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 FM SECSTATE WASHDC
 TO AMEMBASSY RIYADH IMMEDIATE
 INFO AMEMBASSY SARAJEVO IMMEDIATE

C O N F I D E N T I A L STATE 157041

E.O. 12958: DECL: 072506
 TAGS: PREL, MARR, BK, SA
 SUBJECT: SAUDIS AGREE TO FUND BOSNIA FEDERATION
 TRAINING/ADVISORY CONTRACT

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1. CLASSIFIED BY EUR ASST SECRETARY JOHN KORNBLUM.
REASONS 1.5 (B) AND (D).

2. SAUDI EMBASSY WASHINGTON, JULY 24, INFORMED DEPARTMENT THAT IT APPROVED DISBURSEMENT OF 40.4 MILLION DOLLARS DEPOSITED BY SAUDI ARABIA IN ITS BOSNIA TRAIN AND EQUIP ACCOUNT FOR: (A) FUNDING BOSNIA FEDERATION MILITARY TRAINING/ADVISORY CONTRACT WITH MPRI CORPORATION AND (B) PERFORMANCE OF CONTRACT ADMINISTRATION BY DEFENSE CONTRACT MANAGEMENT COMMAND.

3. RAPID SAUDI APPROVAL OF THIS FINANCING, IN RESPONSE TO FEDERATION REQUEST, WILL ALLOW PROMPT BEGINNING OF TRAINING ACTIVITIES IN BOSNIA AND RECEIPT BY BOSNIAN FEDERATION OF 100 MILLION USD DRAWDOWN WEAPONS/EQUIPMENT SHIPMENT. AS SUCH, SAUDI ACTION REPRESENTS CRITICAL SUPPORT ON ONE OF KEY U.S. FOREIGN POLICY PRIORITIES.

4. TEXT FOLLOWS OF DEPARTMENT JULY 22 DIPLOMATIC NOTE TO

SAUDI EMBASSY WASHINGTON: BEGIN TEXT. THE DEPARTMENT OF STATE REFERS THE ROYAL EMBASSY OF SAUDI ARABIA TO ITS DIPLOMATIC NOTE TO THE DEPARTMENT OF STATE OF JUNE 6, 1996, AND TO THE DIPLOMATIC NOTE OF THE ROYAL EMBASSY OF SAUDI ARABIA OF JULY 11, 1996, CONCERNING SAUDI ARABIA'S SUPPORT FOR THE FEDERATION OF BOSNIA AND HERZEGOVINA. PURSUANT TO THAT EXCHANGE OF NOTES, THE DEPARTMENT OF STATE WISHES TO INFORM THE ROYAL EMBASSY OF SAUDI ARABIA THAT THE FEDERATION OF BOSNIA AND HERZEGOVINA HAS REQUESTED THE DISBURSEMENT OF 40.4 MILLION (FORTY MILLION FOUR HUNDRED THOUSAND) DOLLARS FOR THE PURPOSE OF (A)
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FUNDING THE BOSNIAN FEDERATION MILITARY TRAINING/ADVISORY CONTRACT SIGNED IN SARAJEVO, JULY 16, WITH MPRI CORPORATION (40 MILLION DOLLARS) AND (B) THE PROVISION OF CONTRACT ADMINISTRATION BY THE DEFENSE CONTRACT MANAGEMENT COMMAND (400 THOUSAND DOLLARS). THE REQUEST OF THE FEDERATION OF BOSNIA AND HERZEGOVINA IS ATTACHED. IT IS THE RECOMMENDATION OF THE UNITED STATES THAT THE ROYAL EMBASSY OF SAUDI ARABIA AUTHORIZE THE RELEASE OF THE REQUESTED FUNDS SUBJECT TO THE PROVISOS THAT THE DONATED

FUNDS, INCLUDING ANY INTEREST, BE USED ONLY FOR THE PURPOSES REQUESTED BY THE FEDERATION IN ITS LETTER DATED JULY 16, 1996, TO AMBASSADOR JAMES PARDEW AND THAT FUNDS BE DEPOSITED AND DISBURSED IN ACCORDANCE WITH THE EQUIP AND TRAIN CONTRACT BETWEEN THE FEDERATION AND MPRI CORPORATION DATED JULY 16, 1996. THE DEPARTMENT OF STATE REQUESTS THAT THE ROYAL EMBASSY OF SAUDI ARABIA CONFIRM IN WRITING ITS APPROVAL OF THE CONDITIONS FOR AND ACTUAL DISBURSEMENT OF 40.4 MILLION DOLLARS OF FUNDS DEPOSITED BY THE GOVERNMENT OF SAUDI ARABIA IN THE UNITED STATES TREASURY FOR THE PURPOSE OF FUNDING THE FEDERATION OF BOSNIA AND HERZEGOVINA'S MILITARY TRAINING/ADVISORY CONTRACT AND THE PROVISION OF CONTRACT ADMINISTRATION AS DESCRIBED IN THIS NOTE. IN THE INTEREST OF PROMPTLY BEGINNING TRAINING, AN ANSWER WITHIN 48 HOURS TO ENABLE THE PROJECT TO START IMMEDIATELY WOULD BE MOST GRATEFULLY APPRECIATED. THE GOVERNMENT OF THE UNITED STATES ONCE AGAIN REAFFIRMS ITS DEEPEST GRATITUDE FOR THE GENEROUS CONTRIBUTION OF THE GOVERNMENT OF SAUDI ARABIA TO THE INTERNATIONAL EFFORT TO BUILD A UNIFIED MILITARY STRUCTURE AND A PROFESSIONAL SELFDEFENSE AND DETERRENT CAPABILITY FOR THE FEDERATION OF BOSNIA AND HERZEGOVINA. END TEXT.

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5. TEXT OF JULY 24 SAUDI EMBASSY WASHINGTON REPLY NOTE FOLLOWS: BEGIN TEXT. THE ROYAL EMBASSY OF SAUDI ARABIA PRESENTS ITS COMPLIMENTS TO THE DEPARTMENT OF STATE AND REFERS TO THE DIPLOMATIC NOTE ISSUED BY THE DEPARTMENT OF STATE DATED JULY 22, 1996, CONCERNING MILITARY SUPPORT OF THE FEDERATION OF BOSNIA AND HERZEGOVINA. THE ROYAL

EMBASSY OF SAUDI ARABIA CONFIRMS ITS APPROVAL OF THE CONDITIONS FOR AND ACTUAL DISBURSEMENT OF 40.4 MILLION DOLLARS OF FUNDS DEPOSITED BY THE GOVERNMENT OF SAUDI ARABIA IN THE UNITED STATES TREASURY FOR THE PURPOSE OF FUNDING THE FEDERATION OF BOSNIA AND HERZEGOVINA'S MILITARY TRAINING/ADVISORY CONTRACT AND PROVISION OF CONTRACT ADMINISTRATION AS DESCRIBED IN THE ABOVEMENTIONED NOTE FROM THE STATE DEPARTMENT. THE ROYAL EMBASSY OF SAUDI ARABIA AVAILS ITSELF OF THIS OPPORTUNITY TO RENEW TO THE DEPARTMENT OF STATE THE ASSURANCES OF ITS HIGHEST

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CONSIDERATION. END TEXT.
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