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THE WHITE HOUSE
WASHINGTON

ACTION
34953

January 11, 1972

MEMORANDUM FOR: THE PRESIDENT
FROM: HENRY A. KISSINGER *HK*
SUBJECT: Requirement for Your "Determination"
to Provide Grant MAP to Iran, FY 72

By the terms of the Foreign Assistance Act for economically developed countries, Iran must buy its military purchases from the US on a cash or credits basis. As you know, they do so substantially every year. In FY 72 with EXIM financing, Iran's program will be \$140 million.

We have, however, provided some grant assistance to underwrite a training program complementing Iran's large sales program; it provides for the maintenance of our military advisors mission in Iran and training both there and in the US. The Shah attaches great importance to this program which gives his armed forces across the board advice on all aspects of their modernization and progress.

The Foreign Assistance Act, however, prohibits grant assistance in excess of \$500,000 to "any economically developed country capable of sustaining its own defense burden and economic growth" unless you sign a determination that such assistance is important to US security. Our FY 72 grant assistance program is \$942,000 and to permit us to go ahead with this, you will have to sign such a determination. Secretary Rogers and Mr. Shultz recommend you do so in the memoranda at Tab B. For FY 71 you signed a similar determination under which we provided grant MAP in the amount of \$2.4 million.

To put this in perspective, we have indicated that we would be reducing substantially grant assistance to Iran in line with worldwide reductions. As Secretary Rogers observes, Iran still has requirements for technical personnel and pilots which would justify our FY 72 expenditure. He also indicates that we will be revising our FY 73 and subsequent programs downward to approximately the permissible \$500,000.

RECOMMENDATION: That you sign the Determination at Tab A authorizing the provision of grant MAP to Iran in FY 72 as in the interests of US security.