

training from the US Government (Department of Defense) with their own financial resources. This program also includes the sale to foreign customers of supply support arrangements designed to provide material, stocks, and maintenance support for US-made military materiel they purchase.

■ **FMS Financing Program.** The US Government recognizes that it is sometimes advantageous to encourage foreign governments to use US commercial sources to meet their defense needs. The United States has established an FMS credit program by which loans or repayment guarantees are provided to eligible foreign governments for the purchase of defense articles, services, and training from commercial contractors. All FMS activities are evaluated in the context of their impact on social and economic development programs in recipient countries and for their impact on incipient regional arms races. In accordance with US policies, sales will be approved to countries or international organizations to enhance internal security, legitimate self-defense, civic action, or regional collective agreements. FMS will not be approved to governments which are denying growth of fundamental rights or social progress to their people. The President of the United States may waive these limitations when he deems it important to the security of the United States.

The first three programs listed above are carried out under the FOREIGN ASSISTANCE ACT OF 1961 or successor legislation and are generally provided to recipients without reimbursement. The Foreign Assistance Act stipulates that the US Government retains residual title to all GRANT AID materials and requires GRANT AID recipients to return any surplus defense articles provided under this program. These articles may then be used to meet other MAP requirements.

FMS activities are conducted in accordance with the Arms Export Control Act of 1976 and succeeding legislation.

CONCEPTS

US security assistance is based on the following concepts:

The nations directly threatened will assume the primary responsibility for providing the manpower for their own defense, will devote a fair share of their other resources to their defense effort, and will make the best possible use of their resources.

Grant aid will be terminated as soon as possible, consistent with reasonable economic stability and growth. Transition to aid on a sales basis is made easier by the use of FMS credit.

Grant aid and credit resources will be concentrated in investment (capital) needs, with the receiving country assuming responsibility for the major share of operating and maintenance costs.

The combined development of assistance and self-help goals will consider such factors as threats, risks, costs, resource constraints, and manpower limitations. These factors assist in providing a realistic basis for the allocation of resources for security purposes.