Department of State **TELEGRAM**

DEF 12-5C-6

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PAGE 01 182324Z

15
ACTION PM-04

INFO OCT-01 NEA-10 INR-07 L-03 SS-15 SP-02 MC-02 H-02

EB-07 ACDA-05 /058 W
---------- 011365

P 182322Z FEB 76
FM SECDEF WASH DC
TO CARMISH MAAG TEHRAN IRAN
INFO DEFREP TEHRAN IRAN
AMEMB TEHRAN IRAN
SECSTATE WASH DC

CWN
BBM
RWB
FILE:

[redacted] 1244
FROM ISA(SA)/DSAA
SECSTATE FOR PM/SAS AND NEA/IRN
SUBJECT: [redacted]
REFERENCE: A. DOD 5655 SECRET DTG 161816Z SEP 75. B. AMEMB TEHRAN 8423 SECRET DTG 281120Z AUG 75. C. CARMISH MAAG SECRET 101333Z JUN 75.
1. (C) PER REFERENCE C, WE ARE PREPARING A LETTER OF OFFER FOR 160 F-16 AIRCRAFT AND WILL FORWARD AS SOON AS APPROPRIATE STAFFING AND CONGRESSIONAL NOTIFICATION ARE COMPLETE.
2. (C) RECENT CORRESPONDENCE BETWEEN THE VMOW AND GENERAL DYNAMICS REFERS TO A PROCUREMENT OF 300 F-16 AIRCRAFT EITHER DIRECTLY OR THROUGH USG BUT WITH THE PROVISO THAT QUOTE IF IT IS

PAGE 2 RUEKJCS 4766 C O N F I D E N T I A L
COST EFFECTIVE AND FEASIBLE, ARRANGEMENT FOR SOME TYPE OF COPRODUCTION OF THE SAID AIRCRAFT IN IRAN UNQUOTE.
3. [redacted] REF A AND B CONVEY OUR UNDERSTANDING THAT THE LOA FOR 160 F-16 AIRCRAFT IS SEPARATE AND APART FROM ANY FUTURE BUY AND/OR ANY CONSIDERATION OF COPRODUCTION. PLEASE CONFIRM. GDS 31 DEC 82.

EOT

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FORM DS-1652

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DEF 12-5C-2

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[redacted] 3150

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PAGE 01 011013Z

47
ACTION NEA-10

INFO OCT-01 PM-04 INR-07 H-02 SSO-00 INRE-00 /024 W
065824

O 010915Z AUG 76
FM CARMISH MAAG TEHRAN IRAN//APCG//
TO SECDEF WASH DC//ASD//ISA/DSAA//
HQ USAF WASH DC//LGF//
INFO HQ AFLC WPAFB OHIO//CC//
HQ AFSC ANDREWS AFB MD//CC//
USCINCEUR VAIHINGEN GE//DCINC//
SEC STATE WASH DC

~~CDI~~
~~MG~~
~~PMP~~
File

C O N F I D E N T I A L
SUBJECT: F-16 BRIEFING FOR IRAN
A. MAAG MESSAGE 310831Z AUG 76 SAME SUBJECT,
B. TELECON MAJ GEN MCINERNEY AND BG SECORD, 31 AUG 76.
1. (U) CONFIRMING REFERENCE B, THE SCHEDULED LISTED IN REFERENCE A MESSAGE APPEARS FIRM WITH THE EXCEPTION OF THE FOLLOWING:
2. [redacted] THE IIAF REQUESTS THE BRIEFING THAT IS TO BE GIVEN TO CINC IIAF ON SUNDAY 5 SEP BE LIMITED TO A MAXIMUM OF 30 TO 45 MINUTES.

PAGE 2 RUFODJA0006 C O N F I D E N T I A L
3. (C) THE IIAF REQUESTS EXPANDED BRIEFINGS AND DISCUSSIONS TO BE HELD TUESDAY, 7 SEP, WITH THE INDIVIDUAL IIAF DEP CMDRS. THE SEPARATE AREAS TO BE COVERED ARE LISTED BELOW:
   A. AIR CREW TRAINING
   B. ALL OTHER TRAINING
   C. LOGISTICS
   D. PROGRAM MANAGEMENT.
4. [redacted] THE ENTIRE DAY, TUESDAY, 7 SEP, CAN BE DEVOTED TO IN DEPTH BRIEFINGS AND DISCUSSION IN THESE AREAS IF NECESSARY.
5. (U) ANTICIPATE IIAF WILL POSE NUMEROUS QUESTIONS AND PROBLEMS WHICH THE TEAM WILL BE UNABLE TO ANSWER DURING THIS TRIP. IIAF UNDERSTANDS THIS AND EXPECTS THAT SOME QUESTIONS WILL HAVE TO BE PEFERED BACK TO WASHINGTON LEVEL.
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PAGE 01 221515Z

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MG
RWB
File

65
ACTION PM-04

INFO OCT-01 EB-07 INR-07 SS-15 L-03 ACDA-07 NEA-10 EUR-12

SP-02 IGA-02 MC-02 /072 W

---------- 084252

P 221200Z AUG 76
FM USDEFREP/TEHRAN IRAN
TO SECDEF WASH DC
INFO SEC STATE WASH DC
CJCS WASH DC
CNO WASH DC
CSAF WASH DC
CSA WASH DC
USCINCEUR VAIHINGEN GE
CINCUSAFE RAMSTEIN GE

C O N F I D E N T I A L
SUBJECT: OIL FOR ARMS
DURING 22 AUGUST MEETING WITH ACTING CHIEF ARMISH-MAAG, BGEN SECORD, USAF, AND U.S. DEFENSE REPRESENTATIVE, VON MARBOD, GENERAL TOUFANIAN,

VICE MINISTER OF WAR, STATED THAT RECENT NEGOTIATIONS IN LONDON WITH LITTON, GENERAL DYNAMICS, ASHLAND OIL AND NEW ENGLAND PETROLEUM COMPANY HAD "FAILED DUE TO UNACCEPTABLE TERMS AND CONDITIONS REQUESTED BY THE OIL COMPANIES/DEFENSE INDUSTRIES." VMOW ALSO INDICATED THAT IN ABSENCE OF A FIRM OIL OVERLIFT AGREEMENT THAT THE

PAGE 2 TRUEDOJA1321 C O N F I D E N T I A L
GOI WOULD BE UNABLE TO CONSIDER PROCUREMENT OF F-16 (LIGHTWEIGHT FIGHTER), REORDER OF THE DD 993 (SPRUANCE CLASS DESTROYER) AND PURCHASE FOLLOW-ON AIRCRAFT (AWACS). CONCERNING DOD BRIEFING TEAMS FOR F-16, ETC., VMOW STATED THAT HE NEITHER ENCOURAGED NOR DISCOURAGED SUCH PRESENTATIONS. AS MEETING ENDED, VMOW REITERATED THAT GOI IS UNABLE TO BUY ANY MAJOR WEAPONS SYSTEMS IN ABSENCE OF OIL-FOR-ARMS TRANSACTION.
AGDSI AUG 77

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[redacted] 5819 IRN, RA, AID, NA

PAGE 01 180523Z

14
ACTION SS-25

INFO OCT-01 /026 W ---------- 075324

O 180500Z SEP 76 ZFD
FM US DEFREP/TEHRAN IRAN
TO SEC STATE WASH DC
TO RUEKJCS/SEC DEF WASH DC

File

[redacted]
PERSONAL FOR UNDER SECRETARY OF STATE PHIL HABIB AND DEPSECDEF BOB ELLSWORTH AND DIRECTOR, DSAA, LT GEN HOWARD FISH. FROM ERICH VON MARBOD, US DEFREP, IRAN.
1. [redacted] YOUR TESTIMONY BEFORE THE SENATE FOREIGN RELATIONS COMMITTEE, ON THE SALE OF LIGHTWEIGHT FIGHTER AIRCRAFT TO IRAN, HAS WELL RECEIVED IN TEHRAN AND CAN ONLY BE CHARACTERIZED AS OUTSTANDING.
2. [redacted] THE MILITARY ASSISTANCE HARDWARE PROGRAMS I AM CHARGED WITH IMPLEMENTING IN IRAN ARE BASICALLY SOUND AND MANAGEMENT IS IMPROVING. WHAT WE HAVE LONG NEEDED IN THE EXECUTIVE BRANCH AND, INDEED, WHAT THE LEGISLATIVE BRANCH HAS BEEN ENTITLED TO ARE STRONG SPOKESMEN WHO CAN ARTICULATE THE SUBSTANCE OF US POLICY IN THIS STRATEGICALLY IMPORTANT PART OF THE WORLD.
3. (U) YOU HAVE MOST EFFECTIVELY PRESENTED OUR GOVERNMENT'S POLICY

PAGE 2 RUEODJA1192 C O N F I D E N T I A L SPECAT EXCLUSIVE
AND I SALUTE YOU.
4. (U) RESPECTFULLY. ERIC.
AGDS1OCT 76

NOTE BY OC/T: EXDIS ADDED PER STANDING INSTRUCTIONS FROM S/S.

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Department of State **TELEGRAM**

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PAGE 01 2119572

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ACTION PM-04

INFO OCT-01 INR-07 NEA-14 IO-02 EB-07 OMB-01 ACDA-12

AID-05 TRSE-00 /048 W

---------- 121641

P 211215Z SEP 76
FM US DEFREP/TEHRAN IRAN
TO SECDEF WASH DC
SAF WASH DC
CJCS WASH DC
CSAF WASH DC
USNMR SHAPE BELGIUM
USCINCEUR VAIHINGEN GER
CINCUSAFE RAMSTEIN AB GE
INFO SECSTATE WASH DC

[redacted]

SUBJECT: F-16 FORCE STRUCTURE--IMPERIAL IRANIAN AIR FORCE
1. GOVERNMENT OF IRAN LETTER 1401-01-51-26, DATED SEPTEMBER 20, 19
QUOTED:
BEGIN QUOTE: MR. ERICH F. VON MARBOD
"THE UNITED STATES DEFENSE REPRESENATIVE-IRAN
"TEHRAN, IRAN
" IN THE COURSE OF OUR CONVERSATION ON WEDNESDAY, 15 SEP 1976 YOU
RECEIVED HIS IMPERIAL MAJESTY'S COMMAND IN REGARD OF THE IMPERIAL

PAGE 2 RUEHOJA1493 C O N F I D E N T I A L
GOVERNMENT OF IRAN'S FIRM INTENTION TO BUY 300 F-16 AIRCRAFT AS
ADDITIVE TO PRESENT AIRCRAFT IN THE IMPERIAL IRANIAN AIR FORCE
" THIS IS TO REAFFIRM OUR PREVIOUS CONVERSATION ON THE NEED
OF 300 F-16 AIRCRAFT AS OUR MINIMUM REQUIREMENT TO BE USED TO
STRENGTHEN OUR AIR DEFENSE POSTURE AND TO DEFEND OUR AIRSPACE.
THEIR UTILIZATION WILL BE AS FOLLOWS:
"1. 160 AIRCRAFT WILL BE USED IN OPERATION WITH THE F-14
AIRCRAFT AT A 2 TO 1 RATIO.
"2. THE REMAINING 140 AIRCRAFT WILL FORM NEW AIR SQUADRONS
FOR THE STRENGTHENING OUR AIR DEFENSE POSTURE.

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FORM DS-1873

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PAGE 02 211657Z

"AGAIN, IT IS REITERATED THAT THESE AIRCRAFT ARE [illegible]
TO BE USED AS REPLACEMENT TO ANY OF OUR PRESENT [illegible]
SIGNED GENERAL H. TOUFANIAN
" VICE MINISTER OF WAR" END QUOTE.
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DEF 12-30

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[redacted] 4816

PAGE 01 291353Z

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ACTION PM-04

INFO OCT-01 INR-07 MC-02 EB-07 NEA-10 AID-05 IGA-02 /038 W
048787

O P 291230Z SEP 76
FM US DEFREP/TEHRAN IRAN
TO SECDEF WASH DC
INFO SEC STATE WASH DC
CSAF WASH DC
USCINCEUR VAIHINGEN GE
AFLC WPAFB OH
AFSC ANDREWS AFB MD

[redacted]
FROM: VON MARBOD, US DEFREP
SUBJECT: F-16 SALE TO IRAN (U)
1. [redacted] ON 29 SEPTEMBER, MR. GREEN OF GENERAL DYNAMICS ADVISED GENERAL TOUFANIAN, VMOW, THAT THE ONE TO FOUR PERCENT SPECIAL PROFIT CONSIDERATION AUTHORIZED BY PARA 3-808.6 OF ARMED SERVICES PROCUREMENT REGULATION (ASPR) WOULD NOT BE APPLIED TO SALE OF 160 F-16 AIRCRAFT TO THE GOVERNMENT OF IRAN.
2. [redacted] VMOW ASKED MR. GREEN IF EXCLUSION OF SPECIAL PROFIT CONSIDERATION WAS FOR GD AIRFRAME ONLY, OR IF ENGINES, AVIONICS AND ALL SUB-CONTRACTOR ITEMS WOULD ALSO BE FREE OF SPECIAL PROFITS.

PAGE 2 RUEODJA2037 C O N F I D E N T I A L
ACCORDING TO VMOW: "MR. GREEN GAVE ASSURANCES THAT ENTIRE F-16 DEAL WOULD BE FREE OF THE SPECIAL ONE TO FOUR PERCENT PROFIT."
3. (U) VMOW STATED THAT MR. LEWIS OF GD WILL CONFIRM ABOVE IN LETTER TO GOVERNMENT OF IRAN.
4. (U) APPRECIATE CONFIRMATION OF ABOVE.
GDS31DEC1982

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F-16

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PAGE 01 281121Z
ACTION PM-04

INFO OCT-01 NEA-10 INR-07 SS-15 SP-02 L-03 MC-02
AID-05 IGA-02 OMB-01 TRSE-00 ACDA-07 H-01 /060 W
----------281156Z 007107 /21

P 281031Z MAR 77
FM CARMISH MAAG TEHRAN IRAN//ARCG//
TO SECDEF WASH DC//ASD/ISA/DSAA//
SEC STATE WASH DC//NEA-IRN/SAS-PM//
USCINCEUR VAIHINGEN GE//ECJ-4/7//
CSAF WASH DC
VQ USAF WASH DC//LG/RD/XO//
AFLC WRIGHT PATTERSON AFB OH//CV//
ASD WRIGHT PATTERSON AFB OH//CC/YP//
AFSC ANDREWS AFB MD//CC//
AFALD WRIGHT PATTERSON AFB OH//CC//
TAC LANGLEY AFB VA//CC//
ATC RANDOLPH AFB TX//CC//

[redacted] FINAL SEC OF II
SUBJECT: PEACE ZEBRA (F-16) LETTER OF OFFER AND ACCEPTANCE (LOA)
SHOWN IN THE BODY OF THE LOA AS A CONTINGENCY.
D. HE REQUESTED THE LOA'S BE BASED ON 17 MONTHS SPARES VS 24
WND OTHER FACTORS WHICH WOULD MORE CLOSELY ALIGN IIAF PROGRAM WITH
USAF UNIT PROGRAM COSTS.
E. GOI IS AGREEABLE TO CAVEATS IN MODIFIED LOA'S TO COVER
ESTIMATED CELLING PROCES AND POSSIBLE INCREASES IN BUDGET REQUIRED
FOR ESCLALTION AND OTHER SPECIAL CHARGES AS REQUIRED FOR FMS.
3. (U) CARMISH-MAAG SUGGESTS THAT MAAG AND IIAF WORK ANY PROPOSED
QUALITY CHANGES, SUCH AS REDUCTION OF 780 EQUIPMENT, ETC. AND
ADVISE DOD/USAF SOONEST OF THE EFFORT. REQUEST DOD/USAF PARTICULARLY
ADDRESS ITEMS IN PARA 2 ABOVE FOR RESOLUTION.
GDS 31 DEC 83

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Refer to DoD

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PAGE 01 281150Z
ACTION PM-04

INFO OCT-01 NEA-10 INR-07 SS-15 SP-02 L-03 MC-02
AID-05 IGA-02 OMB-01 TRSE-00 ACDA-07 H-01 /060 W
----------281155Z 007381 /21

P 281031Z MAR 77
FM CARMISH MAAG TEHRAN IRAN//ADCC//
TO SECDEF WASH DC//ASD/ISA/DSAA//
SEC STATE WASH DC//NEA-IRN/SAS-PM//
USCINCEUR VAIHINGEN GE//ECJ-4/7//
CSAF WASH DC
VQ USAF WASH DC//LG/RD/XD//
AFLC WRIGHT PATTERSON AFB OH//CV//
ASD WRIGHT PATTERSON AFB OH//CC/YP//
AFSC ANDREWS AFB MD//CC//
AFALD WRIGHT PATTERSON AFB OH//CC//
TAC LANGLEY AFB VA//CC//
ATC RANDOLPH AFB TX//CC//

[redacted] SEC I OF II
SUBJECT: PEACE ZEBRA (F-16) LETTER OF OFFER AND ACCEPTANCE (LOA)
PRESENTATION TO GEN TOUFANIAN, VMOW (C)

1. [redacted] ON 14 MAR 77, EMBASSY PM, F-16 SPO AND CARMISH-MAAG MET WITH GEN TOUFANIAN TO PRESENT THE PEACE ZEBRA LOA. BRIEFING WAS PRESENTED BY BRIG GEN ABRAHAMSON, F-16 SPO DIRECTOR AND COL JACOBS,

PAGE 02 RUEODJA1769 C O N F I D E N T I A L
F-16 SPO DEPUTY DIRECTOR. LOA BRIEFING AND SUBSEQUENT DISCUSSIONS LASTED APPROXIMATELY THREE HOURS AND FIFTEEN MINUTES. FOLLOWING IS A SUMMARY OF VMOW COMMENTS RELATING TO LOA PRESENTATION.

A. GEN TOUFANIAN AGAIN REITERATED GOI INTENT TO PURCHASE 300 F-16 AIRCRAFT AND REQUESTED A DELIVERY RATE OF EIGHT PER MONTH. THE TEAM INDICATED THAT THE LOA WAS FOR 160 AIRCRAFT AND THAT APPROVAL FOR THE GOI REQUEST FOR THE ADDITIONAL 140 AIRCRAFT REQUIRED USG, INCLUDING CONGRESSIONAL APPROVAL WITH REGARDS TO DELIVERY RATES,

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VMOW WAS ADVISED THAT IF THE TOTAL 300 AIRCRAFT BUY WAS APPROVED, A DELIVERY RATE OF EIGHT PER MONTH MAY BE POSSIABLE; HOWEVER, BOTH THE ADDITIONAL AIRCRAFT (140) AND THE INCREASED DELIVERY RATE WAS CONTINGENT AMONG OTHER THINGS UPON THE NUMBER OF OTHER POTENTIAL F-16 CUSTOMERS. THE USAF F-16 MASTER PLAN WAS SHOWN AND THE ANTICIPATED FMS CUSTOMERS IDENTIFIED. TO THIS GEN TOUFANIAN REPLIED THAT IRAN SHOULD BECOME FMS CUSTOMER NUMBER TWO AS WELL AS NUMBER ONE. THIS WOULD ENSURE THE GOI'S DESIRED DELIVERY PRATE OF EIGHT UNTIL THE TOTAL NUMBER OF A/C WOULD BE DELIVERED. CARMISH-MAAG STATED HE FELT
THAT FOUR A/C PER MONTH WAS THE MAXIMUM THE IIAF COULD ABSORB EARLY IN THE PROGRAM AND THAT POSSIBLY EIGHT PER MONTH COULD BE ABSORBED AS THE PROGRAM PROGRESSED INTO THE MID-1982 TIME FRAME. VMOW STATED HE NEEDED THE EIGHT PER MONTH DELIVERY

PAGE 03 RUEODJA1769 C O N F I D E N T I A L
RATE TO SAVE MONEY AND TO MEET IRANIAN AIR DEFENSE N[redacted] THE EIGHT PER MONTH DELIVERY RATE SHOULD BEGIN IN EARLY 1981. THIS WAS LEFT AS AN OPEN ITEM.

B. CONFIGURATIONS: GEN TOUFANIAN STATED HE DESIRED THE IRANIAN F-16'S TO POSSESS INDICAL COFIGURATION/CAPABILITY TO THAT OF THE USAF VERSION. SPECIFICALLY, HE MENTIONED ECM EQUIPMENT AND ADVANCE AIM-9L SERIES MISSILES. HE WAS ADVISED THAT WIRING PROVISIONS TO MAKE THE AIRCRAFT COMPATIBLE WOULD BE INCLUDED BUT SOME SYSTEMS (AIM-9L) WERE NOT RELEASABLE AT THIS TIME. VMOW ASKED ABOUT THE AIM-9H IRAN HAD ON ORDER AND WAS ADVISED THE MISSILE WAS INTENDED FOR THE F-14 AND WAS NOT COMPATIBLE WITH THE F-16. THE HARPOON AIR-TO-SURFACE MISSILE CARRING CAPABILITY FOR THE HARPOON WAS A GROWTH FEATURE OF THE F-16 AND THAT USAF HAD NO PLANS AT THE PRESENT TO EQUIP THE F-16 WITH THE AIM-7F OR HARPOON. GEN TOUFANIAN SAID HE KNEW NORWAY WAS CONSIDERING THE HARPOON ON THE F-16.

C. PROGRAM COSTS: THE LOA TEAM BRIEFED THE FLYAWAY COST OF THE AIRCRAFT WHICH INCLUDED RECOUPMENT CHARGES. GEN TOUFANIAN

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PAGE 03 281150Z

COMMENTED THAT IF HE BOUGHT 300 A/C, DELIVERED AT EIGHT PER MONTH,

PAGE 04 RUEODJA1769 C O N F I D E N T I A L
THAT THE RATE TOOLING COST BE LOWER. GEN TOUFANIAN ALSO STATED THAT AN ASSET USE CHARGE FOR PLANT FACILITIES THAT ARE FULLY AMORTIZED IS NOT A VALID CHARGE. THE LOA TEAM ANSWERED THAT THE COST OF OPERATING THE EQUIPMENT AND UPDATING THE MODERN EQUIPMENT IS A NECESSARY CHARGE AND HE AGREED. GEN TOUFANIAN THEN ASKED IF THE $9.97 MILLION AND $11.228 MILLION FLYAWAY COST WERE IN "THEN YEAR" DOLLARS. THE ANSWER WAS YES AND THAT THE PRICE DID INCLUDE 780 EQUIPMENT AND THE RECOUPMENT CHARGES AS PREVIOUSLY STATED. GEN TOUFANIAN THEN PRODUCED A PAPER QUOTING FROM USG SOURCES (AVIATION WEEK) A UNIT PROGRAM COST OF $9.97 MILLION FIR THE USAF. HE ASKED WHAT UNIT PROGRAM COST INCLUDED. GEN ABRAHAMSON SAID A/C FLYAWAY, R&D COST, 17 MONTHS SPARES, SUPPORT AND AGE. GEN TOUFANIAN ASKED FOR AN EXPLANATION OF THE DIFFERENCES BETWEEN THE IIAF AND USAF PRICE. THE ANSWER WAS THE ASSET USE CHARGE, RECOUPMENT AND DIFFERENCE CO-PRODUCTION CONTENT. ALSO, A MAJOR DIFFERENCE POINTED OUT TO GEN TOUFANIAN WAS IN THE COMPUTATION OF ESCALATION PROJECTIONS. (THE IIAF LOA'S WERE COMPUTED ON A COMPOSIT OF US 8 AND EPG 10PERCENT RATES AND PROJECTED TO "THEN YEAR" FIGURES, WHERE AS BEYOND TWO YEARS, THE USAF NORMALLY USES LOWER OSD PROJECTIONS.) GEN TOUFANIAN STATED HE WANTED TO BUY THE F-16 AT THE USAF PROGRAM COST AND WOULD

PAGE 05 RUEODJA1769 C O N F I D E N T I A L
BUY ADDITIONAL HARDWARE (26 VS 17 MONTHS SPARES) SEPARATELY. HE WAS REMINDED OF THE HIGHER RECOUPMENT CHARGES FOR THE IIAF. HE SAID HE WOULD ACCEPT THAT. HE ALSO STATED HE WOULD ACCEPT THE CEILING PRICE, [redacted] BUT LATER RETRACTED THE STATEMENT. GEN TOUFANIAN SAID THAT HIS IMPERIAL MAJESTY WOULD NOT ACCEPT A $17 MILLION "THEN YEAR" UNIT A/C PROGRAM PRICE. IT WAS AGREED THAT THE POSSIBILITY EXISTS THE GOI LOA'S COULD BE STRUCTURED ALONG SIMILAR LINES TO MORE CLOSELY REFLECT

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THE USAF UNIT PROGRAM PROCES; HOWEVER, IT WOULD HAVE TO BE STUDIED BY THE AIR STAFF. GEN TOUFANIAN AND GEN MASSUMI STATED THAT IF THIS COUL D
BE ACCOMPLISHED, IT WOULD AVOID ADVERSE PRESS COVERAGE WHICH TENDED TO DAMAGE IRANIAN/US RELATIONS (I.E. US GOUGING IRAN ON F-16 SALE). GEN TOUFANIAN STATED THE TRAINING LOA'S WERE GOOD AND HE HAD NO CONCERN WITH THEIR PRICES OR CONTENTS. IN SEEKING TO REDUCE SUPPORT, TRAINING, AND HARDWARE COST, GEN TOUFANIAN ASKED HOW MUCH COMMONALITY EXISTED BETWEEN THE F-16, F-4, RF-4, AND F-14. THE LOA TEAM ANSWERED THAT SOME STANDARD SUPPORT EQUIPMENT MAY RESULT IN SOME SAVINGS, BUT MOST TRAININOPEQUIPMENT AND TEST EQUIPMENT WERE NOT COMPATIBLE. GEN TOUFANIAN CHALLENGED THE NECESSITY TO PAY THE STANDARD 2 P/C ADMIN FE E
PLUS THE LISTED AFSC/AFLC MANAGEMENT COST. THE TEAM RESPONDED THAT ACTUAL COST WAS HIGHER THAN 2P/C AND TO ELIMINATE IT WOULD BE VERY

DIFFICULT. GEN TOUFANIAN CHALLENGED THE VALIDITY OF THE $51 MILLION CHARGE FOR TECH ORDERS AND STATED ALL THE IIAF NEEDED WERE "CHINESE" COPIES. THE TEAM POINTED OUT THE SUBSTANTIAL COST WERE ALSO APPLIC-ABLE TO THE USAF, AND THAT FMS CUSTOMERS PROCE WAS REALISTIC. GEN TOUFANIAN ASKED IF IT WAS NOT TO THE GOI INTEREST TO HAVE PROGRESS PAYMENTS AS LOW AS POSSIABLE. CARMISH-MAAG AGREED THAT IT WAS ADVAN-TAGEOUS TO THE GOI, BUT THAT HE WOULD HAVE TO CHECK WITH THE USG TO ASCERTAIN THE POSSIBILITY OF PRICING THE LOA'S AS PER GEN TOUFANIAN'S REQUEST. GEN TOUFANIAN ASKED THAT THE MAAG GET WITH THE IIAF AND REVIEW LOA'S CAREFULLY FOR ANY OTHER CHANGES THAT MAY BE REQUIRED. THEN A RESPONSE COULD BE GIVEN TO DOD ON FINAL ACCEPTANCE OF THE LOA'S.

2. [redacted] IN SUMMARY, GEN TOUFANIAN ADVISED CARMISH-MAAG THE FOLLOWING:

A. GOI DOES NOT REJECT THE LOA'S AS SUBMITTED AND WILL STUDY THEM (ASSUMING APPROXIMATELY TWO MONTHS ARE AVAILABLE PRIOR TO FURTHER FUNDS BEING REQUIRED).

B. HE REQUESTED THE LOA'S BE WRITTEN IN 1975 DOLLARS WITH AN

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PAGE 05 281150Z

INFLATION ESCALATION FORMULA PROVIDED WHICH FOLLOWED THE DOD PRO-
JECTED ESCALATION GUIDELINES USED FOR THE USAF BUY.
C. HE REQUESTED TARGET PRICES BE USED AND CEILING PRICES BE

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INCOMING TELEGRAM

Department of State

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DEF (12-5C-2) (F-16)

PAGE 01 130047Z
ACTION PM-04

INFO OCT-01 INR-07 NEA-10 L-03 IGA-02 EB-07 SS-15
ACDA-07 MC-02 H-01 PRS-01 OSD W
----------130055Z 043748 /64

P 121437Z JUN 77
FM CARMISH MAAG TEHRAN IRAN ARCG
TO SECDEF WASH DC ASD ISA (SA) DSAA (NESA)
INFO SECSTATE WASH DC NEA-IRN PM-SAS
USCINCEUR VAIHINGEN GE ECJ4 7
HQ USAF WASH DC LGFWB
ZEN US EMB TEHRAN IRAN POL MIL

[redacted]
FOR LTG FISH FROM MG MILES
SUBJECT: LOA'S FOR PEACE ZEBRA (C)
1. [redacted] LOA'S 1 AND 2 WERE SIGNED 8 JUN 1977 BY VMOW WITH FOLLOWING LETTER TO YOU.
QUOTE
1. ATTACHED. PLEASE FIND THE LETTERS OF OFFER 1 & 2 (LOA'S) FOR PEACE ZEBRA WHICH I HAVE SIGNED ON BEHALF OF THE GOVERNMENT OF IRAN. IN SIGNING THESE LETTERS I WANT TO REMIND YOU OF YOUR STATED INTENTION TO DELIVER AN ADDITIONAL LOA WHICH WILL:

PAGE 2 RUEODJA0787 C O N F I D E N T I A L
A. PROVIDE THE NECESSARY SUPPORT EQUIPMENT FOR TWO ADDITIONAL MAIN OPERATING BASES.
B. PROVIDE AN ADDITIONAL 14 MONTHS SPARES CALCULATED IN ACCORDANCE WITH OUR NORMAL AIRCRAFT UTILIZATION RATES.
2. WHEN YOUR GOVERNMENT APPROVES OUR CURRENT REQUEST FOR A TOTAL BUY OF
300 F-16 AIRCRAFT, WE WANT OUR DELIVERY RATE INCREASED TO EIGHT AIRCRAFT PER MONTH.
3. IN PLANNING YOUR F-16 FOREIGN MILITARY SALES PROCAM. I WOULD LIKE TO REITERATE THAT IT IS THE INTENTION OF THE GOVERNMENT OF IRAN TO REPLACE THE IIAF F5E/F FLEET WITH 160 F-16 AIRCRAFT AT SOME LATER DATE.
4. AS ADDITIONAL INCREMENTS OF F-16S ARE APPROVED FOR SALE TO IRAN, WE REQUEST AMENDED LETTERS OF OFFER IN ORDER TO AGGREGATE THE AGREEME NT
AND TO ACHIEVE ALL POSSIBLE ECONOMIES OF SALE.
5. YOUR IMMEDIATE ACTION WITH RESPECT TO THE ABOVE REQUESTS WOULD BE APPRECIATED.
UNQUOTE.
2. (U) SIGNED COPY OF LOA'S MAILED TO SAAC DENVER THIS DATE.
3. [redacted] AMBASSADOR HAS REQUESTED THAT ANY PUBLICITY ON THIS SUBJECT BE HANDLED IN WASH. WITH APPROPRIATE REFERENCE TO CONGRESSIONAL SENSITIVITIES.

4. GDS-83

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Def 12-5C-2(F-16)

DEPARTMENT OF DEFENSE
JOINT CHIEFS OF STAFF
MESSAGE CENTER

WGCCCHAY0031LN405 [redacted] ZYUW 311FB
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ACTION

DISTR
CJCS OJS OJCS(02) J3(14) J4(00) J5(02) NMCC SECDEF(07)
SECDEF: ASD:SOA(10) ASD:IL(02) GC(01)
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TRANSIT/0016002/0000002/0001000TOR0002056
OO RUEFHOA 000040 0000000
ZNY CCCCC
R 001000Z FEB 77
FM [redacted] WASH DC/USDT
TO RUFTN [redacted] IR/ARCO
INFO RUEDAHA/HQ AFDC ANDREWS AFB MD/SD
RUVAAHA/ASD WPAFB OH/CV/YP
RUCHJCS/SECDEF WASH DC/DSAA
RUCHHR/CHIEF TEHERAN IR
RUCHHR/AMCMBASSY TEHERAN IR
RUCHAAA/USCINCEUR VAIHINGEN GE/ECJ8/7
RUVAAAA/HQ AFDC WPAFB OH/MI
RUCIPOA/HQ TAC LANGLEY AFB VA/DO/XP/DR/XRO
RUNTHAA/HQ ATC RANDOLPH AFB TX/TT
RUVAAHA/HQ AFALD WPAFB OH/SD/SDI
RUVHRIA/SO-ALC HILL AFB UT/MMA
BT
[redacted]
SUBJECT: [redacted] MODERNIZATION PROGRAM (MODLEUORY) RATE INCREASE FOR [redacted]
REF A: ARMSCM MAAG MSG 010963Z DEC 76-SC) (NOTAL TAC, ATC, AFALD,
OO-ALC)
1. [redacted] REFERENCE MESSAGE ADVISED [redacted] FROM [redacted]
PRODUCTION [redacted]
2. [redacted] THE AIR STAFF HAS REVIEWED THE CASE LINE CONSIDERATIONS
CONTAINED IN THE F-4S MASTER PLAN AND CONSIDERS THEM STILL VALID.
THE AIRCRAFT RATE BUILDUP FOR THE TOTAL PRODUCTION PROGRAM WAS
BASED ON [redacted] CAPABILITY TRADEOFFS CONSIDERED IN THE BEST INTEREST
OF [redacted] PARTICIPANTS. THE F-4D, BASED ON A PLANNING
FACTOR OF (PROGRAMMED) 600,000 FLYING HOURS, REACHED MATURITY
IN MID-1981. PRIOR TO THAT DATE, RISK EXPOSURE IS HIGH DUE TO THE
INCIDENCE OF CHANGES BROUGHT ABOUT THROUGH ENGINEERING DEVELOPMENTS
AND CONFIGURATION INSTABILITY FOR THE AIRCRAFT AND SPS SUPPORT

PAGE 1 [redacted] 0010111Z

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DEPARTMENT OF DEFENSE

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PAGE 2

EQUIPMENT (SPARES, DOE, SOE, ETC.). NO PRODUCTION RATE CHANGE, EVEN IF CONTRACTOR/VENDOR CAPACITY ALLOWS, IS ADVISABLE PRIOR TO JULY 1981.

3. (C) THE MASTER PLAN PRODUCTION RATE IS BASED ON SUPPORT CONSIDERATIONS AND TOOLING CAPACITY, I.E., TOOLS WILL BE ACCORDINGLY PURCHASED TO SUPPORT A PRODUCTION RATE (AT GENERAL DYNAMICS) OF 10 FMS AIRCRAFT/MONTH OVER THE PLANNED USAF AND USRG PRODUCTION. THE MASTER PLAN RECOGNIZES A LEARNING POTENTIAL OF THIS TOOLING TO 20 FMS AIRCRAFT/MONTH BY OCTOBER 1983. WITH PROVISIONS FOR MORE TOOLING, VENDOR CAPACITY TO PROVIDE EQUIPMENT FOR MORE THAN 20 FMS AIRCRAFT/MONTH DOES EXIST GIVEN FUNDS AND LEAD TIME TO GENERATE AN INCREASED IN THE PRODUCTION RATE. THIS HIGHER RATE SIGNIFICANTLY INCREASES PROGRAM RISK TO THE EXTENT THAT THIS PRODUCTION OPTION HAS DROPPED FROM THE FMS MASTER PLAN.

4. (C) CONSIDERING THE PRESENT APPROVED SALE OF 160 AIRCRAFT TO IRAN, TWO ALTERNATIVES TO THE CURRENT IRANIAN PROGRAM WERE CONSIDERED:

A. INCREASE THE PRODUCTION RATE ABOVE THE MASTER PLAN CAPACITY (WITH INCREASED RISK) BY PURCHASING ADDITIONAL TOOLING AT AN ESTIMATED COST OF 0.5 MILLION TO SUPPORT A FOUR AIRCRAFT RATE INCREASE. THE DELIVERY RATE FOR IRAN COULD BE INCREASED STARTING JANUARY 1982 FROM FOUR TO EIGHT AIRCRAFT/MONTH. AS A RESULT, THE 160 AIRCRAFT DELIVERIES WOULD BE COMPLETE IN NOVEMBER 1982 VERSUS JULY 1983. SUCH A DEVIATION FROM THE MASTER PLAN WOULD CAUSE SIGNIFICANT TRAINING AND SUPPORT PROBLEMS (SPARES). IN ADDITION, THE ANTICIPATED INFLATION SAVINGS (FOR A 160 AIRCRAFT PROGRAM) WOULD BE NEGATED BY THE TOOLING EXPENDITURES. THIS ALTERNATIVE IS NOT RECOMMENDED.

B. INCREASE THE DELIVERY RATE TO IRAN FROM FOUR TO EIGHT AIRCRAFT BEGINNING IN JAN 83, BY REDUCING ANOTHER POTENTIAL FMS CUSTOMER. THIS ALTERNATIVE PROPOSAL WOULD BE A SLIGHT BENEFIT IN EARLIER DELIVERY TIMES (THREE TO FOUR MONTHS) AT NO ADDITIONAL COST FOR TOOLING. IN ADDITION, IT COULD GET THE STAGE FOR SIGNIFICANT IMPROVEMENT IN DELIVERY RATES (AS MUCH AS TWO YEARS) FOR THE SAME ON 160 AIRCRAFT BUY SHOULD THAT REQUESTED PURCHASE BE APPROVED BY CONGRESS. THIS ALTERNATIVE IS STRUCTURED WITHIN THE GUIDELINES OF THE MASTER PLAN, ALLEVIATING SUPPORT/TRAINING CONCERNS. THIS ALTERNATIVE IS PREFERRED.

5. (C) ACCELERATION OF DELIVERY WILL ADVANCE REQUIREMENTS FOR TRAINING FACILITIES AND INCREASE PROJECTED SKILLED MANPOWER SHORTAGES IN THE FRAME. THIS IS A CONSIDERATION THE GOI SHOULD WEIGH IN ARRIVING AT THEIR DECISION.

6. (U) THIS MESSAGE HAS BEEN COORDINATED WITH OSAA.

(U) THIS MESSAGE
DECLASSIFIED 01 DEC 83.
BY

[redacted]

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[redacted]

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Department of State **TELEGRAM**

[redacted]

PAGE 01 272103Z
ACTION PM-04

INFO OCT-01 NEA-10 INR-07 SS-10 /032 W
----------272106 067482 /62

P 271501Z FEB 77
FM CARMISH MAAG TEHRAN IRAN//ARAF-C//
TO HQ USAF WASH DC//LGF//
INFO SECDEF WASH DC//ASD: ISA/DSAA//
SECSTATE WASH DC//NEA-IRN//PM-SAS//
USCINCEUR VAIHINGEN GER//ECDC/ECJ4/7//
LOWRY AFB CO//DSAA-JFMO//
HQ AFSC ANDREWS AFB MD//SD///PM//AC//
HQ AFLC WPAFB OH//MM//
HQ ASD WPAFB OH//SD//YP//
HQ AFLC WPAFB OH//MI//AC//MM//
HQ AFALD WPAFB OH//CV//
HQ TAC LANGLEY AFB VA//XP//DP//
US EMB TEHRAN IRAN//POL/MIL[redacted]

[redacted]

SUBJ: PEACE ZEBRA LETTER OF OFFER AND ACCEPTANCE (LOA) BRIEFING (U)
1. REFERENCES:
 A. HQ USAF WASH DC/LGF MSG 121600Z FEB 77 (C)
 B. CARMISH MAAG TEHRAN IRAN MSG 151100Z FEB 77 (U)
2. (C) IN-COUNTRY CLEARANCE IS GRANTED TO PEACE ZEBRA TEAM MEMBERS

PAGE 2 RUEGDJA1970 C O N F I D E N T I A L
WITH EXCEPTION OF B/GEN ABRAHAMSON. CLEARANCE FOR B/GEN ABRAHAMSON IS PENDING AMEMBASSY APPROVAL. MESSAGE WILL FOLLOW WHEN APPROVAL RECEIVED.
3. [redacted] THE FOLLOWING IS TENTATIVE BRIEFING SCHEDULE:
SATURDAY, 12 MAR - ARRIVE TEHRAN
SUNDAY, 13 MAR - 1000-DISCUSSIONS WITH CARMISH-MAAG AND STAFF
- 1500-BRIEFING AND DISCUSIONS WITH

[redacted] DECLASSIFIED

FORM DS-1650

Department of State TELEGRAM

[redacted]

PAGE 02 272103Z

ACTING AMBASSADOR AND POL/MIL AT AM EMBASSY

MONDAY, 14 MAR - 0800-BRIEFING AND DISCUSSIONS WITH IIAF COMMANDER AND STAFF

- 1400-TIME RESERVED FOR BRIEFING TO GEN AZHARI, COMMANDER, SUPREME COMMANDER'S STAFF

TUESDAY, 15 MAR - NO BRIEFINGS SCHEDULED, TIME AVAILABLE FOR TEAM WORK. ARCG & ARAF-C NOT AVAILABLE

WEDNESDAY, 16 MAR - 1030-BRIEFING AND DISCUSSIONS WITH GEN TOUFANIAN, VMOW.

PAGE 3 RUEODJA1970 [redacted]

THURSDAY, 17 MAR - DEPART TEHRAN

4. (U) ABOVE SCHEDULE AND TIMES CONFIRMED WI[redacted]

5. [redacted] 15 MAR UNAVAILABLE FOR BRIEFINGS DUE TO 51ST ANNIVERSARY OF PALAVI DYNASTY CEREMONIES BEING HELD AT KHATAMI AB. ALL HIGH RANKING OFFICIALS, GOI/USG TO BE IN ATTENDANCE.

6. (C) IT IS SUGGESTED THE BRIEFING TO THE IIAF BE INITIATED BY SHORT OVERVIEW PRESENTATION OF THE PEACE ZEBRA PROGRAM. IIAF HQ STAFF (IIAF COMMANDER AND DEPUTY COMMANDERS) HAS CHANGED SINCE WSPT VISIT IN DECEMBER.

7. (U) REQUEST BRIEF DESCRIPTION OF FORMAT AND DURATION OF LOA PRESENTATION. THIS WILL ALLOW MAAG TO ARRANGE IIAF ATTENDANCE CONSISTENT WITH OUTLINE OF MAJOR POINTS TO BE PRESENTED. IIAF COMMANDER AND DEPUTY COMMANDER'S SCHEDULES CAN BE ADJUSTED ACCORDINGLY.

8. (U) TEAM WILL BE BILLETED AT EVIN HOTEL.

9. (U) ALL TEAM MEMBERS SHOULD HAVE CONFIRMED AIRLINE RESERVATIONS

[redacted]

FORM DS-1253

Department of State **TELEGRAM**

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PAGE 03 2721032

FOR RETURN TRIP, 15 MARCH IS START OF IRANIAN NOW ROUZ HOLIDAY PERIOD. GDS 31 DEC 1983

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[redacted] 4023

ACTION CCT

PAGE 01 211415Z
ACTION NEA-10

INFO OCT-01 PM-04 INR-07 EB-07 MC-02 IGA-02 AID-05 /038 W
080668 /43

P R 210903Z DEC 76
FM CARMISH MAAG TEHRAN IRAN//ARCG//
TO HQ USAF WASH DC//LGF//
INFO HQ AFSC ANDREWS AFB MD//CC//
HQ ASD WPAFB OH//CC//
HQ ALFC WPAFB//CC//ALD//
SEC DEF WASH DC//ASD: ISA//DSAA//
SEC STATE WASH DC//NEA//
USCINCEUR VAIHINGEN GE//ECDC/ECJ4/7//
DEFREP TEHRAN IRAN
US EMBASSY TEHRAN IRAN//POL//MIL//

[redacted]
SUBJECT: PEACE ZEBRA AIRCRAFT DELIVERY RATES(U)
1. [redacted] THE GOI REQUESTS F-16 DELIVERY RATE BE INCREASED FROM FOUR(4) TO EIGHT(8) AIRCRAFT PER MONTH UNDER THE PEACE ZEBRA PLAN. THIS POINT WAS RAISED BY GEN TADAYON, CINC IIAF, DURING THE F-16 WEAPONS SYSTEM PLANNING TEAM OUTBRIEFING IN IRAN ON 11 DEC. IT HAS NOW BEEN RAISED

PAGE 2 RUEDDJA1469 C O N F I D E N T I A L
AGAIN BY GEN TOUFANIAN, VICE MINISTER OF WAR, ACTING ON INSTRUCTIONS OF HIS IMPERIAL MAJESTY.
2. THE GOI INTEREST IN A HIGHER RATE OF DELIVERY IS PRIMERILY RELATED TO A DESIRE TO LIMIT TOTAL COSTS BY AVOIDING AS MUCH INFLATION AS POSSIBLE. PLEASE ADVISE.
GOS 02.

[redacted] DECLASSIFIED

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Department of State **TELEGRAM**

[redacted] 6533

PAGE 01 060713Z
ACTION PM-04

INFO OCT-01 NEA-10 SS-15 SP-02 L-03 MC-02 AID-05
IGA-02 ~~OMB-01~~ TRSE-00 INR-07 ACDA-07 /059 W
----------060715Z 079333 /21

P 060626Z APR 77
FM SECDEF WASH DC
TO CARMISH MAAG TEHRAN IRAN
INFO SECSTATE WASH DC
CSAF WASH DC
USCINCEUR VAIHINGEN GERMANY
AFLC WRIGHT PATTERSON AFB OH
ASD WRIGHT PATTERSON AFB OH
AFSC ANDREWS AFB MD
AFALD WRIGHT PATTERSON AFB OH

[redacted] 7533
FROM DSAA(TS) 750/77
SUBJECT: PEACE ZEBRA (F-16) LETTER OF OFFER AND ACCEPTANCE (LOA) PRESENTATION TO VMOW (C)
REFERENCE: CARMISH MAAG MSG DTG 281031Z MAR 77
(U) DSAA & USAF ARE EXAMINING FEASIBILITY OF MODIFICATIONS TO THE LOA AS REQUESTED BY THE VICE MINISTER OF WAR. WILL ADVISE.
GDS 31 DEC 83

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DEPARTMENT OF DEFENSE

JOINT CHIEFS OF STAFF

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ACTION

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SECDEF: ASD:IL(02) ASD:ISA(10) GC(01)

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(035)

TRANSIT/272100Z/272144Z/000:44TOR3012143

DE RUEPHQA #0662 3012112

INR UUUUU

P 272100Z OCT 76

FM HQ USAF WASH DC/LGF

TO RUEONJA/DEFREP TEHERAN IR

INFO RUFTNJA/ARMISH MAAG TEHERAN IR/ARCG/ARAF-C

RUGNAAA/USCINCEUR VAIHINGEN GE/ECJ4/7

RUEKJCS/SECDEF WASH DC

RUGMHR/AMEMBASSY TEHERAN IR

BT

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SUBJECT: PEACE ZEBRA LETTER OF INTENT (LOI)

1. THE AMENDED LOI FOR 160 F-16 AIRCRAFT SIGNED BY THE VICE MINISTER OF WAR FOR THE GOI ON 24 OCTOBER 1976 WAS COUNTERSIGNED ON 27 OCTOBER 1976.

2. A SCHEDULE OF SIGNIFICANT PROGRAM DEVELOPMENT MILESTONES TO INCLUDE THE LETTER OF OFFER PREPARATION AND SUBMITTAL DATES WILL BE FORWARDED TO YOU AT THE EARLIEST PRACTICAL DATES. TWO COUNTER-SIGNED COPIES OF THE LOI BEING PROVIDED BY MAIL.

BT

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D/12-5C-2 F-16

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PAGE 01 042343Z
ACTION NEA-10

INFO OCT-01 INR-07 PM-04 /022 W
----------050019Z 031622 /20

ACTION COPY

P 042100Z MAR 77
FM HQ USAF WASH DC/LGF
TO ARMISH MAAG TEHERAN IR/ARAF-C
INFO SECDEF WASH DC/ASD-ISA/DSAA
SECSTATE WASH DC/N EA-IRN/PM-SAS
USCINCEUR VAIHINGEN GE/ECJ4/7
DSAA LOWRY AFB CO/JFMO
HQ AFSC ANDREWS AFB MD/SD/PM/AC
HQ AFLC WPAFB OH/MM/MI/AC
ASD WPAFB OH/SD/YP
AFALD WPAFB OH/CV
HQ TAC LANGLEY AFB VA/XP/DP
AMEMBASSY TEHERAN IR

UNCLAS
SUBJECT: PEACE ZEBRA LETTER OF OFFER AND ACCEPTANCE (LOA) BRIEFING
REF: ARMISH MAAG/ARAF-C MSG 271501Z FEB 77 (C), SAME SUBJ.
1. REF MSG REQUESTED A SHORT OVERVIEW PRESENTATION ON THE GENERAL PROGRAM.
2. FOLLOWING IS A BRIEF FORMAT AND DURATION OF THE LOA PRESENTA-
PAGE 2 RUEFHQA0198 UNCLAS
TION:

PROGRAM OVERVIEW	10 MINUTES
LOA'S BRIEFING	40 MINUTES

3. THE LOA BRIEFING WILL CONCENTRATE PRIMARILY ON THE FIRST FOUR OF THE SIX LOA PACKAGES. EMPHASIS PLACED ON PRICE COMPARISONS OF THE F-16 AIRCRAFT BETWEEN THE EPG, USAF AND GOI PROGRAMS. FOLLOWING IS A BREAKOUT OF THE LOA PACKAGE:

LOA NO. 1	F-16 AIRCRAFT FLYAWAY (136 A'S PLUS 24 B'S)
LOA NO. 2	SUPPORT PACKAGE, I.E., SPARES, SUPPORT EQUIPMENT, SPARE ENGINES, TRAINING EQUIPMENT, FLIGHT SIMULATOR,

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9-66

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RILSA, CIP, ETC.

LOA NO. 3 AIRCREW TRAINING

LOA NO. 4 MAINTENANCE TRAINING

LOA NO. 5 DEPOT SUPPORT PACKAGE. LOA NOT PRICED IN VIEW OF THE FACT THAT ONLY 50 PERCENT OF THE S.E. AND SPARES HAVE BEEN DEFINITIZED THUS FAR. FUNDING NOT REQUIRED AT THIS TIME.

PAGE 3 RUEFHQA0198 UNCLAS

LOA NO. 6 IN-COUNTRY CONTRACTOR SUPPORT. LOA NOT PRICED. IIAF REQUIREMENTS (NUMBER OF CETS) NOT DEFINITIZED. PENDING COMPLETED SITE SURVEY AND FULL DEFINITIZATION OF CONTRACTOR SUPPORT REQUIREMENTS, FUNDING FOR THIS EFFORT WILL NOT BE REQUIRED AT THIS TIME.

BRIEFINGS ON LOA'S 5 AND 6 ARE INCLUDED TO INSURE ALL ASPECTS OF THE PEACE ZEBRA PROGRAM ARE IDENTIFIED TO THE GOI.

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FORM 9-66 DS-1652

Def 12-5C-2 (F-16)

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PAGE 01 231703Z
ACTION PM-04

INFO OCT-01 NEA-10 INR-07 L-03 MC-02 IGA-02 AID-05
/034 W
----------231705Z 097515 /41

P R 231430Z APR 77
FM CAMISH MAAG TEHRAN IRAN//ARAF-TT//
TO HQ USAF WASH DC//LGFT//
INFO SEC STATE WASH DC//PM-SAS/NEA-IRN//
SEC DEF WASH DC//ASD:ISA/DSAA//
USCINCEUR VAIHINGEN GE//ECJ4/7-SARA-T//
HQ TAC LANGLEY AFB VA//XPQ//
FMTAC RANDOLPH AFB TX//FA//
US EMBASSY TEHRAN IRAN//POL/MIL//

UNCLAS
SUBJECT: PEACE ZEBRA MAINTENANCE TRAINING (FMS CASE IR-D-TFY)
TIAF DIRECTOR OF TRAINING HAS EXPRESSED CONCERN THAT COSTS
ESTIMATE IN LOA FOR MAINTEMANCE TRAINING APPEARS TO REPRESENT
COST PER STUDENT WEEK NERALY TEN TIMES THAT OF COMPARABLE USAF
CONDUCTED COURSES, AND HAS REQUESTED THAT HE BE PROVIDED A MORE
DETAILED BREAKOUT OF THE CONSTRACTORS BUDGETARY ESTIMTE. HE
DOES RECOGNIZE THAT CONTRACTOR TRAINING IS MORE EXPENSIVE BUT
THE INFORMATION INCLUDED I THE LOA DOES NOT CONTAIN ADEQUATE
RATIONALE TO JUSTIFY THE HIGH COSTS.

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Df 12-5C-2 (F-16)

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PAGE 01 251836Z
ACTION PM-04

INFO OCT-01 INR-07 NEA-10 ACDA-10 IGA-02 /034 W
----------251901Z 111695 /47

P R 251442Z APR 77
FM CARMISH MAAG TEHRAN IRAN//ARAF-C//
TO HQ USAF WASHDC//LGF//
INFO SECDEF WASHDC//ASD:ISA/DSAA//
SECSTATE WASHDC//NEA-IRN/SAS-PM
USCINCEUR VAIHINGEN GE//ECJ4/7//

US EMBASSY TEHRAN IRAN//POL/MIL//
AFALD WPAFB OH/SDI//
ASD WPAFB OH/YS//
D-ALC HILL AFB UT//MM//
AFLC WPAFB OH//MI//

UNCLAS E F TO
SUBJ: PEACE ZEBRA LOA
A. CARMISH MAAG TEHRAN IR/ARAF-C 281031Z MAR 77 (NOTAL)
B. HQ USAF WASH DC/LGF 222215Z APR 77 (NOTAL)
PERSONAL FOR MGEN MCINERNEY FROM BRIG GEN SECORD. DELIVER DURING DAYLIGHT HOURS.
IN DISCUSSION WITH GEN TOUFANIAN ON 20 APR AND AGAIN ON 23 APR, ISSUE OF AGE AND SPARES FOR F-16 WAS RAISED. TOUFANIAN WAS FIRM

PAGE 2 RUEODJA1850 UNCLAS E F T O
IN HIS REQUEST FOR LOA COVERING INITIAL REQUIREMENTS FOR AGE AND SPARES BEING THE SAME AS USAF BUY. HE AGAIN STATED THAT IT IS NECESSARY TO STRUCTURE IRAN'S F-16 LOA'S USING USAF PROGRAM AS A BASELINE--OBVIOUSLY TO ENABLE IRAN TO COMPARE UNIT AND PROGRAM COSTS. TOUFANIAN DID SAY HE WOULD CONSIDER USAF RECOMMENDATIONS FOR AN ADDITIONAL QUANTITY OF AGE AND SPARES BUT IN SEPARATE LOA'S. HE WILL ALSO CONSIDER EARLY F-16 REQUIREMENTS ENTRY INTO THE SUPPLY SUPPORT ARRANGEMENT (SSA).

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9. IN SUMMARY, THE GOI DESIRES THE SAME BUY AS THE USAF (INITIAL SUPPORT OF AGE AND SPARES USING USAF COMPUTATIONS) FOR ACTIVATION OF A COMPARABLE NUMBER OF AIRCRAFT LOCATIONS AND FLYING HOUR PROGRAM. ANY ADDITIONAL REQUIREMENTS WHICH WILL MAKE UP THE DIFFERENCE BETWEEN THE USAF BUY AND THE 26 MOS PREVIOUSLY STATED REQUIREMENTS SHOULD BE PROVIDED TO THE GOI IN A SEPARATE LOA OR IN THE SSA SCHEDULED TO BE NEGOTIATED IN JUNE 77.

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INCOMING TELEGRAM

PAGE 01 291835Z 5322

ACTION PM-04

INFO OCT-01 NEA-10 CIAE-00 INR-07 NSAE-00 OMB-01
TRSE-00 IGA-02 /025 W
----------301117Z 059001 /13

R 291535Z APR 77
FM HQ USAF WASH DC/LGFT
TO FMTAG RANDOLPH AFB TX/FAP
INFO HQ ATC RANDOLPH AFB TX/LGPPT/TTAT
ARMISH MAAG TEHERAN IR/ARAF-TT
SECDEF WASH DC/ASD-ISA/DSAA
SECSTATE WASH DC/PM-SAS/NEA-IRN
AMEMBASSY TEHERAN IR

UNCLAS E F T O
SUBJECT: PEACE ZEBRA MAINT TNG (FMS CASE IR-D-TFY)
REFERENCE: MAAG MSG DTG 231430Z APR 77.
1. REF MSG IDENTIFIED IIAF CONCERN OF THE COSTS ASSOCIATED WITH CONTRACTOR TNG IN SUBJ CASE & REQUESTED A MORE DETAILED BREAKOUT OF THE CONTRACTORS' BUDGETARY ESTIMATE FOR THIS TNG.
2. REQUEST YOU PROVIDE THIS OFC WITH A DETAILED BREAKOUT OF BOTH GENERAL DYNAMICS & PRATT & WHITNEY TNG COSTS ASSOCIATED WITH SUBJ CASE BY 20 MAY 77.
3. REQUEST YOU REEXAMINE THE FEASIBILITY OF PROVIDING USAF CONUS F-16 MAINT TNG FOR THE IIAF WITH A TRAINOUT DATE OF MAR-APR 80.
PAGE 2 RUEFHQA1967 UNCLAS E F T O
USAF TNG EFFORT SHOULD FOLLOW THE CADRE CONCEPT FOR THE F-16, PREVIOUSLY IDENTIFIED BY HQ ATC/TTAT AND INCLUDE 20 STUDENTS IN THE TECH INSTR CRS. PLEASE PROVIDE THIS INFO BY 20 MAY 77.

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The F-16 aircraft is capable of augmenting the IIAF F-14 primarily in an air defense role, and, in addition, performing all the combat roles, i.e., air defense and close air support, currently performed by the IIAF F-5. Thirdly, an assessment of the increased military capability provided by the F-16 aircraft must consider the time necessary for pilots and ground crew personnel to become proficient in operating and maintaining the aircraft. The delivery of the aircraft would not have an immediate impact because of the time required to become operationally effective. Consequently, the sale of the F-16 aircraft will increase the military capabilities of Iran by the mid 1980's. It is estimated that the Government of Iran will need approximately 3,000 trained maintenance personnel and 240 pilots to operate and maintain the 160 F-16 aircraft. Sufficient personnel to support the program are available if Iran uses pilots and technicians that are presently supporting other military aircraft but which have to be replaced during the 1980's. It is anticipated that the IIAF will retrain/upgrade these personnel to fill the F-16 program manpower requirements.

At program activation, a facilities survey team and weapon system planning team (total: approximately 15 personnel) will be sent to Iran for approximately 3 months.

To support the program in the long term, it is estimated that about 1,000 contractor personnel and 4 US Government personnel will be required. The contractor technicians' duration will be from two to four years. Plans call for 4 US Government personnel to serve as liaison for the cooperative logistics program on an indefinite basis. These estimates depend on support decisions to be made in the future by the Government of Iran and on the progress of the program.

The proposed sale of F-16 aircraft to the Government of Iran will have no adverse operational impact upon our U.S. readiness posture or the USAF-European Participating Governments F-16 program providing the Iranian F-16 program is implemented and supported as proposed. However, based on historical experience with similar programs, the Iranian F-16 program will require special management to ensure that early production resources are properly allocated to the USAF, EPG countries, and the IIAF. 15% of each of the F-16 aircraft to be sold to Iran will be manufactured by the European Participating Governments in accordance with our agreement with them.

The effect of introducing the F-16 in multiple operating locations simultaneously will place special demands

upon the early support arrangements--spares and maintenance. This support is to be supplied by the prime contractor -- not the Department of Defense. The contractor states that he can support this program.

Under the proposed program, the GOI will provide necessary funding for tooling required to provide additional stocks over and above USAF requirements. This added production capacity could be considered a positive contribution to U.S. readiness in the event of an emergency.

I would now like to provide the details on how we propose to implement the program assuming a favorable Congressional response and a decision by the GOI to proceed with the program. The LOA offers 160 F-16 aircraft and support equipment. Of the total, 136 are the single-seat F-16A and 24 are the two-seat F-16B. The configuration of the aircraft will be the same as that of the USAF F-16 with the exception of nonreleasable systems such as nuclear weapons delivery. Capabilities of the aircraft will also be the same as the USAF F-16 minus capabilities lost due to deletion of nonreleasable equipment. For example, the Iranian F-16s will not have a nuclear weapon delivery capability.

The first phase of the sale is to provide 10 aircraft for CONUS training of Iranian instructor pilots cadre. The aircraft will be located at a USAF tactical training location for approximately 17 months. Maintenance support at this location will be provided exclusively by contractor personnel. The current concept indicates a build-up to 129 contractor personnel during this period. This team will be made up of aircraft technicians, systems specialists, administrative and supervisory personnel.

The second phase will provide 160 F-16 aircraft in Iran. (150 operational aircraft plus the 10 training aircraft). The in-country support functions will be performed by a team composed of contractor personnel and the initial Iranian cadre trained in the United States. Functional areas will include organizational, avionics, munitions, and field maintenance in addition to maintenance administration. The approximate number of personnel per skill level area as follows: 1,000 apprentice level personnel, 1,400 journeyman level personnel, 400 supervisor level personnel for a total of about 2,800 people.

The F-16 should be significantly easier to absorb by Iran because it is relatively simple to maintain and operate.

The design to cost concept under which the F-16 was developed resulted in a much less complex airplane than its predecessor in Iran, the F-4 and F-14. The F-16 requires only one crewman compared to two crew members required by the F-14 and F-4. The maintenance manhours per flight for the F-16 are expected to be 1/3 to 1/4 those required to maintain the F-14 and F-4. Built-in test capability and automatic test equipment also replaces skilled technicians.

The USAF foresees no adverse impact on current aircraft procurement/production schedules provided the program is implemented and supported as proposed. The sale should have a favorable impact on the USAF program since the Iranian buy should reduce our unit cost per aircraft and will provide a pro rata share recoupment of R&D costs.

Mr. Chairman, various reports have indicated the concern of Congress over military acquisitions by Iran. We wish to assure you that the F-16 sale to Iran will receive close management support and control in the Department of Defense. Over the past year our management of activities in Iran has improved, and I want to assure you again that Defense will stay on top of the F-16 program in every respect.

In summary, I believe the F-16 program for Iran is

structured to take into account the threat, their future fighter requirements and a logical delivery schedule without an adverse effect on USAF and NATO Consortium programs. The Government of Iran was briefed by the DOD in early September on total program requirements and recognizes the increased program risk and costs associated with the early availability of the aircraft.

Mr. Chairman, are there any questions.