORTHCOM	16.2	811.9
PACOM	484.7	9693.3
SOUTHCOM	846.2	10577.4
TOTAL	2726.3	64126.9

***Figures are represented in the thousands**

Estimated for FY08

	EUM WORKLOAD SURVEY	TOTAL SAO FUNDING
CENTCOM	357.6	17879.9
EUCOM	1040.4	26010.3
NORTHCOM	16.2	810.9
PACOM	535.2	10704.3
SOUTHCOM	874.2	10927.0
TOTAL	2823.6	66332.4

***Figures are represented in the thousands**

DSCA and the Defense Threat Reduction Agency (DTRA) On-Site Inspection Directorate Partnership: In 2004, DSCA and DTRA established a joint long-term support relationship, which will improve the DoD End-Use Monitoring program. DSCA will maintain overall operational authority and management responsibility for DoD's EUM program. DTRA will assist DSCA with supplemental manpower support in the conduct of Enhanced EUM missions worldwide to the degree possible with its ongoing missions.

EUM Compliance Assessment Visits: A cornerstone of the Golden Sentry EUM program is the Compliance Assessment Visits. EUM Compliance Assessment Visits: 1) to assess USG representatives and host nations' compliance with transfer provisos and other conditions of sales, and/or 2) visits to follow-up potential violations of the AECA, FAA, or other transfer agreements, e.g., compliance visits. The visit objectives are to:

1. Assess a specific country team or regional command's overall EUM compliance program.
2. Assess a country's compliance with specific physical security and accountability agreements through facility visits, records review, and review of local security policies and procedures.
3. Conduct routine or special inventories of U.S.-origin defense articles and/or services.

4. Appraise possible violations of the AECA, FAA, and/or other transfer instruments, e.g., Bi/Multi-Lateral Memorandum of Agreement or Understanding and other Implementing Agreements.

Seven EUM Compliance Assessment Visits were conducted in FY2007.

The Way Ahead

Resources: \$1.4 million is projected towards PE #27 (Enhanced EUM) to be managed at the DSCA Headquarters.

EUM Workload Survey:

Projected for FY09

	PROJECTED EUM WORKLOAD SURVEY	TOTAL SAO FUNDING
CENTCOM	356.4	17819.5
EUCOM	1052.5	26312.3
NORTHCOM	17.9	895.9
PACOM	438.7	10967.3
SOUTHCOM	1021.6	11351.0
TOTAL	2887.1	70982.0

***Figures are represented in the thousands**

EUM Automation Support: In 2005 DSCA increased funding for the development of an automation tool that incorporates end-use monitoring functions for the security assistance/cooperation community. The implementing agencies, the combatant commanders, the SAO and host nations are now able to “read” Enhanced EUM inputs in a real-time, secure and “compartmentalized” environment via the web. The EUM function helps notify users when: items are shipped, items are received, inventories are delinquent, when inventories are performed, and provide a variety of other standard reports. The EUM application also allows authorized users to establish, update, dispose, delete and indicate transfers of the Enhanced EUM items. The EUM application completed “beta-testing” in February 2005 and completed full deployment of the EUM application in 2005. Currently, residing in SCIP EUM there are 75 countries comprising over 96,000 Enhanced EUM articles for all Combatant Commands.

Outreach Programs: Golden Sentry continues its outreach program through Familiarization Visits, Regional Forums, hosting EUM “worldwide” meetings, engaging in bi-lateral and other stakeholders’ meetings in various venues worldwide. This outreach has tremendously contributed to a greater understanding of the “Golden Sentry” program, thereby strengthening awareness of U.S. export controls. Additionally, outreach has proven to be a useful instrument in support of broader U.S. policy goals related to being a responsible arms provider.

EUM Regional Forums: Defense Security Cooperation Agency together with the Combatant Commands conduct quarterly regional forums. The purpose of EUM Regional Forums is to familiarize the Security Assistance Community with the objectives of the Golden Sentry Program, to provide insight into the latest EUM and other policy issues and offer hands-on EUM training on the SCIP EUM application (SAO/TOOLBOX).

Conclusion

Although we recognize that much more EUM work is yet to be done, there have been, thus far, many achievements. The momentum is positive and the EUM Golden Sentry program direction is headed in the right direction. We look forward to further accomplishments in FY08 and beyond.

End-Use Monitoring of Defense Articles and Defense Services Commercial Exports FY 2007

This report describes actions taken by the Department of State during the past fiscal year to implement the “Blue Lantern” end-use monitoring program. The Blue Lantern program, operated in accordance with section 40A of the Arms Export Control Act, as Amended (AECA), monitors the end-use of commercially exported defense articles, defense services, and related technical data subject to licensing or other authorizations under section 38 of the AECA. The Directorate of Defense Trade Controls, in the Bureau of Political-Military Affairs (PM/DDTC), Department of State, is responsible for administering the International Traffic in Arms Regulations (ITAR) that implement section 38 of the AECA. DDTC’s functions include registration of manufacturers, brokers, and exporters; licensing of commercial defense trade; overseeing compliance with the ITAR; supporting the Department of Justice and other U.S. law enforcement agencies in criminal investigations and prosecutions of AECA and ITAR violations; as well as the end-use monitoring of PM/DDTC licensed or authorized transactions. The Blue Lantern program is managed within PM/DDTC by the Office of Defense Trade Controls Compliance’s (DTCC) Research and Analysis Division (RAD). Blue Lantern end-use monitoring entails pre-license, post license or post-shipment checks undertaken to verify the legitimacy of a transaction and to provide “reasonable assurance that –

- i) the recipient is complying with the requirements imposed by the United States Government with respect to use, transfers, and security of defense articles and defense services; and
- ii) such articles and services are being used for the purposes for which they are provided.”¹

PM/DDTC is currently authorized a full-time complement of 78 State Department personnel, which is supplemented by 6 military officers, about 40 contract personnel, a DHS/Immigration and Customs Enforcement Senior Special Agent, and an FBI Supervisory Special Agent. PM/DDTC’s operational budget for FY 2007, in addition to American salaries, was approximately \$12.2 million.

Overseas End-use Monitoring: The Blue Lantern Program

Initiated in September 1990 as the USG’s first systematic end-use monitoring program, the Blue Lantern program has strengthened the effectiveness of U.S. export controls and has proven to be a useful instrument in: 1) deterring diversions to unauthorized end-users, 2) aiding the disruption of illicit supply networks used by international criminal organizations or governments under U.S. or international restrictions and sanctions, and 3) helping the Department to make informed licensing decisions and to ensure compliance with the AECA and the ITAR. End-use checks performed under the Blue Lantern program have significantly encouraged compliance with statutory and regulatory requirements and have proven effective in combating the global “gray arms” trade. “Gray arms” refers to the use of fraudulent export documentation or deliberate

¹ See section 40A(a)(2) of the AECA, 22 U.S.C. 2785(a)(2).

misrepresentation of the facts of a transaction to acquire defense articles through legitimate channels for re-transfer to unauthorized end-users. U.S. embassy personnel, or in some instances PM/DDTC personnel, conduct Blue Lantern end-use checks overseas to verify the *bona fides* of unfamiliar foreign companies, to ensure delivery of licensed United States Munitions List (USML) commodities to proper end-users and confirm proper end-use, and to determine compliance with DDTC licensed agreements.

Last fiscal year, PM/DDTC completed action on approximately 81,000 license applications and other export requests. Blue Lantern checks are not conducted randomly, but are rather the result of a careful selection process to identify transactions that appear most at risk for diversion or misuse. License applications and other requests undergo review by licensing officers and compliance specialists, who check case details against established criteria for determining potential risks: unfamiliar foreign parties, unusual routing, overseas destinations with a history of illicit activity or weak export/customs controls, commodities not known to be in the inventory of the host country's armed forces and other indicators of concern. The information derived from Blue Lantern checks helps PM/DDTC licensing officers and compliance specialists assess risks associated with the export of certain defense articles and services to various countries and regions, and provides significant insight into the reliability of companies and individuals involved in defense procurement overseas.²

Blue Lantern End-Use Checks in FY 2007

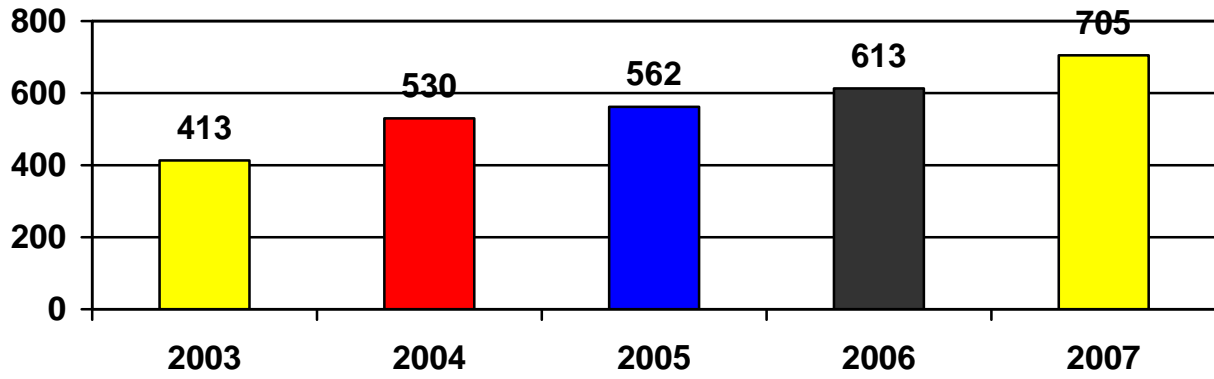
The Blue Lantern program increased its overall number of checks for the fifth year in a row (Figure 1). In FY 2007, new records were established for both the overall number of checks and unfavorable checks, as well as the recording the highest ever percentage of unfavorable checks. During FY 2007, PM/DDTC initiated 705 end-use checks: a fifteen percent increase over FY 2006's 613 checks. Of the 634 Blue Lantern cases closed in FY 2007, 143 – twenty-three percent – were determined to be “unfavorable. Unfavorable Blue Lanterns are reviewed by DTCC's Enforcement Division. Where appropriate, parties involved in unfavorable Blue Lantern cases may be subject to civil enforcement actions or referred to law enforcement for criminal investigation.

The charts on the following page illustrate the regional distribution of all export requests compared to all Blue Lantern checks and to all unfavorable Blue Lantern checks.

² Because Blue Lantern checks are selected based on potential risk and not a random sampling across all PM/DDTC licenses, data on unfavorable checks should not be regarded as statistically representative of all license applications.

Figure 1:

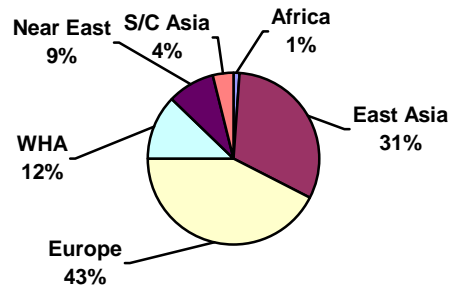
Total Blue Lanterns Initiated FY 2003 to FY 2007



Figures 2, 3, and 4:

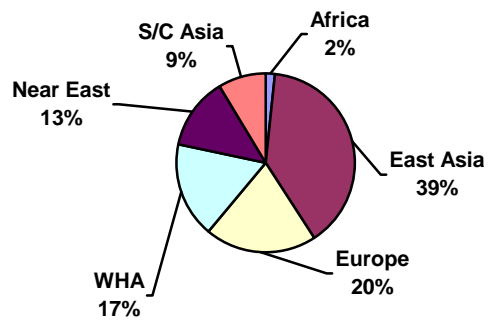
Figure 2 illustrates the global distribution of USML export license applications by region.

**Total License Applications
by Region FY 2007**



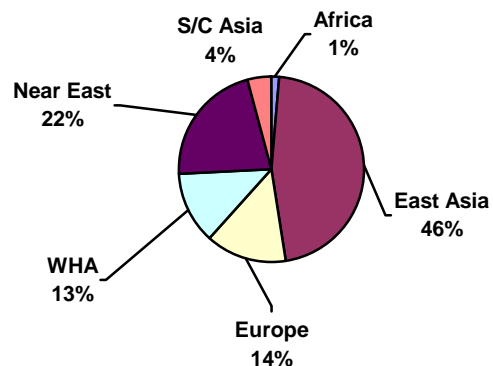
As Figure 3 illustrates, the geographical distribution of Blue Lantern checks does not necessarily match that of licenses. As has been the pattern for several years, Europe has relatively fewer Blue Lantern checks (20%) proportionate to the number of license applications (43%). East Asia, conversely, was the site of 39% of all Blue Lantern checks despite representing only 31% of license applications, and South/Central Asia represented 9% of Blue Lanterns – more than double the 4% of license applications for the region.

**Total Blue Lanterns
by Region FY 2007**



Unfavorable Blue Lantern results by region vary even further, as Figure 4 illustrates. A full 46% of unfavorable Blue Lantern cases were in East Asia and only 14% in Europe. The Near East followed East Asia with 22% of all unfavorable cases – despite representing only 9% of license applications and 13% of overall Blue cases.

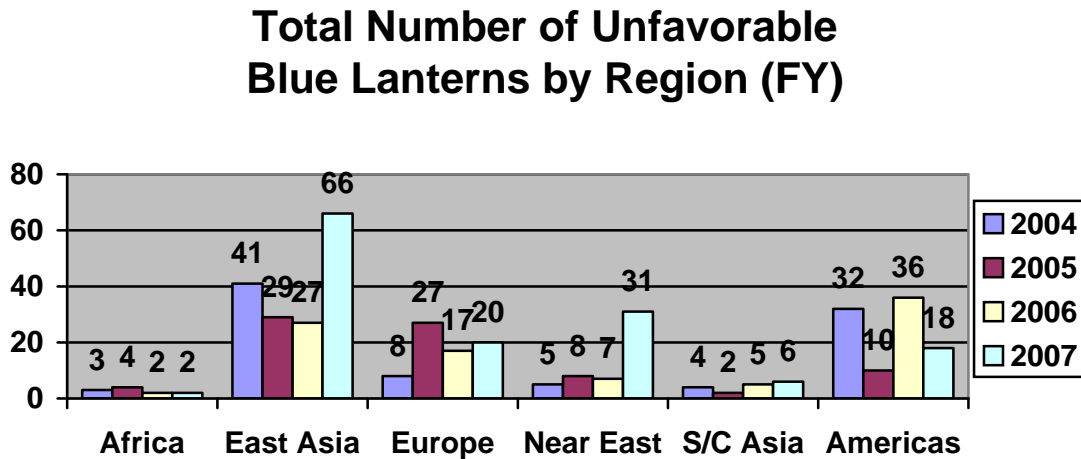
**Total Unfavorable Blue Lanterns
by Region FY 2007**



Analysis of Unfavorable Checks by Region: FY 2004 - 2007

Attributing reasons for trends in unfavorable Blue Lantern determinations is complex. For several years, East Asia’s unfavorable checks have remained high proportionate to the number of overall licenses while Europe’s percentage of unfavorable checks has declined. Reasons may have more to do with local business culture and lack of familiarity with U.S. export statutes and regulations than deliberate attempts to divert ITAR-controlled commodities or otherwise circumvent U.S. rules. A high number of unfavorable checks in East Asia were due to findings such as a failure to identify a foreign intermediary on the license, and over-ordering components/parts in anticipation of future needs (i.e., stockpiling). In Japan, Korea, Taiwan and Singapore, government end-users regularly rely on private companies (and sometimes subcontractors) to procure and keep their armed forces supplied with ITAR-controlled spare parts. As a consequence, these companies order parts in excess of immediate needs of the government end-user; governments, when queried during Blue Lantern checks, frequently have difficulty precisely verifying these orders, resulting in unfavorable determinations. Whether ill intended or not, these practices create vulnerabilities in the export control system that can be exploited by the illicit gray arms market.

Figure 5:

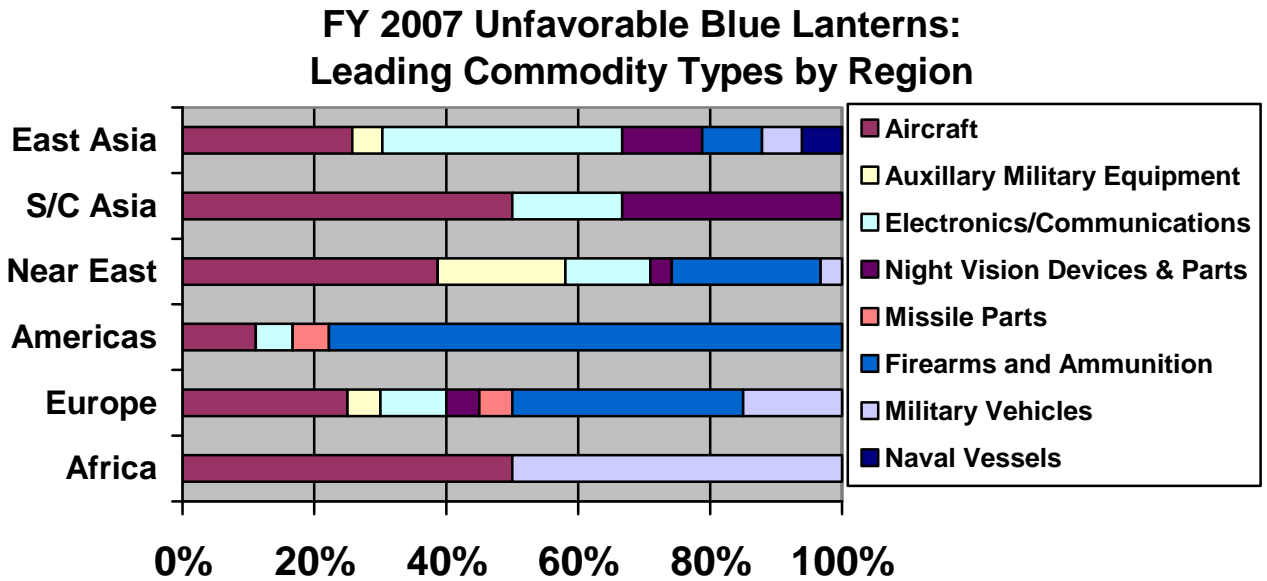


Analysis of Unfavorable Checks by Commodity and Region

The chart below (Figure 6) illustrates the types of commodities most often the subject of unfavorable Blue Lanterns by region. The Western Hemisphere (especially Latin America and the Caribbean) continues to be a region with a high incidence of unfavorable cases involving firearms and ammunition. Aircraft and spares continue to generate large numbers of Blue Lanterns, especially in the East Asia/Pacific and the Near East. Given the high volume of fixed and rotary-wing aircraft-related export licenses, a robust global market in this sector, and the continuous need for parts and maintenance among civil and military air fleets worldwide, this is not surprising. Night vision

equipment, formerly a category with a high incidence of unfavorable checks, posted a decline in unfavorable checks during FY 2007. This may be attributable to more scrutiny of night vision export licenses, tougher provisos attached to licenses that are approved, and overall heightened awareness of proliferation risks associated with night vision equipment in the wake of several high-profile cases, such as the penalties levied by the Department of State against ITT, a major U.S. manufacturer of night vision equipment.

Figure 6:



Reasons for Unfavorable Checks in FY 2007

Reasons for unfavorable determinations were diverse among this year’s cases. The largest category (19%) was the failure of applicants to properly identify all foreign parties on the license application. While in many cases this appears a minor oversight, the requirement to identify all parties on a license is established in the AECA and section 126.13(b) of the ITAR, and is a critical element in the ability of PM/DDTC to maintain a secure chain of custody from U.S. exporter to foreign end-user. Without transparency regarding all parties to a transaction, diversion to unauthorized end-users and end-use is far more likely to occur – as several of the following case studies illustrate. Also documented is the increasing incidence of stockpiling (10%) by foreign consignees. While maintaining an inventory of ITAR-controlled parts may make good business sense for foreign suppliers, this practice also reduces the Department’s ability to effectively control defense exports and can lead to illicit diversion. A foreign company maintaining an inventory of defense articles must be the subject of an approved Warehouse and Distribution Agreement per ITAR 124.14. Finally, 10 (7%) unfavorable cases this fiscal year showed evidence of deliberate diversion or unauthorized re-export of USML, indicating that the gray arms trade is alive and well, and that vigilance in this regard is essential.

- Foreign party not listed on license application: 19% (n=27)
 - End-user not listed on license: 5% (n=7)
 - Foreign consignee not listed on license: 14% (n=20)
- Party violated terms of license or agreement: 18% (n=26)
- Unreliable Party/Derogatory Information: 13% (n=18)
 - Party deemed unreliable recipient of USML: 10% (n=14)
 - Party deemed unreliable due to criminal background: 3% (n=4)
- Stockpiling: 10% (n=15)
- End-user did not order items on license: 8% (n=12)
- Evidence of diversion or unauthorized re-export: 7% (n=10)
- Unable to confirm receipt or order by end-user: 6% (n=9)
- Refusal to cooperate: 6% (n=9)
- Unauthorized brokering: 5% (n=7)
- Different end-use from one listed on license: 3% (n=4)
- Unable to contact or locate party on license: 2% (n=3)
- Exported from U.S. without authorization: 2% (n=3)

Blue Lantern Case Studies FY 2007

Case Study #1: Unable to Confirm Order by End-User (Post-License/Pre-Shipment Check)

Request for Permanent Export

Items: F-16 jet fighter parts
End-User: South Asian military
Foreign Consignee: European company

Reasons for Check

- No documentation from end-user
- Suspicious third-country consignee

Findings

- Consignee provides letter of intent but could not specify which parts were going to the South Asian military
- Consignee also could not provide POC at South Asian military
- Embassy unable to confirm order with South Asian military

Case Study #2: Unable to Confirm Receipt by Foreign Consignee (Post-License Check)

License for Permanent Export

Items: C-130 aircraft parts
End-user: South Asian air force
Foreign Consignee: Southeast Asian company

Reasons for Check

- Unfamiliar foreign consignee with very limited licensing history

Findings

- Consignee claims to have numerous orders from South Asian air force but said it had not received the parts listed on this license
- Parts had been exported from U.S. more than six months earlier
- Consignee either untruthful, parts diverted to another end-user, or inadequate record-keeping

Case Study #3: Items Diverted to Embargoed Country (Post-Shipment Check)

Several Related Blue Lantern Checks

Items: Night vision imaging system (NVIS) filtered lamp assemblies
End-Users: Government and private entities in five countries
Foreign Consignee: Asian-Pacific company

Reason for Check

- Previous denied license application for export of NVIS items to China

Findings

- Series of Blue Lantern post-shipment checks on Asian-Pacific company's NVIS licenses: 10 of 13 indicated possible unauthorized retransfer/illicit activity
- Directed Disclosure by foreign company revealed multiple diversions of items to China and other unauthorized end-users in third countries

Case Study #4: Different End-Use and End-User (Pre-License Check)

Request for Permanent Export

Item/End-Use: Electronic components for ground radar system
End-User: Middle Eastern military
Foreign Consignees: Western European firm and Middle Eastern firm

Reason for Check

- Unusual routing to Middle East military via European and Middle Eastern firms

Findings

- European consignee says items will be used in vessel traffic management system for central African port
- European firm is in financial trouble, has office in Middle East

Case Study #5: Unauthorized Items Commingled with Authorized Exports
(Post-License Check)

Request for Permanent Export

Item/End-Use: Aircraft spare parts
End-User: Southeast Asian military
Foreign Consignee: Southeast Asian state-owned company

Reason for Check

- Concerns about foreign consignee and its high volume of high-value licenses for large quantities of diverse items

Findings

- Significant military equipment (SME) and major components were exported under the license when only minor components and spare parts were authorized

Case Study #6: Consignee Not Listed on License
(Post-Shipment Check)

License for Permanent Export

Item: C-130 aircraft parts
End-User: Middle Eastern military
Foreign Consignee: Asian-Pacific company

Reason for Check

- Unusual routing of items sought by embargoed countries

Findings

- Asian-Pacific company had transferred items to Southeast Asian consignee not listed on license without receiving authorization from either U.S. or its own country's authorities
- Middle Eastern military was expecting parts from Asian-Pacific company, but unauthorized retransfer to Southeast Asian company creates opportunity for diversion

**Case Study #7: End-User with Criminal Background
(Pre-License Check)**

Request for Permanent Export

Items: Firearms
End-User: Latin American firearms dealer

Reason for Check

- Unfamiliar end-user

Findings

- Company was front company for another Latin American company
- Owner admits that company exists only on paper as response to market competition and strict import limitations
- Host country authorities had temporarily suspended firearms import licenses to parent company because of its link with small arms smuggling to gangs in third country

**Case Study #8: Stockpiling
(Pre-License Check)**

Request for Permanent Export

Items: Laser rods
End-User: Middle Eastern military
Foreign Consignee: Western European company

Reason for Check

- Application's supporting documentation stated that foreign consignee will stock a portion of the laser rods for future orders

Findings

- Middle Eastern military ordered only 20 laser target designators
- Consignee's order of excess laser rods would constitute unauthorized warehousing

Case Study #9: Items Exported without Authorization (Pre-License Check)

Request for Permanent Export

Items: M-113 armored vehicle parts
End-User: Asian-Pacific military
Foreign Consignee: Asian-Pacific company
U.S. Applicant: High-volume exporter

Reason for Check

- Foreign consignee was the subject of a previous unfavorable Blue Lantern check
- Suspicious that a foreign consignee in the aerospace industry was dealing in armored vehicle parts

Findings

- Asian-Pacific military received the items, even though license had not been issued; US exporter failed to get authorization prior to export

Insight: Why Record Numbers of Blue Lanterns?

As noted previously, FY 2007 saw record numbers of Blue Lantern cases initiated and record numbers of cases closed unfavorably. Perhaps of greater note, FY 2007 saw the highest ever percentage of unfavorable cases (twenty-three percent of cases closed in FY 2007). During the past several years, DDTC has sought to improve targeting of cases and do more Blue Lantern checks on agreements (and not just exports of defense articles). Numbers of license applications and other requests for authorization also have increased over the past several years. However, it is disappointing that the increased awareness of ITAR requirements brought on by recent enforcement cases has not led to a reduction in the number of derogatory findings in Blue Lantern cases. Nearly 20 years ago, the Department first published a Federal Register Notice identifying basic “warning flags” that companies were urged to observe when preparing to export overseas. Among the “warning flags” were unfamiliar foreign end-users or consignees, incomplete or suspicious looking end-use documentation, unusual routing, and requests for commodities which did not appear to be in the inventory of the end-user. Since then, basic warning flags have been a staple of DDTC presentations to industry groups. Yet as this year’s findings indicate, companies both large and small continue to have their exports subject to unfavorable Blue Lantern determinations, generally as a result of their failure to do basic due diligence on the transaction and their foreign partners. Many companies do an excellent job of vetting their foreign partners and helping them to understand the ITAR. Too many, however, still do not even though the effort and cost of looking for warning flags and identifying all parties to the export is not onerous and clearly within their capabilities. Until defense exporters more uniformly and diligently exercise their responsibilities as exporters, the gray arms market will continue to have opportunities to flourish.

**Tables: Security Assistance Funding,
including Legislative History of Authorization and Appropriations**

Foreign Military Financing
Direct Loan Financing Account – Total Program (11X4122)
(\$ in millions)

Fiscal Year	Request	Financing Authority
1992	313.961	345.000 (a)
1993	360.000	855.000 (b)
1994	855.000	769.500 (c)
1995	770.000	619.650 (d)
1996	765.000	544.000 (e)
1997	370.028	540.000 (f)
1998	699.500	200.000 (g)
1999	167.024	117.855 (h)
2000	0.000	0.000
2001	0.000	0.000
2002	0.000	0.000
2003	3,800.000	3,800.000 (i)
2004	550.000	550.000 (j)
2005	0.000	0.000
2006	0.000	0.000
2007	0.000	0.000
2008	0.000	0.000
2009	0.000	0.000

- (a) Continuing Resolution Authority (P.L. 102-109 and P.L. 102-145).
- (b) P.L. 102-391 provides financing authority for direct loans of \$855M for FY 1993.
- (c) P.L. 103-87 provides financing authority for direct loans of \$769.5M for FY 1994.
- (d) P.L. 103-306 provides financing authority for direct loans of \$619.65M for FY 1995.
- (e) P.L. 104-107 provides financing authority for direct loans of \$544M for FY 1996.
- (f) P.L. 104-208 provides financing authority for direct loans of \$540M for FY 1997.
- (g) P.L. 105-118 provides financing authority for direct loans of \$200M for FY 1998.
- (h) P.L. 105-277 provides financing authority for direct loans of \$167M for FY 1999.
- (i) Continuing Resolution Authority (P.L. 107-229)
- (j) Continuing Resolution Authority (P.L. 108-84); Authority expired unused on 9/3/2004.

**Foreign Military Financing
Direct Loan Subsidy Element**
(\$ in millions)

Fiscal Year	Request	Appropriated
1992	57.490	50.148 (a)(b)
1993	63.332	149.200 (c)
1994	120.457	46.530 (d)
1995	59.598	47.917 (e)
1996	89.888	64.400 (f)
1997	40.000	60.000 (g)
1998	66.000	60.000 (h)
1999	20.000	20.000 (i)
2000	0.000	0.000
2001	0.000	0.000
2002	0.000	0.000
2003	0.000	0.000
2004	0.000	0.000
2005	0.000	0.000
2006	0.000	0.000
2007	0.000	0.000
2008	0.000	0.000
2009	0.000	0.000

- (a) Authorization waived under P.L. 102-109 and P.L. 102-145.
- (b) P.L. 102-266 appropriated \$50.9M for FY 1992 and reduced the appropriation by \$.752M for a net availability of \$50.148M.
- (c) P.L. 102-391 appropriated \$149.2M for FY 1993. The Authorization was waived.
- (d) P.L. 103-87 appropriated \$46.53M for FY 1994. The Authorization was waived.
- (e) P.L. 103-306 appropriated \$47.917M for FY 1995. The Authorization was waived.
- (f) P.L. 104-107 appropriated \$64.4M for FY 1996. The Authorization was waived.
- (g) P.L. 104-208 appropriated \$60M for FY 1997. The Authorization was waived.
- (h) P.L. 105-118 appropriated \$60M for FY 1998. \$40M will be transferred to the FMF Grant Account. The Authorization was waived.
- (i) P.L. 105-277 appropriated \$20M for FY 1999. The Authorization was waived.

Foreign Military Financing Grants (11-1082)
(\$ in millions)

	Actual FY 2007	Estimated FY 2008	Request FY 2009
Appropriated Funds			
Egypt Grant	1,300.000	1,289.470	1,300.000
Israel Grant	2,340.000	2,380.560	2,550.000
Jordan Grant	207.900	298.380	235.000
Other Countries Grants	670.825	541.999	675.579
Administrative Costs	42.075	41.561	51.421
Rescission		36.355	
Total FMF Appropriation	4,560.800	4,588.325	4,812.000
Plus: Transfers In		2.500	
Less: Transfers Out		-4.000	
Less: Appropriation Rescinded		-36.343	
Plus: Supplemental Appropriation	265.000		
Plus: Resources available from MAP sales	0.160		
Less: Unobligated balances for administrative costs	0.000		
Total Budgetary Resources Obligated	4,825.960	4,550.482	4,812.000
Total FMF Outlays (Net)	4,326,000	4,679,000	4,763,000

Foreign Military Financing Program Account (11-1085)
(\$ in millions)

	Actual FY 2007	Estimated FY 2008	Request FY 2009
Budget Authority			
Direct Loan Subsidy Appropriation	0.000	0.000	0.000
Subsidy Re-estimates	14.365	0.000	0.000
Total Budget Authority	<u>14.365</u>	<u>0.000</u>	<u>0.000</u>
Total Obligations	14.365	0.000	0.000
Outlays (Net)	14.365	0.000	0.000

Foreign Military Loan Liquidating Account (11X4121)
(\$ in millions)

	Actual FY 2007	Estimated FY 2008	Request FY 2009
Budget Authority for Guarantee Claims:			
Permanent Indefinite Authority	5.000	8.400	10.600
Collections of Guarantee Claims	7.532	3.089	0.000
Total Budget Authority	<u>12.532</u>	<u>11.489</u>	<u>10.600</u>
Total Obligations and Disbursements for Guaranteed Claims	12.532	11.489	10.600
Offsetting Collections			
Loan Purchase for Debt Reduction	0.000	2.000	2.000
Repayment of Direct Loans	-110.062	-53.488	-50.000
Repayment of FFB Loans	-189.014	-156.102	-135.000
Total Offsetting Collections	<u>-299.076</u>	<u>-207.590</u>	<u>-183.000</u>
Outlays (Net)	-287.044	-201.000	-199.095

Foreign Military Financing Program/Grants

(\$ in millions)

Fiscal Year	Request		Authorized		Appropriated	
	Budget Authority	Program	Budget Authority	Program	Budget Authority	Program
1970	275.000	350.000	250.000	340.000	70.000	0.000
1971	772.500	885.000	750.000 (a)	840.000 (a)	700.000 (a)	0.000
1972	510.000	582.000	400.000	550.000	400.000	0.000
1973	527.000	629.000	400.000 (b)	550.000	400.000 (b)	0.000
1974	2,725.000	2,960.000	2,525.000 (c)	2,930.000 (c)	2,525.000 (c)	0.000
1975	555.000	872.000	405.000	872.500	300.000	0.000
1976 (d)	2,430.200	2,430.200	1,298.750	2,968.375	1,205.000	0.000
1977	2,179.600	2,179.600	740.000	2,022.100	740.000	0.000
1978	707.750	2,217.500	682.000	2,152.350	675.850	0.000
1979 (e)	1,042.500	5,767.500	1,044.300	6,155.500	1,024.500	0.000
1980	658.880 (f)	2,188.000 (f)	673.500	2,235.000	645.000 (b)	0.000
1981	734.000	2,840.000 (g)	500.000	3,116.000	500.000 (b)	3,046.187 (b)
1982	1,481.800	4,054.400	800.000	4,069.525	800.000	3,883.500
1983	950.000 (h)	5,273.300 (h)	800.000	4,169.525	1,175.000 (b)	5,106.500 (b)
1984	1,000.000	5,656.000	1,315.000	5,761.500	1,315.000 (b)	5,716.250 (b)
1985	5,100.000	5,100.000	(i)	(i)	4,939.500 (b)	4,939.500 (b)
1986	5,655.000	5,655.000	5,371.000	5,371.000	5,190.000	5,190.000 (j)
1987	5,861.000 (k)	5,661.000	(i)	(i)	4,053.441 (l)	4,053.441 (l)
1988	4,421.150	4,421.150	(m)	(m)	4,017.000 (n)	4,049.000
1989	4,460.000	4,460.000	(o)	(o)	4,272.750	4,272.750
1990	5,027.000	5,027.000	(p)	(p)	4,827.642	4,827.642 (q)
1991	5,016.900	5,016.900	(r)	(r)	4,663.421 (s)	4,663.421 (s)
1992	4,610.000	4,610.000	(t)	(t)	3,928.548 (u)	3,928.548 (u)
1993	4,099.225	4,099.225	(v)	(v)	3,245.414 (w)	3,245.414 (w)
1994	3,231.657	3,232.157	(x)	(x)	3,052.397 (x)	3,052.397 (x)
1995	3,130.858	3,130.858	(y)	(y)	3,151.279 (y)	3,151.279 (y)
1996	3,262.020	3,262.020	(z)	(z)	3,208.390 (z)	3,208.390 (z)
1996 Sup	70.000 (A)	70.000 (A)	(A)	(A)	70.000 (A)	70.000 (A)
1997	3,228.250	3,228.250	(B)	(B)	3,224.000 (B)	3,224.000 (B)
1998	3,274.250	3,274.250	(C)	(C)	3,296.550 (C)	3,296.550 (C)
1999	3,275.910	3,275.910	(D)	(D)	3,380.000 (D)	3,380.000 (D)
2000	3,430.000	3,430.000	(E)	(E)	4,819.994 (E)	4,819.994 (E)
2001	3,538.200	3,538.200	3,550.000	3,550.000	3,576.000 (F)	3,576.000 (F)
2002	3,674.000	3,674.000	3,627.000	3,627.000	3,650.000 (G)	3,695.000 (H)
2002 Sup	387.000	387.000	(I)	(I)	357.000 (I)	357.000 (I)
2003	4,107.200	4,107.200	4,107.200	4,107.200	4,072.000 (J)	4,072.000 (J)
2003 Sup	2,059.100	2,059.100	(K)	(K)	2,059.100 (K)	2,059.100 (K)
2004	4,414.000	4,414.000	(L)	(L)	4,337.182 (L)	4,337.182 (L)
2004 Sup	287.000	287.000	(M)	(M)	287.000 (M)	287.000 (M)
2005	4,957.500	4,957.500	(N)	(N)	4,783.500 (N)	4,783.500 (N)
2005 Sup	250.000	250.000	(O)	(O)	250.000 (O)	250.000 (O)
2006	4,538.600	4,538.600	(P)	(P)	4,464.900 (P)	4,464.900 (P)
2007	4,550.900	4,550.900	(Q)	(Q)	4,560.800 (Q)	4,560.800 (Q)
2007 Sup	265.000	265.000	(R)	(R)	265.000 (R)	265.000 (R)
2008	4,536.000	4,536.000	(S)	(S)	4,551.970 (S)	4,551.970 (S)
2009	4,812.000	4,812.000				

NOTE: Military Assistance Program included Foreign Military Sales Financing program prior to FY 1969.

- (a) Includes \$500M for Israel authorized by P.L. 91-441 and appropriated by P.L. 91-665.
- (b) CRA limitation.
- (c) Includes \$2,200M for Emergency Security Assistance requested, authorized and appropriated for Israel.
- (d) Includes transitional quarter (FY 197T).
- (e) Includes \$2,200M supplemental program for Israel and a \$1,500M supplemental program for Egypt.
- (f) Includes a \$10M amendment for Sudan and \$15M for Oman.
- (g) Includes \$200M proposed budget amendment for Egypt.
- (h) Reflects the amended budget request but not the supplemental budget request for program increase of \$525M for guarantee loans.
- (i) Authorization waived in Continuing Resolution Authority (P.L. 98-473 for FY 1985, and P.L. 99-500 for FY 1987).
- (j) Reflects amounts appropriated under P.L. 99-190 (final CRA). Pursuant to P.L. 99-177 (Gramm-Rudman-Hollings), \$223.17M not available for obligation.
- (k) Includes a supplemental request of \$200M.
- (l) Includes \$4,040.441 authorized by P.L. 99-500 CRA limitation and \$13.000 authorized by P.L. 100-71.
- (m) Authorization waived in Continuing Resolution (P.L. 100-202).
- (n) P.L. 100-202 appropriated \$4,049M for FY 1988. Also included in the law was a \$32M rescission applicable to the FY 1985 and FY 1986 appropriation resulting in an adjusted appropriation of \$4,017M, as shown in the FY 1989 President's Budget.
- (o) Authorization waived in P.L. 100-461.
- (p) Authorization waived in P.L. 101-167.
- (q) Congress appropriated \$4,828.403M, which was reduced by .43% for use in the control of illicit drugs. In addition, \$20M was transferred into the FMF account from the DOD budget (P.L. 101-165) resulting in \$4,827.641M available to the FMF program.
- (r) Authorization waived in P.L. 101-513.
- (s) P.L. 101-513 appropriated \$5,066.921M for FY 1991. Section 401(a) of P.L. 102-27 subsequently reduced that amount to \$4,663.421M.
- (t) Authorization waived in P.L. 102-109, P.L. 102-145, and P.L. 102-266.
- (u) P.L. 102-266 appropriated \$4,100M for FY 1992, reduced the amount appropriated by \$60.602M and provided for the transfer of \$63.75M of funds appropriated to the Demobilization and Transition Fund. P.L. 102-298 rescinded an additional \$47.100 of the FY 1992 appropriation for a net appropriation of \$3,928.548M.
- (v) Authorization waived in P.L. 102-391.
- (w) P.L. 102-391 appropriated \$3,300M for FY 1993, rescinded \$25.586M of prior year balance, and provided for the transfer of \$29M to the Demobilization and Transition Fund for a net budget authority of \$3,245.414M.
- (x) P.L. 103-87 appropriated \$3,149.279M, including deobligation/reobligation authority. The authorization was waived. During FY 1994, an Emergency Supplemental Appropriations Act was passed (P.L. 103-211) and it rescinded \$91.282M of FY 1993 and prior year balances. Subsequently, an additional \$5.6M was transferred to the IMET and Economic Support Fund accounts leaving a net appropriation of \$3,052.397M.
- (y) P.L. 103-306 appropriated \$3,151.279M for FY 1995. The Authorization was waived.
- (z) P.L. 104-107 appropriated \$3,208.390M for FY 1996. The Authorization was waived.
- (A) Pending FY 1996 FMF supplemental request of \$140M supports Jordan F-16 program; P.L. Appropriated \$70M for FY 1996. The Authorization was waived.
- (B) P.L. 104-208 appropriated \$3,224M for FY 1997. The Authorization was waived.
- (C) P.L. 105-118 appropriated \$3,296.55M for FY 1998. The Authorization was waived.
- (D) P.L. 105-277 appropriated \$3,380M for FY 1999 FMF Grants. The Authorization was waived.
- (E) P.L. 106-113 appropriated \$4,788.994M for FY 2000 FMF Grants. The Authorization was waived.
- (F) P.L. 106-429 appropriated \$3,576M for FY 2001 FMF Grants. P.L. 106-554 rescinded \$7.867M of the FMF appropriation.
- (G) P.L. 107-115 appropriated \$3,650M for FY 2002 FMF Grants.
- (H) Includes \$45M appropriated under P.L. 107-38, the Emergency Response Fund. The Authorization was waived.
- (I) P.L. 107-206 appropriated \$357M for FY 2002 Supplemental FMF Grants. The Authorization was waived.
- (J) P.L. 108-7 appropriated \$4,072M for FY 2003, of which \$26.468M was rescinded and \$93M was transferred to State for Colombia Andean Counter narcotics Initiative (ACI).
- (K) P.L. 108-11 appropriated \$2,059.1M for FY 2003 Supplemental, of which \$20M was transferred to State for Colombia Andean Counter narcotics Initiative (ACI). The Authorization was waived.
- (L) P.L. 108-199 appropriated \$4,294M for FY 2004, of which \$25,334M was rescinded and \$10.9M was transferred to State for Economic Support Fund (ESF) needs. Additionally, the account received \$.372M from USAID funds for Afghanistan and \$2.0M in deobligation/reobligation authority for Kenya and \$0.045M of funding from MAP sales. Includes \$77M appropriated under P.L. 107-38, the Emergency Response Fund, transferred to FMF in October 2003 for Afghanistan. The

Authorization was waived.

- (M) P.L. 108-106 appropriated \$287M for FY 2004 Supplemental for Afghanistan. The Authorization was waived.
- (N) P.L. 108-447 appropriated \$4,783.5M for FY 2005 of which \$38.268M was rescinded. The Authorization was waived.
- (O) P.L. 109-13 appropriated \$250M for FY 2005 Supplemental for Jordan and Pakistan. The Authorization was waived.
- (P) P.L. 109-102 appropriated \$4,510M for FY 2006 of which \$45.1M was rescinded. The Authorization was waived.
- (Q) P.L. 110-5 appropriated \$4,550.800M under the FY 2007 continuing resolution. P.L. 110-28 provided a technical amendment clarifying FMF appropriation level of \$4,560.800M. The authorization was waived.
- (R) P.L. 110-28 appropriated \$265M for FY 2006 Supplemental for Jordan and Lebanon. The Authorization was waived.
- (S) P.L. 110-161 appropriated \$4,588.325M for FY 2008 of which \$36.355M was rescinded. The Authorization was waived.

Foreign Military Loan Liquidating Account (11X4121)
(Formerly Guaranty Reserve Fund)
(\$ in millions)

Fiscal Year	Request	Appropriated	Actual	Estimated
1985	274.000	109.000	0.000	
1988	0.000	532.000	0.000	
1989	0.000	0.000	452.065	
1990	0.000	0.000	731.510	
1991	0.000	0.000	127.014	
1992	0.000	0.000	0.000	
1993	0.000	0.000	62.678	
1994	0.000	0.000	49.608	
1995	0.000	0.000	39.300	
1996	0.000	0.000	23.577	
1997	10.599	0.000	16.500	
1998	28.000	0.000	28.000	
1999	31.000	0.000	37.500	
2000	35.000	0.000	38.000	
2001	31.000	0.000	58.000	
2002	27.000	0.000	27.000	
2003	25.500	0.000	25.500	
2004	40.000	0.000	40.000	
2005	8.000	0.000	7.500	
2006	5.000	0.000	5.000	
2007	8.400	0.000	8.400	
2008	10.600	0.000	10.600	
2009	9.700	0.000		9.700

Use of borrowing from U.S. Treasury under authority of P.L. 100-202 in FY 1989, P.L. 101-167 in FY 1990, and P.L. 101-513 in FY 1991. Use of permanent indefinite appropriation authority in FY 1993 through FY 2008.

Direct Loan Financing Account (11X4122)

(\$ in millions)

	Actual FY 2007	Estimated FY 2008	Request FY 2009
Budget Authority and Obligations			
Direct Loans	0.000	0.000	0.000
Interest on Treasury Borrowing	16.000	86.000	86.000
Downward Subsidy Re-estimate	19.000	41.000	0.000
Interest on Downward Re-estimate	7.000	32.000	0.000
Total Budget Authority and Obligations	42.000	159.000	86.000
Disbursements	-198.000	248.000	248.000
Offsetting Collections:			
Collections on Upward Subsidy Re-estimate	-14.000	-14.365	0.000
Interest on Uninvested Funds - Treasury	-1.000	0.000	0.000
Loan Repayments from Country	-524.000	-323.779	-116.000
Total Offsetting Collections	-539.000	-338.114	-116.000
Outlays (Net)	-341.000	248.000	248.000

Military Debt Reduction Financing Account (11X4174)

(\$ in millions)

	Actual FY 2007	Estimated FY 2008	Request FY 2009
Budget Authority and Obligations			
Loan Purchase from Liquidating Account	0.000	2.000	2.000
Interest on Debt to Treasury	11.469	12.504	12.504
Downward Subsidy Re-estimate	0.000	0.000	0.000
Total Budget Authority and Obligations	11.469	14.504	14.504
Disbursements	-5.000	-47.000	-47.000
Offsetting Collections:			
Collections from Loan Subsidy Account	-4.000	-31.000	-31.000

	Actual FY 2007	Estimated FY 2008	Request FY 2009
Collection on Upward Subsidy Re-estimate	0.000	0.000	0.000
Interest on Uninvested Funds	0.000	0.000	0.000
Loan Repayments from Country	-17.000	-30.610	-30.610
Total Offsetting Collections	-21.000	-61.610	-61.610
Outlays (Net)	-5.059	-47.106	-20.842

Special Defense Acquisition Fund (11X4116)
(\$ in millions)

	Actual FY 2007	Estimated FY 2008	Request FY 2009
Purchases of Equipment (Obligations)	0.000	0.000	0.000
Gross Budget Authority	0.000	0.000	0.000
Offsetting Collections	0.000	0.000	0.000
Net Budget Authority	0.000	0.000	0.000
Financing Disbursements	0.000	0.000	0.000
Offsetting Collections	0.000	0.000	0.000
Net Outlays	0.000	0.000	0.000
Return of Unobligated Balances to the to Program Cancellation (Excess Unobligated Balance) to Treasury 1614, "Other Earnings from Business Revolving Funds"(a)	.184	0.000	0.000

(a) All excess unobligated balances have been returned to the Treasury and the account is closed.

International Military Education & Training Program (11-1081)
(\$ in millions)

	Actual FY 2007	Estimated FY 2008	Request FY 2009
Appropriation	85.877	85.877	90.500
Rescission	0.000	-.696	0.000
Total CY budgetary resources available for obligation	85.877	85.181	90.500
Obligations from Current Year Appropriation	85.442	85.181	90.500
“X” Year unobligated funds available SOY	3.249	4.825	4.825
Unobligated funds transferred from prior years	4.325	0.000	0.000
New Allocations in “X” Year	3.292	0.000	0.000
“X” Year unobligated funds available EOY	4.825	4.825	4.825
Net Outlays	90.267	90.006	95.325

International Military Education & Training Program
(\$ in millions)

Fiscal Year	Request	Authorized	Appropriated
1976 (a)	37.000	33.750	28.750
1977	32.200	30.200	25.000
1978	35.000	31.000	30.000
1979	32.100	31.800	27.900
1980	32.900	31.800	25.000 (d)
1981	32.500	34.000	28.400 (d)
1982	42.000	42.000	42.000
1983	53.700 (o)	43.000	46.000
1984	56.532	56.452	51.532 (d)
1985	60.910	(r)	56.221 (d)
1986	65.650	56.221	54.490 (s)
1987	68.830	56.000	56.000
1988	56.000	(v)	47.400
1989	52.500	(w)	47.400
1990	54.500	(y)	47.196 (A)
1991	50.500	(B)	47.196
1992	52.500	(C)	47.196 (G)
1993	47.500	(H)	42.500 (I)
1994	42.500	(J)	22.250 (J)
1995	25.500	(K)	25.500 (K)
1996	39.781	(M)	39.000 (M)
1997	45.000	(N)	43.475 (N)
1998	50.000	(O)	50.000 (O)
1999	50.000	(P)	49.951 (P)
2000	50.000	(Q)	49.810 (Q)
2001	57.875	55.000	57.748 (R)
2002	70.000	65.000	70.000 (S)
2003	80.000	85.000	79.480 (T)
2004	91.700	(U)	91.159 (U)
2005	89.730	(V)	89.012 (V)
2006	86.744	(W)	85.877 (W)
2007	88.900	(X)	85.877 (X)
2008	89.500	(Y)	85.181 (Y)
2009	90.500		

NOTE:

- (1) The Military Assistance Program included International Military Education and Training Program prior to FY1976.
- (2) The Administration has not proposed Military Assistance Programs subsequent to FY 1990.
 - (a) The Mutual Security Act of 1959, P.L. 86-108, approved July 24, 1959, states "There is hereby authorized to be appropriated to the President for the fiscal year 1961 and 1962 such sums as may be necessary from time to time to carry out the purpose of this chapter, which sums shall remain available until expended."

- (b) Foreign Assistance Act of 1961 authorized \$1,700M; no executive branch request for authorization was required.
- (c) Does not include MAP drawdowns of \$75M in FY 1965 and \$300M in FY 1966, or Section 506(a) drawdowns of \$1M in FY 1980; \$26M in FY 1981; \$55M in FY 1982; \$25M in FY 1983; \$40M in FY 1986; and \$25M in FY 1987.
- (d) CRA limitation.
- (e) Includes funds requested separately for proposed International Military Education and Training Program finally authorized and appropriated as part of the Military Assistance Program. Does not include \$2,500M for Section 506 drawdown authority.
- (f) Includes \$5M transferred to AID.
- (g) Does not include \$75M for Section 506 drawdown authority.
- (h) Includes transitional quarter FY197T.
- (i) Does not include \$275M for Section 506 drawdown authority.
- (j) Includes \$40.2M subsequently rescinded.
- (k) Includes a \$50M supplemental for Turkey.
- (l) Includes a \$1.7M Senate supplemental for Sudan.
- (m) Does not include \$7.1M reimbursement for Section 506 drawdown authority.
- (n) Reflects the amended budget request but not the \$187M supplemental budget request.
- (o) Reflects initial budget request; excludes \$1M supplemental request.
- (p) Reflects initial budget request; excludes \$259.05M supplemental request for Central America.
- (q) Includes supplemental appropriation of \$201.75M for Central America.
- (r) Authorization waived in Continuing Resolution (P.L. 98-473).
- (s) Reflects amounts appropriated under P.L. 99-190 (final CRA). Pursuant to P.L. 99-177 (Gramm-Rudman-Hollings) \$33.626M of MAP and \$2.343M of IMET are not available for obligation.
- (t) Includes supplemental appropriation of \$50M for the Republic of the Philippines.
- (u) Includes a supplemental request of \$261M.
- (v) Authorization waived in Continuing Resolution (P.L. 100-202).
- (w) Authorization waived in P.L. 100-461.
- (x) P.L. 101-45 transferred \$2M to contributions for international peacekeeping activities (Budget Account 19-9-1124).
- (y) Authorization waived in P.L. 101-167.
- (z) Administrative costs formerly designated as MAP General Costs (1080 account) are included in the Foreign Military Financing Appropriation (1082 account) effective 1 October 1989.
- (A) Congress appropriated \$47.4M which was reduced by .43% for use in the control of illicit drugs, resulting in \$47.196M available to the IMET program.
- (B) Authorization waived in P.L. 101-513.
- (C) Authorization waived in P.L. 102-109 and P.L. 102-145.
- (D) P.L. 102-298 rescinded \$6.75M of prior year balances and \$5.76M of previously disbursed amounts.
- (E) P.L. 102-298 rescinded \$20.164M of prior year balances.
- (F) During FY 1994, P.L. 103-211, the FY 1994 Emergency Supplemental Appropriations Act, rescinded \$.439M of prior year appropriations.

(G) P.L. 102-266 appropriated \$47.196M for FY 1992. P.L. 102-298 rescinded \$1.925M and P.L. 102-381 reduced it an additional \$.698M for a net availability of \$44.573M.

(H) Authorization waived in P.L. 102-391.

(I) P.L. 102-391 appropriated \$42.5M for FY 1993.

(J) P.L. 103-87 appropriated \$21.25M for FY 1994. The Authorization was waived. During FY 1994, an additional \$1.M was transferred into IMET from FMF making a total of \$22.25M of appropriated funds available.

(K) P.L. 103-306 appropriated \$25.5M for FY 1995. The Authorization was waived. Subsequent to the release of the President's FY 1996 Budget, \$.85M was transferred out of the PKO account and into the IMET account (\$.35M for Botswana and \$.5M for Senegal) to enhance PKO training.

(L) MAP funds were cancelled in FY 1995 due to "M" year legislation. No new authorizations will be enacted for this account.

(M) P.L. 104-107 appropriated \$39M for FY 1996. The Authorization was waived.

(N) P.L. 104-208 appropriated \$43.475M for FY 1997. The Authorization was waived.

(O) P.L. 105-118 appropriated \$50M for FY 1998. The Authorization was waived.

(P) P.L. 105-277 appropriated \$50M for FY 1999. The Authorization was waived. P.L. 106-51 rescinded \$.041M. The Authorization was waived.

(Q) P.L. 106-113 appropriated \$49.810M for FY 2000. The Authorization was waived.

(R) P.L. 106-429 appropriated \$55M for FY 2001 and \$2.875M for an emergency supplemental in support of the Southeast Europe Initiative. P.L. 106-554 rescinded \$.127M.

(S) P.L. 107-115 appropriated \$70M for FY 2002.

(T) P.L. 108-7 appropriated \$80M for FY 2003, of which \$.52M was rescinded.

(U) P.L. 108-199 appropriated \$91.7M of which \$.541M was rescinded. The Authorization was waived.

(V) P.L. 108-447 appropriated \$89.73M of which \$.718M was rescinded. The Authorization was waived.

(W) P.L. 109-102 appropriated \$86.744M of which 0.867M was rescinded. The Authorization was waived.

(X) P.L. 109-289 appropriated \$85.877M. The Authorization was waived.

(Y) P.L. 110-161 appropriated \$85.877M of which \$.696M was rescinded. The Authorization was waived.

Summary of Students Trained Under IMET

	FY 2007 Actual	FY 2008 Estimate	FY 2009 Request
Africa			
Angola	3	5	4
Benin	4	3	3
Botswana	30	29	27
Burkina Faso	5	3	5
Burundi	5	5	5
Cameroon	12	11	11
Cape Verde	4	2	2
Central African Republic	2	2	3
Chad	4	1	3
Comoros	1	2	2
Cote d'Ivoire	0	4	4
Democratic Republic of Congo	55	100	105
Djibouti	12	12	10
Equatorial Guinea	0	0	2
Eritrea	0	0	0
Ethiopia	32	42	47
Gabon	8	6	6
Gambia	62	69	72
Ghana	28	25	26
Guinea	85	86	128
Guinea-Bissau	35	35	36
Kenya	2	21	30
Lesotho	2	2	2
Liberia	18	16	27
Madagascar	28	28	26
Malawi	13	10	10
Mali	3	10	10
Mauritania	29	19	20
Mauritius	84	83	87
Mozambique	66	76	80
Namibia	1	3	3
Niger	3	5	5
Nigeria	62	68	71
Republic of the Congo	6	3	3
Rwanda	12	14	15
Sao Tome and Principe	20	32	29
Senegal	28	26	28
Seychelles	5	4	4
Sierra Leone	117	190	199

Summary of Students Trained Under IMET

	FY 2007 Actual	FY 2008 Estimate	FY 2009 Request
South Africa	2	34	34
Southern Sudan	6	18	19
Swaziland	0	4	4
Tanzania	7	30	32
Togo	58	69	72
Uganda	12	20	21
Zambia	51	77	70
Subtotal - Africa	1,022	1,304	1,402
East Asia Pacific			
Cambodia	5	3	2
East Timor	27	40	32
Fiji	0	10	0
Indonesia	69	46	74
Kiribati	0	0	1
Laos	3	5	8
Malaysia	49	49	42
Marshall Islands	0	2	2
Mongolia	106	102	108
Nauru	0	0	1
Papua New Guinea	35	39	41
Philippines	196	105	121
Samoa	40	38	40
Solomon Islands	2	7	7
Thailand	0	46	56
Tonga	6	9	10
Tuvalu	0	0	1
Vanuatu	4	8	8
Vietnam	6	4	4
Subtotal - East Asia Pacific	548	513	558
Europe			
Albania	57	52	49
Armenia	77	65	26
Azerbaijan	32	30	35
Bosnia and Herzegovina	27	25	28
Bulgaria	50	48	56
Croatia	10	23	67
Czech Republic	114	110	95
Estonia	117	113	99
Georgia	67	69	58

Summary of Students Trained Under IMET

	FY 2007 Actual	FY 2008 Estimate	FY 2009 Request
Greece	83	84	15
Hungary	90	88	68
Kosovo	0	15	20
Latvia	102	90	91
Lithuania	118	103	104
Macedonia	19	14	15
Malta	3	2	2
Moldova	55	32	31
Montenegro	0	4	6
Poland	78	72	84
Portugal	26	34	5
Romania	246	285	266
Russia	5	34	23
Serbia	6	23	80
Slovakia	47	47	45
Slovenia	53	52	43
Turkey	228	186	195
Ukraine	46	45	43
Subtotal - Europe	1,756	1,745	1,649
Near East Asia			
Algeria	20	17	20
Bahrain	65	65	69
Egypt	34	35	37
Iraq	42	75	79
Jordan	197	197	209
Kuwait	0	1	1
Lebanon	81	128	191
Morocco	161	147	148
Oman	70	90	91
Qatar	0	1	1
Saudi Arabia	0	1	1
Tunisia	23	27	27
UAE	0	1	2
Yemen	41	39	41
Subtotal - Near East	734	824	917
South Asia			
Afghanistan	26	35	31
Bangladesh	62	51	53
India	55	45	44

Summary of Students Trained Under IMET

	FY 2007 Actual	FY 2008 Estimate	FY 2009 Request
Kazakhstan	33	26	20
Kyrgyz Republic	62	61	53
Maldives	8	9	9
Nepal	109	103	110
Pakistan	145	139	146
Sri Lanka	23	27	27
Tajikistan	31	46	41
Turkmenistan	9	6	6
Uzbekistan	0	0	0
Subtotal - South Asia	563	548	540
Western Hemisphere			
Argentina	364	272	272
Bahamas	46	37	24
Belize	15	8	10
Bolivia	2	7	7
Brazil	4	26	36
Chile	336	290	266
Colombia	447	388	380
Costa Rica	10	22	40
Dominican Republic	82	73	63
Eastern Caribbean	58	49	58
Ecuador	18	74	105
El Salvador	232	203	204
Guatemala	47	48	55
Guyana	16	11	11
Haiti	72	64	74
Honduras	271	162	135
Jamaica	74	66	69
Mexico	5	32	73
Nicaragua	46	35	36
Panama	51	13	23
Paraguay	2	8	12
Peru	5	20	34
Suriname	10	10	11
Trinidad and Tobago	5	10	13
Uruguay	4	24	33
Venezuela	0	2	0
Subtotal - Western Hemisphere	2,222	1,954	2,044
Total	6,845	6,888	7,110

