

THE WHITE HOUSE
WASHINGTON

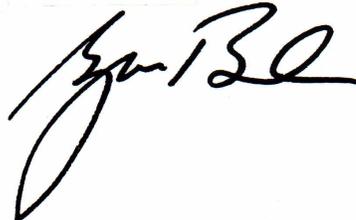
September 24, 2003

Dear Mr. Speaker:

I ask the Congress to consider the enclosed FY 2004 budget amendment for International Assistance Programs. This amendment would not increase the budgetary resources proposed in my FY 2004 Budget.

The details of this request are set forth in the enclosed letter from the Director of the Office of Management and Budget.

Sincerely,

A handwritten signature in black ink, appearing to read "J. Dennis Hastert". The signature is written in a cursive style with a large, sweeping initial "J" and "H".

The Honorable J. Dennis Hastert
Speaker of the
House of Representatives
Washington, D.C. 20515

Enclosure



THE DIRECTOR

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

September 24, 2003

The President
The White House

Submitted for your consideration is a FY 2004 budget amendment for International Assistance Programs. This proposal would not increase the budgetary resources in your FY 2004 Budget.

The proposal would authorize implementation of a new, no subsidy \$550 million Foreign Military Financing loan to the Czech Republic. The loan could be used to finance the purchase of 14 used F-16 aircraft from the United States, including related training, weapons, and logistical support. The loan could also be used to purchase U.S. training, weapons, and logistical support should the Czech Republic purchase U.S. aircraft (either F-16s or F-18s) from Belgium, the Netherlands, Turkey, or Canada. The Czech Republic's acquisition of U.S. fighters would greatly improve the interoperability of its air force with NATO and the United States. As a member of NATO, a supporter of the war on terrorism, and a contributor to peace and stability in Iraq, the Czech Republic is integral to our efforts to strengthen the Trans-Atlantic Alliance.

I have carefully reviewed this proposal and am satisfied that it is necessary at this time. Therefore, I join the Secretary of State in recommending that you transmit the amendment to the Congress.

Sincerely,

A handwritten signature in black ink, appearing to read "J. Bolten", with a long horizontal stroke extending to the right.

Joshua B. Bolten
Director

Enclosure

Agency: INTERNATIONAL ASSISTANCE PROGRAMS
Bureau: INTERNATIONAL SECURITY ASSISTANCE
Heading: Foreign Military Financing Program
FY 04 Budget
Appendix Page: 904-905
FY 04
Pending Request: \$4,414,000,000
Proposed Amendment: Language
Revised Request: \$4,414,000,000

(In the appropriations language under the above heading, insert the following new paragraph after the first paragraph:)

During fiscal year 2004, direct loans under section 23 of the Arms Export Control Act may be made available under this paragraph only for the Czech Republic, gross obligations for the principal amounts of which shall not exceed \$550,000,000: Provided, That such loans shall be repaid in not more than twelve years, including a grace period of up to five years on repayment of principal: Provided further, That no funds are available for the subsidy costs for these loans: Provided further, That the Government of the Czech Republic shall pay the full cost, as defined in section 502 of the Federal Credit Reform Act of 1990, as amended, associated with these loans, including the cost of any defaults: Provided further, That any fees associated with these loans shall be paid by the Government of the Czech Republic prior to any disbursement of loan proceeds: Provided further, That no funds made available to the Czech Republic under this Act or any other Act may be used for payment of any fees associated with these loans.

This proposal would authorize implementation of a new, no subsidy \$550 million Foreign Military Financing (FMF) 12-year loan to the Czech Republic. The loan could be used to finance the purchase of 14 used F-16 aircraft from the United States, including related training, weapons, and logistics support. The loan could also be used to finance the purchase of training, weapons, and logistics support from the United States in the event the Czech Republic purchases U.S. aircraft (either F-16 or F-18s) from Belgium, the Netherlands, Turkey, or Canada. The Czech Republic's acquisition of U.S. fighters would greatly improve the interoperability of its air force with NATO and the United States.

Under the proposal, the Czech Republic would assume all the costs or fees associated with the loan, including any associated with non-payment exposure risks. Thus, there will be no U.S. subsidy costs and this request does not require new appropriations.