

Extracts from SEC STATE Message, 172048Z July 81. Subject: Conventional Arms Transfer Policy: Supplemental Information

. . . General

3. On July 9 the White House released the Administration's Policy Statement on Conventional Arms Transfers which the President approved on July 8. This statement grew out of an interagency effort of several months to formulate a suitable approach to arms transfers that would support our foreign policy and national security interests.

This approach steers a middle course between use of arms transfers basically as political capital, unrelated to the military needs of the recipients, and the previous Administration's policy which viewed arms transfers negatively and as something that should be restrained per se.

This Administration believes that with effective U.S. Government control and direction, but without sweeping prohibitions and an annual ceiling, arms transfers can be used to serve our interests. It intends to pursue a flexible but coherent approach that recognizes the diversity of both U.S. interests and political-military realities in various regions of the world.

The policy makes clear to our friends and potential adversaries that the U.S. intends to be a reliable supplier, who will not let its allies and friends be disadvantaged. Sensible use of arms transfers will complement our own defense capability and commitments in pursuit of our objective of a more secure world. The policy does not advocate the transfer of defense articles without an important reason related to our foreign policy and national security.

4. Q: PD-13 also stated that arms transfers were to be used to promote U.S. security and that of its close friends. Apart from the rhetoric, what are the differences between the Reagan and Carter policies?

A. The policy of the previous Administration treated arms transfers as inherently negative. The new policy abandons this attitude. Arms transfers will no longer be treated as an "exceptional" implement of foreign policy.

The structure of the old policy contained: a set of controls --both a ceiling on total annual sales and qualitative prohibitions; exemption from the policy controls of NATO, Australia, Japan and New Zealand (Israel was mentioned in the policy but was not exempted from the controls); the possibility of a Presidential exception to any of the controls; and a call for multilateral cooperation to emulate the U.S. unilateral program.

The new policy will not tie our hands with an artificial discriminating treatment against friends and allies who are not mentioned in the policy, and a unilateral effort without multilateral cooperation. Instead -- the Administration will treat each case individually -- making decisions through consideration of a large number of factors, many of which are mentioned in the policy statement -- in short, a realistic and practical case-by-case process.

5. Q: Despite the Carter restraint policy, U.S. sales remained high through his Administration. He also granted policy exceptions in many instances. This would seem to indicate that the Carter Policy worked rather well. Why are you changing it?

A: The Carter Policy was flexible to the extent that the President made a number of exceptions for sales that he deemed necessary to serve U.S. national interests. However, the original rhetoric of the policy remained in force. This rhetoric created the impression in recipient countries that the U.S. was uncomfortable in making arms sales. In some cases, this created doubts among countries who look to the U.S. as a source of support and whose constancy and reliability are unwaivering. We believe we must make very clear, not only to our friends but also to potential adversaries, that the United States is committed to support its friends and allies with the necessary arms, training and support to deter and, if necessary, counter threats to our mutual interests. The new policy leaves no doubt on this score.

6. Q: Who will make the decision on major arms transfers?

A: Obviously, the President himself is the decision-maker on arms transfers that are sufficiently important to our foreign policy and national security interests to warrant his attention. By law, the Secretary of State is responsible for the "continuous supervision and general direction of sales" including, deciding whether there shall be a sale to a country, "to the end that sales are integrated with other U.S. activities and that the foreign policy of the United States is best served thereby."

In short, major decisions will be made by the Secretary of State, or Under Secretary for Security Assistance on his behalf, unless the matter is of direct interest to, or of sufficient importance to be decided by the President himself.

Global Strategy

7. Q: How does the new policy relate to our global strategy?

A: U.S. security assistance programs in general, and arms transfers in particular, are indispensable elements of our global defense posture. Helping our friends and allies to help themselves will strengthen directly our collective security framework.

The new policy sends to all nations an unequivocal message that the U.S. will not stand idly by while its friends and allies confront increased threats to their security. At the same time, this Administration will be responsive to all nations with genuine interest in establishing a cooperative dialogue and improving bilateral relations.

8. Q: Exactly how will arms transfers be used to complement American security commitments?

A: Arms transfers are not a substitute for adequate U.S. defense capabilities or for a U.S. willingness to stand by its security commitments. Where we and a recipient country share security concerns, and have a commonality of foreign policy interests, arms transfers will help such a country to meet local threats, thereby adding to and complementing the deterrent effect of any U.S. commitment or force projection capability. The United States cannot defend free world interests alone.

9. Q: How do arms transfers improve our ability to project power?

A: Many countries with whom we have arms transfer relationships look to the U.S. as an ultimate guarantor of their security. This is most evident where we have formal security commitments but probably applies to other countries as well. The ability of the U.S. to project power is critical if this role is to be credible. U.S. arms transfers would provide commonality of equipment should it become necessary to fight side by side. Arms transfers are also an integral part of our relationship with a number of countries that provide to the U.S. use of their military facilities. Such facilities are important and in some cases vital to an effective U.S. response in various regions of the world should that be necessary.

Defense Production

10. Q: How do arms transfers "enhance U.S. defense production capabilities and efficiency"?

A: Without question, arms sales can enhance the efficiency of our defense production capabilities by making maximum use of the existing industrial base and reducing unit costs. Nevertheless, this will be neither the sole motivation nor even a primary consideration for the approval of an arms transfer request.

Sales Promotion

11. Q: How do you respond to the charge that the new policy is designed solely to promote arms sales?

A: The new policy is designed solely to promote U.S. national interests in the areas of foreign policy and national security. Its objective is not to promote arms sales for the sake of arms sales alone. The measure of the policy is not in the total value of arms sales in any given year; it is [in] the manner in which transfers are used to enhance our interests.

12. Q: What is the required procedure for marketing American arms overseas? Will industry be able to try to sell its products whenever and wherever it desires?

A: The export of American-origin defense articles, services, and technology on the United States munitions list must be made through munitions control licensing procedures. Anyone wishing to promote the sale overseas of significant combat equipment valued at 7 million dollars or more must first obtain a munitions control license from the Department of State. Ultimately, if a sale is concluded, the actual export of the item must also be licensed. Additionally, the requirement for an export license applies to all defense articles, no matter the value.

American diplomatic and military personnel abroad have already been instructed to provide the same services to representatives of American firms with valid munitions control licenses as they would to U.S. firms promoting the sale of other types of products. The previous Administration severely restricted the assistance our personnel overseas could provide to defense manufacturers by rescinding these instructions, which incidently came to be called "The Leprosy Letter". We have provided some remedy to this situation.

Factors

13. Q: The Carter Policy contained controls that were mandatory. The Reagan Policy has "factors" that will be considered. How can you be certain that the new policy will be able to control undesirable sales?

A: The purpose of the "factors" instead of mandatory controls is to allow us to determine each case on its merits. The interlocking nature of the factors to be considered should assure a careful review of each potential transfer.

14. Q: What factor will make the key difference in arms transfer decisions?

A: No single factor as a general proposition. As the policy indicates, a wide range of factors will be considered in analyzing prospective arms sales. Each case is different and the weight given to any single factor will depend upon its relevance to the particular circumstances of a given case.

Threat

15 Q: How will you measure the military threats confronting a recipient? Will it be the judgement of the U.S. or the recipient?

A: We expect it to be both. Each recipient is the ultimate judge of what it needs and what it can afford to spend on defense. We hope to establish relationships with key recipients in which we work together to determine what kinds and quantities of equipment, including training, support, and logistics, are appropriate. Once they are confident and assured of U.S. support and concern for their security, we would hope that our advice would be welcome. However, just as a recipient is the judge of what it needs, we determine what we will sell. Effective dialogue and trust should minimize differences and lead to commonly agreed solutions.

16. Q: How do you plan to maintain stability in regions where friends of the U.S. are mutually antagonistic?

A: We will seek to strengthen our friends against externally armed and supported adversaries, taking into account the impact of sales on the stability of relationships among our friends who have differences with each other. We will continue our efforts to resolve such differences and to seek political solutions which contribute to regional harmony. We believe that our friends will be in a better position to resolve differences if they have a greater sense of security against external threats. We recognize that we will be confronted with difficult choices, but we cannot shirk from the twin objectives of meeting security needs and promoting regional stability.

17. Q: Will the policy permit (as PD-13 prohibited) the introduction into a region of newly developed, advanced weapons systems which could create a new or significantly higher combat capability?

A: The question of whether to be the first nation to introduce a specific system into a region will not by itself determine a decision. There may occur occasions when the U.S. will want to provide an advanced system for the first time into a region to offset a qualitative or quantitative disadvantage being suffered by a friend in a hostile situation. Of course, we will want to determine the effect the introduction will have on the region.

Country Treatment

18. Q: Although you are not establishing a category of countries "exempt" from policy controls, the policy states the U.S. will give high priority to its major allies and to those nations with whom it has friendly and cooperative security relationships. Isn't this contradictory?

A: Not at all. Clearly, there are nations who share more concerns and interests with us than others. But none have been earmarked "exempt" or given the stigma of "non-exempt". This will not degrade our relationship with those nations who were mentioned for special treatment in the previous policy, but will indicate to others that they can expect the treatment that our interests dictate they deserve.

U.S. Force Needs

19. Q: What provision does the policy make in support of the needs of U.S. armed forces when specific items are in general need but short supply?

A: The policy acknowledges the primacy of the requirements of U.S. armed forces but recognizes that urgent foreign needs may occur for scarce items. At the time, we will have to weigh the importance of a scarce defense article to a foreign country as opposed to the needs of our services. We do not intend to make it a practice to degrade our armed forces' inventories and defense capabilities.

Coproduction

20 Q: How does the new arms transfer policy differ from the Carter policy with respect to coproduction?

A: Under the old policy, coproduction agreements for significant weapons, equipment and major components required a Presidential exception to policy. The Reagan Administration has determined that coproduction requests should not be automatically rejected out-of-hand. Although we recognize that coproduction can provide some economic and industrial benefits for both the United States and other participating countries, they also pose economic as well as policy problems. As we examine coproduction requests on a case-by-case basis, in addition to other considerations, we will weigh our standardization and interoperability goals, the degree of importance of third party transfers to the coproducing nation, and the question of protection of sensitive and advanced technology from compromise.

Adapting Equipment for Export

21. Q: If not to promote arms sales, why does the policy suggest that American companies adapt U.S. equipment for sale abroad?

A: PD-13 prohibited the "development or significant modification of advanced systems solely for export." We believe that some countries neither need nor can afford our most advanced systems. We will always explore optional responses to equipment requirements. In this regard, we will encourage industry to examine the potential for modifying systems for export with emphasis on less costly and sophisticated alternatives.

Complementarity With Allies

22. Q: Explain the meaning of complementary policies with allies in strengthening common friends.

A: This portion of the policy statement reaffirms that the U.S. and other major suppliers with whom we are allied or have close defense relationships share common interests in the stability of various regions of the world and in strengthening the military capabilities of friendly states in the developing world who face armed adversaries. Just as the U.S. and its close allies are attempting to achieve standardization and interoperability of our weapon inventories in the face of mutually perceived threats, we should cooperate and pursue complementary policies in pursuit of mutual interests in the developing world.

Nuclear Non-Proliferation

23. Q: Do you expect that a more forthcoming arms transfer policy will reduce motivations for countries to consider the nuclear option?

A: To the extent security is a prime motivation for any given country, an arms transfer relationship with the U.S., in which it is confident of our support, could reduce some of the anxieties which could drive the nuclear option. Therefore, in at least some cases, responsiveness to legitimate conventional arms requirements can be important to our non-proliferation efforts.

Arms Transfer Restraint

24. Q: The statement mentions "restraint." Does the Administration plan to take any steps to encourage restraint?

A: As the statement says, the U.S. retains a genuine interest in restraint -- but multilateral restraint. We are not about to employ restraint unilaterally. We are prepared, however, to consider specific proposals and, if the international atmosphere becomes conducive, to consider preparing some initiatives of our own.