

THE SECRETARY OF DEFENSE
WASHINGTON, D. C. 20301

MAR 15 1976

Honorable Paul Vanden Boeynants
Minister of Defense
Ministere de la Defense Nationale
2 rue de la Loi
Brussels, Belgium

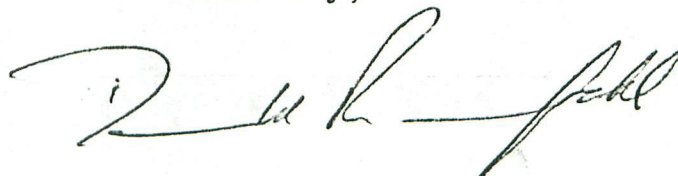
Dear Mr. Minister:

I understand the concern expressed over the increase in the early payment schedules for the cases described in your letter of 24 February 1976. I also realize that such a change by this unprogrammed expenditure, early in your budget year, can affect your management of the Belgian defense budget.

The Letters of Offer and Acceptance contain payment schedules which reflect the estimated amounts that will come due in future periods. Every effort is made to provide estimates that are as accurate as possible, but variances in production levels and price escalations can, as they did here, cause considerable change in the initial figures. While total costs did not change appreciably in this case, the above mentioned variances did alter the timing of payments. This will require administrative adjustments in the funding schedule by those members of your staff who handle procurement payments.

I regret that I cannot be more forthcoming on your request, but the Foreign Military Sales Act requires the payment schedules to be met and allows me no discretionary authority to make changes.

Sincerely,



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