

GAO

Report to the Honorable
John Conyers, Jr.,
House of Representatives

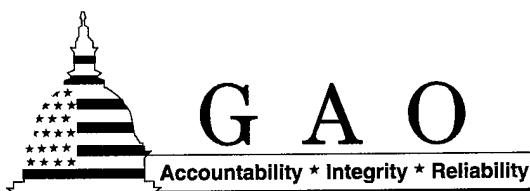
September 2001

DEFENSE TRADE

Information on U.S. Weapons Deliveries to the Middle East

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United States General Accounting Office
Washington, DC 20548

September 21, 2001

The Honorable John Conyers, Jr.
House of Representatives

Dear Mr. Conyers:

The U.S. government provides military equipment, services, and training to countries in the Middle East region¹ through a variety of military assistance programs.² You asked us to identify (1) the amounts and types of military equipment, services, and training the U.S. government has delivered to the Middle East from fiscal year 1991 through fiscal year 2000, and (2) the conditions placed on the use of selected U.S. weapon systems delivered to the Middle East. We briefed you and your staff on August 2, 2001. As you requested, this letter provides the information covered in that briefing.

Results in Brief

From fiscal year 1991 through fiscal year 2000, the U.S. government delivered about \$74 billion in military equipment, services, and training to countries in the Middle East. This included military items purchased by these countries through the Foreign Military Sales program, as well as those financed with grant funds provided through the Foreign Military Financing program. In addition, military equipment, services, and training is provided on a grant basis through the International Military Education and Training program and under the Excess Defense Articles and Emergency Drawdown authorities. The Foreign Military Sales and Foreign Military Financing programs account for about 96 percent of the value of military items the United States delivered to the region. The U.S. weapon systems delivered include F-16 and F/A-18 fighter aircraft, Apache and

¹ We included the following countries in the Middle East region in our review: Bahrain, Egypt, Israel, Jordan, Kuwait, Lebanon, Oman, Qatar, Saudi Arabia, Syria, United Arab Emirates, and Yemen. In addition, we included the Palestinian Authority in our review due to its location in the Middle East.

² For the purposes of this report, military assistance programs refers to security assistance programs administered by the Department of Defense.

Cobra helicopters, M1A1 tanks, and AMRAAM,³ ATACMS,⁴ and Stinger missiles.

State and Defense Department officials told us that conditions on the use of U.S. military equipment, services, and training delivered to countries in the Middle East, with few exceptions, are limited to standard conditions that the U.S. government places on all transfers of U.S. military items. By law, the United States may provide military items to foreign governments only for internal security, legitimate self-defense, participation in collective arrangements that are consistent with the United Nations' charter, or civic action.⁵ Use conditions are contained in general mutual defense treaties and other international agreements, and sales agreements for military equipment, services, and training sold to foreign governments. In addition to the standard use conditions, we identified a limited number of cases where the U.S. government applied specific use conditions to weapon systems delivered to the Middle East. For example, U.S. man-portable air defense systems (such as Stinger missiles) may not be assembled for training or testing by the foreign government without prior notice to U.S. military personnel located in overseas offices.⁶

Background

The U.S. government provides military equipment, services, and training to countries in the Middle East through several military assistance programs, including the Foreign Military Sales program, Foreign Military Financing program, International Military Education and Training program, Excess Defense Articles authority, and Emergency Drawdown authority. These programs are generally governed by the Arms Export Control Act, as amended,⁷ and the Foreign Assistance Act of 1961, as amended.⁸

³ Advanced Medium Range Air-to-Air Missile.

⁴ Army Tactical Missile System.

⁵ Military equipment and training may be used in developing countries to assist foreign military forces to construct public works or to engage in other activities helpful to the economic and social development of a country.

⁶ The U.S. government requires that this condition be applied to all deliveries of man-portable air defense systems, except for transfers to Australia, Japan, New Zealand, and North Atlantic Treaty Organization countries.

⁷ 22 U.S.C. § 2751 et seq.

⁸ 22 U.S.C. § 2151 et seq.

Through the Foreign Military Sales program, the U.S. government sells military equipment, services, and training to foreign governments under sales agreements managed by the Defense Department. Although the Arms Export Control Act generally requires the U.S. government to recover the full estimated costs from the foreign government purchaser, U.S. grant funds provided under the Foreign Military Financing program can be used to purchase military items through the Foreign Military Sales program.

Through the Foreign Military Financing program, the U.S. government provides selected countries with grant funds to purchase military equipment, services, and training. As stated above, these funds can be used to purchase military items through the Foreign Military Sales program, or in some cases can be used to purchase such items directly from U.S. companies. In addition, Israel may use a portion of these grant funds to purchase military items directly from its indigenous companies. Purchases made directly from companies are generally referred to as direct commercial sales.

The U.S. government funds military training for foreign governments through the International Military Education and Training program. In addition, it provides military equipment, services, and training to foreign governments, on a grant basis, under the Excess Defense Articles⁹ and Emergency Drawdown¹⁰ authorities. Under these authorities, the U.S. provides military items directly from Defense Department stocks.

Through these military assistance programs, the U.S. government places conditions on deliveries of U.S. military equipment, services, and training to foreign governments. These conditions restrict the use of such equipment to certain authorized purposes and restrict the transfer of the equipment to third parties. Conditions may also specify security measures to be taken to protect the equipment or require special inventory checks by U.S. personnel. For the purpose of this review, we focused on use restrictions.

⁹ 22 U.S.C. § 2321j.

¹⁰ 22 U.S.C. § 2318.

Amounts and Types of U.S. Military Assistance Delivered to the Middle East

The U.S. government delivered about \$74 billion in military equipment, services, and training to countries in the Middle East from fiscal year 1991 through fiscal year 2000. Table 1 shows the total value of U.S. military assistance that was delivered, by country, for the 10-year period. The data is arranged by each of the five military assistance programs we included in our review.¹¹ The amounts shown for the Foreign Military Financing program represent only the portion that was used for direct commercial sales.¹² The remainder of the Foreign Military Financing funds are included as part of the Foreign Military Sales totals since these funds were used to purchase items through that program. Table 1 shows the value of deliveries of military items purchased by countries in the Middle East through the Foreign Military Sales program or purchased as direct commercial sales using funds provided through the Foreign Military Financing program, as well as military items provided on a grant basis through the International Military Education and Training program and under the Excess Defense Articles and Emergency Drawdown authorities. Over the last 10 years, the Foreign Military Sales and Foreign Military Financing programs have accounted for about 96 percent of the value of military items the United States has delivered to the Middle East. The four largest recipients of military items in the Middle East have been Saudi Arabia, Israel, Egypt, and Kuwait. Syria and the Palestinian Authority did not receive U.S. military assistance during this period.¹³

¹¹ The five programs we reviewed account for the majority of military assistance dollars to the Middle East, although the U.S. government has other means of delivering military assistance to foreign governments. For example, military equipment, services, and training can also be provided through Peacekeeping Operations, International Narcotics Control and Law Enforcement, and Nonproliferation, Anti-terrorism, Demining, and Related Programs.

¹² The total value of Foreign Military Financing grant funds appropriated to the Middle East during fiscal years 1991 to 2000 is over \$33 billion, including \$19 billion to Israel, \$13 billion to Egypt, and \$567 million to Jordan. However, these appropriated amounts have not all been disbursed as of August 2001.

¹³ While the Palestinian Authority did not directly receive U.S. military assistance, the U.S. government indirectly provided the Palestine Police with \$4 million in fiscal year 1994 and \$5 million in fiscal year 1995 for non-lethal assistance. This assistance consisted of trucks, jeeps, uniforms, and medical equipment obtained from Defense Department stocks under Emergency Drawdown authority for Israel and then provided to the Palestine Police.

Table 1: Value of U.S. Military Assistance Deliveries to the Middle East, Fiscal Years 1991-2000^a

Dollars in millions

Country	Foreign Military Sales	Foreign Military Financing-Commercial Sales	Excess Defense Articles	Emergency Drawdown	International Military Education & Training	Total
Saudi Arabia	\$33,526.7	0	0	0	0	\$33,526.7
Israel	6,365.6	\$10,812.4	\$767.4	\$818.0	0	18,763.4
Egypt	10,030.9	2,097.9	539.4	13.5	\$12.3	12,694.1
Kuwait	5,520.0	0	0	0	0	5,520.0
United Arab Emirates	1,380.0	0	0	0	0	1,380.0
Jordan	351.6	57.6	386.4	139.3	11.9	946.9
Bahrain	615.7	0	402.8	0	1.3	1,019.7
Lebanon	135.7	0	58.8	0	4.0	198.5
Oman	95.1	0	56.4	0	1.5	153.1
Yemen	5.8	0	0	0	0.5	6.3
Qatar	4.8	0	0	0	0	4.8
Total	\$58,031.8	\$12,967.9	\$2,211.3	\$970.8	\$31.6	\$74,213.4

^aTotals may not add due to rounding.

Source: GAO analysis of Defense Department data.

The weapon systems that the U.S. government has delivered to countries in the Middle East include fighter aircraft, helicopters, tanks, missiles, and cluster bombs. Figure 1 identifies some of the weapon systems that have been delivered to specific countries.

Figure 1: Selected U.S. Weapon Systems Delivered to the Middle East^a

	Bahrain	Egypt	Israel	Jordan	Kuwait	Oman	Saudi Arabia	UAE	Yemen
Aircraft									
F-15			•				•		
F-16	•	•	•	•					
F/A-18					•				
E-2C		•	•						
E-3A							•		
Helicopters									
Apache		•	•				•	•	
Apache Longbow			•						
Cobra	•		•	•					
Missiles									
AMRAAM	•		•						
Harpoon	•	•	•		•		•	•	
Hellfire		•	•				•	•	
Maverick	•	•	•	•	•		•		
Patriot			•		•		•		
Sidewinder	•	•	•	•	•	•	•	•	
Sparrow	•	•	•		•		•		
Stinger	•	•	•				•		
TOW	•	•	•	•	•	•	•	•	•
ATACMS	•								
MLRS	•		•						
Tanks									
M1A1		•							
M1A2				•		•			
Cluster bombs									
	•	•					•	•	

^aLebanon, Qatar, Syria, and the Palestinian Authority have not received any of the above U.S. weapon systems from fiscal years 1991 through 2000.

Source: GAO's analysis of the Defense Department's data.

Conditions on the Use of U.S. Military Equipment Delivered to the Middle East

State and Defense Department officials told us that conditions on the use of U.S. military equipment, services, and training delivered to countries in the Middle East, with few exceptions, are limited to standard conditions that the U.S. government places on all transfers of military items. According to these officials, the U.S. government carefully reviews each proposed military transfer to prevent sensitive military items from going to countries that would misuse them or to limit the military technology provided.¹⁴ For example, Army officials told us that the TOW¹⁵ 2B missile is sold to only a few countries, because it has more capability than the TOW 2A. Of the countries identified in figure 1, only Kuwait has received the TOW 2B missile. Several State and Defense Department officials cited this review process as the reason the U.S. government generally does not place specific use restrictions, in addition to standard use conditions, on military items transferred to foreign governments.

U.S. laws governing military assistance include conditions on the transfer of U.S. military equipment, services, and training. Both the Arms Export Control Act¹⁶ and the Foreign Assistance Act¹⁷ define the purposes for which U.S. military items can be transferred. These purposes are internal security, legitimate self-defense, participation in collective arrangements that are consistent with the United Nations' charter, or construction of public works or other economic and social development activities.

The U.S. government signed mutual defense treaties and other international military assistance agreements with foreign governments in the Middle East when military assistance was first provided to those countries. These treaties and international agreements include, by reference, the use conditions found in the Arms Export Control or Foreign Assistance Acts, or in some cases, include similar language to the use conditions provided by these acts. For example, a 1988 memorandum of understanding between the United States and Egypt for the coproduction of the M1A1 tank states that defense articles, services, and technology transferred to Egypt must be used in accordance with the Arms Export

¹⁴ See *Foreign Military Sales: Review Process for Controlled Missile Technology Needs Improvement* (GAO/NSIAD-99-231, Sept. 29, 1999) for information on the review process for military transfers.

¹⁵ Tube-launched, Optically-tracked, Wire-guided.

¹⁶ 22 U.S.C. § 2754.

¹⁷ 22 U.S.C. § 2302.

Control Act. In another example, a 1952 mutual defense assistance agreement states that Israel may use U.S. military equipment only to maintain its internal security, for legitimate self-defense, or to participate in United Nations collective security arrangements. This is similar to the language contained in the Arms Export Control and Foreign Assistance Acts.

The Defense Department uses sales agreements when it sells U.S. military equipment, services, and training to foreign governments through the Foreign Military Sales program. These sales agreements contain a number of standard terms and conditions, including conditions similar to those found in the Arms Export Control and Foreign Assistance Acts or in military assistance agreements. The standard use conditions require the purchaser to use the defense articles sold only for the purposes specified in any mutual defense assistance agreement, bilateral treaty, or regional defense treaty. If no such agreements or treaties exist, then defense articles are only to be used for internal security, individual self-defense, or civic action.

We reviewed over 80 sales agreements for weapon systems sold to the Middle East and found that those for man-portable air defense systems (such as Stinger missiles) contained use conditions in addition to the standard use conditions. The sales agreements require foreign governments to notify U.S. military personnel located in overseas offices prior to assembling the components of the man-portable air defense systems for training or testing. In addition, these components may not be assembled except in the event of hostilities or imminent hostilities, as part of regularly scheduled training, for testing, or to defend high-priority installations or activities.

We also identified a limited number of instances where additional use conditions were placed on a particular weapon system delivered to specific countries in the Middle East. These conditions were not included in the sales agreements, but were conveyed to the foreign governments through memoranda of understanding or formal discussions. For example, prior to selling fighter aircraft to one country in the Middle East, the U.S. government received assurances from the foreign government, through formal discussions, that the aircraft would not be based near one of the country's borders. In another example, the U.S. government signed a memorandum of understanding by which the foreign government agreed to use the U.S. weapon system only within that country's borders.

Agency Comments

We provided copies of this report to the Departments of Defense and State. Neither department provided written comments. However, both had technical suggestions, which we incorporated as appropriate.

Scope and Methodology

To identify the amounts and types of U.S. military equipment, services, and training provided to countries in the Middle East from fiscal year 1991 through fiscal year 2000, we reviewed data on Foreign Military Sales, Foreign Military Financing, and International Military Education and Training programs. In addition, we reviewed data on military items provided under Excess Defense Articles and Emergency Drawdown authority. We excluded data on military items sold directly to the Middle East by U.S. companies, except for those paid for with Foreign Military Financing grant funds. To aggregate the military assistance data, we used delivery values for all but one of the programs we reviewed. For the delivery value of military items that foreign governments purchased directly from companies using Foreign Military Financing grant funds, we used the amounts obligated by those countries for each fiscal year because that information was not available for deliveries. Defense Department officials told us that the amounts obligated would most closely correspond with military item deliveries. Defense Department officials also told us that under the Foreign Military Sales program, the term delivered indicates that a sales agreement has been signed and implemented, but due to production lead-time or other factors, physical delivery of the items may take place at a later date.

To identify the conditions the U.S. government places on the use of military equipment, services, and training, we reviewed the Arms Export Control Act, the Foreign Assistance Act, key mutual defense treaties and other international military assistance agreements, Defense Department guidance, and over 80 sales agreements for selected weapon systems. We also interviewed State and Defense Department officials responsible for U.S. military assistance programs to discuss use conditions on military items.

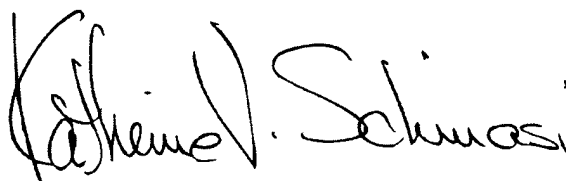
We performed our review from May through September 2001 in accordance with generally accepted government auditing standards.

We are sending copies of this report to the Chairman and Ranking Minority Member, Committee on International Relations, U.S. House of Representatives; the Chairman and Ranking Minority Member, Committee

on Foreign Relations, U.S. Senate; and other interested committees and subcommittees of the House and Senate. We are also sending copies to the Secretaries of State and Defense, and the Director, Office of Management and Budget. We will also make copies available to others on request.

Please contact me at (202) 512-4841 if you have any questions concerning this report. Key contributors to this assignment were Thomas J. Denomme, John Neumann, Jeffrey D. Phillips, John Van Schaik, and Michael C. Zola.

Sincerely yours,

A handwritten signature in black ink that reads "Katherine V. Schinasi". The signature is written in a cursive style with a large initial "K".

Katherine V. Schinasi
Director
Acquisition and Sourcing Management

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