

MEMO

May 25, 1982

TO: PT  
FROM: CHRIS C.

RE: ZAIRE AMENDMENT

1. The deal is cut with the Administration according to the following understandings (unless contradicted by Crocker by phone this a.m.):

- len. 5 a) FMS will be earmarked in the bill for no more than \$10 million
- b) No agreement has been discussed with State on the question of Direct Credits (concessional terms or grant terms) or guarantees. That is up to you and the Committee to decide.
- 10 c) ESF will be zeroed out with specific language in the bill.
- same d) IMET will not be touched
- food for peace same e) The Committee report will spell out the rationale for the development -10 same Zaire cuts so as not to convey the impression that Zaire was cut strictly for budgetary reasons.
- f) If savings are achieved within FMS or ESF, those savings will be distributed within Africa, preferably to countries such as Senegal, Niger, Sudan, and Cameroon, all of which are subject to Kadafi sponsored destabilizations. This would be accomplished by report language rather than by an earmark.

2. The Committee deal seems to be cut according to the following understandings:

- a) Percy will offer an overall Security Assistance Mark which will be based on a straightline of this year's levels with some exceptions such as Egypt, Israel, Tunisia, and Cyprus.
- b) For Zaire, straightline means for FMS - \$3 million in grants and \$7.5 million in guarantees. For ESF, it means "0".
- c) You will then offer your earmarks of \$10 million for FMS and "0" for ESF. This represents a \$.5 million reduction from the straightline figure, a symbolic but important reduction. I suggest that your earmark follow the split of the straightline - that is "no more than \$7 million in FMS guarantees" and "no more than \$3 million in grant". If you wish to put all the FMS earmark in to "Direct" terms, that amendment will be ready as well. It will, however, raise complications with Percy and Kassebaum because it will convert \$7 million in off budget guarantees to \$7 million in on budget "Direct" concessional credits.
- d) Kassebaum will then offer to amend your earmark of ESF to the effect that if Zaire is able to reach another stabilization agreement with the IMF [highly unlikely] then the Administration could reprogram ESF for Zaire in FY 83. This is a reasonable amendment, which the Administration will appreciate.

FMS 10.5 → 10.0  
 IMET 1.3 → 1.3  
 food/peace same  
 devel 10 → 10.00  
 ESF 0 → 0