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ORIGIN EUR-01

INFO	LOG-00	AMAD-01	ACQ-01	CIAE-00	SMEC-00	OAS-00	DODE-00
	DOEE-00	ANHR-01	SRFP-00	EB-00	FBIE-00	H-01	TEDE-00
	INR-00	IO-00	L-01	ADS-00	M-00	NEA-01	NSAE-00
	NSCE-00	OMB-01	PA-00	PM-00	PRS-00	P-00	CIO-00
	SARB-00	SP-00	SS-00	TRSE-00	USIE-00	PMB-00	DRL-09
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SOURCE: KODAKA.120127

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NEA/ARP : GOLSON

L/EUR : CLIGHT

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FM SECSTATE WASHDC

TO AMEMBASSY RIYADH PRIORITY

C O N F I D E N T I A L STATE 214444

E.O. 12958: DECL: 101106

TAGS: PREL, MARR, BK, SA

SUBJECT: BOSNIA TRAIN AND EQUIP: DISPOSITION OF SAUDI FUNDS

1. CLASSIFIED BY AMBASSADOR JAMES PARDEW, EUR/THS.  
REASONS 1.5 (B) AND (D).

2. FOR INFORMATION OF EMBASSY RIYADH, DEPARTMENT  
DELIVERED FOLLOWING DIPLOMATIC NOTE TO THE SAUDI EMBASSY  
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WASHINGTON, OCTOBER 10:

3. BEGIN TEXT. THE DEPARTMENT OF STATE REFERS THE ROYAL EMBASSY OF SAUDI ARABIA TO THE DIPLOMATIC NOTE OF THE DEPARTMENT OF STATE TO THE ROYAL EMBASSY OF SAUDI ARABIA OF JULY 22, 1996, AND TO THE DIPLOMATIC NOTE OF THE ROYAL EMBASSY OF SAUDI ARABIA OF JULY 24, 1996, CONCERNING SAUDI ARABIA'S SUPPORT FOR THE FEDERATION OF BOSNIA AND HERZEGOVINA. IN THE ABOVE-CITED JULY 22 NOTE, THE DEPARTMENT OF STATE TRANSMITTED THE FEDERATION OF BOSNIA AND HERZEGOVINA'S REQUEST FOR DISBURSEMENT OF 40.4 MILLION DOLLARS FOR THE PURPOSE OF: (A) FUNDING THE BOSNIAN FEDERATION MILITARY TRAINING/ADVISORY CONTRACT WITH MPRI CORPORATION (40 MILLION DOLLARS) AND (B) THE PROVISION OF

CONTRACT ADMINISTRATION BY THE DEFENSE CONTRACT MANAGEMENT COMMAND (400 THOUSAND DOLLARS.) THE ROYAL EMBASSY OF SAUDI ARABIA, IN ITS ABOVE-CITED JULY 24 NOTE, APPROVED THESE DISBURSEMENTS FROM ITS FUNDS DEPOSITED IN THE UNITED STATES TREASURY. SUBSEQUENT TO THIS REQUEST AND AUTHORIZATION, IT WAS DETERMINED THAT A PORTION OF THE COSTS FOR CONTRACT ADMINISTRATION COULD BE COVERED BY U.S. DEPARTMENT OF DEFENSE DRAWDOWN AUTHORITY. ACCORDINGLY, THE TOTAL COST FOR REQUIRED CONTRACT ADMINISTRATION SERVICES WAS REDUCED TO 71,428 DOLLARS INSTEAD OF THE EARLIER ASSESSED 400,000 DOLLARS. SAUDI FUNDS, THEREFORE, FINALLY DISBURSED WERE ONLY 40,071,428 DOLLARS RATHER THAN THE 40,400,000 DOLLARS EARLIER REQUESTED BY THE FEDERATION AND AUTHORIZED BY THE ROYAL EMBASSY OF SAUDI ARABIA. THE GOVERNMENT OF THE UNITED STATES ONCE AGAIN REAFFIRMS ITS DEEPEST GRATITUDE FOR THE GENEROUS CONTRIBUTION OF THE

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GOVERNMENT OF SAUDI ARABIA TO THE INTERNATIONAL EFFORT TO BUILD A UNIFIED MILITARY STRUCTURE AND A PROFESSIONAL SELF-DEFENSE AND DETERRENT CAPABILITY FOR THE FEDERATION OF BOSNIA AND HERZEGOVINA. END TEXT.  
TALBOTT

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