

#9

~~SECRET~~

Office of the Secretary of Defense 50 U.S.C. 3552
Chief, RDD, ESD, WHS
Date: 24 SEPT 2013 Authority: EO 13526
Declassify: _____ Deny in Full: _____
Declassify in Part: x
Reason: 3.3(b)(6), 50 U.S.C. 3552(b)(6)
MDR: 13-M-3000

TALKING PAPER
SAUDI ARABIA

SUBJECT: USG Responses to Saudi Arabian Military Requests (reference ISA Memo of 22 June 1979) (U)

~~(S)~~ F-15's: Expedited delivery of the F-15 is a political rather than a military judgment. The Air Force has continuously advised that a four month advance in delivery dates of all aircraft is all that is possible without having a significant effect on the U.S. program. We have not formally advised the Saudis of even this possibility. An earlier delivery would require diversion from the U.S. program.

~~(S)~~ The message indicates SAG dissatisfaction with the program cost increases even to the \$3 billion level. The SAG is not aware that the price tag, including contractor support and construction, will approach \$4.5 billion though Lt Col [redacted] should know that it will be over \$4 billion. BGen Secord arrived in Saudi 20 July to explain this to Lt Col [redacted]. He was not authorized to transmit a decision on accelerated deliveries.

OSD 3.3(b)(6)

(U) MER-200 and Conformal Pods (Tank) for the F-15: No change.

~~(S)~~ Trust Fund: Treasury position has changed and now only ONB has reservations against transfer of at least some of the reserve monies to an interest bearing account.

~~(S)~~ Backfill for Saudi Equipment Sent to Yemen: We have not received any reaction from the SAG on our proposed delivery of M113A1's and M577A2's in 17 months and M88A1's in 27 months in lieu of times previously provided. Delivery of M88A's in 1st Qtr FY 81 may be possible by diversion of FMS production for Morocco and Greece.

~~(S)~~ The Army advises that diversion of 26 each M113A1's would have a significant adverse impact on the readiness of the U.S. Army as it would preclude the fill of POMCUS by the end of FY 1980 and/or the mechanization of the 24th Infantry Division by the end of FY 1979.

(U) Lance: No change.

~~(S)~~ [redacted] No change.

~~(S)~~ All [redacted] on order were being delivered to Saudi 12 and 14 July 1979 and will be held in forward storage sites until they are retrofitted.

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13-M-3000

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(*) Night Vision Equipment for TOW and Dragon: Army is prepared to sponsor an exception to National Disclosure Policy (NDP) for release of the [redacted] night vision sights for the TOW, Dragon and M60 tank respectively. We have tasked Army to proceed with NDP exceptions.

(*) Production lead times are 20 and 24 months for the [redacted] and [redacted] so delivery in CY 1981 would require an accepted LOA by November 1979. Availability from production of the [redacted] for Saudi is 60 months. The Army is currently experiencing production problems and slippage and all production prior to that time is for U.S. Army requirements. This time may shorten if an acceptable alternate production source is found.

(*) U.S. Military Reorganization: No change.

OSD 3.3(b)(6)

Attachment

DECLASSIFIED IN PART
Authority: EO 13526
Chief, Records & Declass Div, WHS
Date: SEP 24 2013

OSD 5 U.S.C. § 552(b)(6)

Prep: Mr. [redacted]
DSAA-TS-C
24 July 1979

~~SECRET~~

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Chief, Records & Declass Div, WHS
Date: SEP 24 2013

401
OFFICE OF THE ASSISTANT SECRETARY
INTERNATIONAL SECURITY AFFAIRS

M. [REDACTED]
See ASD's rdb :

[REDACTED] - By COB 6/22 I'd
like a point by point comment
on the items listed."

~~SECRET~~

~~CONFIDENTIAL~~ *GD*
cc Ben Heaver Arthur E. Dowey
COL USA
Executive Officer

OSD 5 U.S.C. § 552(b)(6)

12 Jul 79

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TALKING PAPER

SAUDI ARABIA

DECLASSIFIED IN PART
Authority: EO 13526
Chief, Records & Declass Div, WHS
Date: SEP 24 2013

SUBJECT: USG Responses to Saudi Arabian Military Requests (reference ISA memo of 22 June 1979) (U)

(U) F-15's: No change.

(U) MER-200 and Conformal Pods (Tank) for the F-15: No change.

☛ Trust Fund: Treasury position has changed and now only OMB has reservations against transfer of at least some of the reserve monies to an interest bearing account.

☛ Backfill for Saudi Equipment Sent to Yemen: We have not received any reaction from the SAG on delivery of M113A1's and M577A2's in 17 months and M88A1's in 27 months. The Army advises that diversion of 26 each M113A1's would have a significant adverse impact on the readiness of the U.S. Army as it would preclude the fill of POMCUS by the end of FY 1980 and/or the mechanization of the 24th Infantry Division by the end of FY 1979.

(U) Lance: No change.

OSD 3.3(b)(6)

☛ [redacted] No change. All [redacted] on order are being delivered 12 through 15 July 1980.

☛ Night Vision Equipment for TOW and Dragon: The Army has provided the following reasons against delivery prior to 1981:

a. ☛ The U.S. holds a substantial lead in FLIR technology. This technology should be withheld to protect this lead. The U.S. Army had developed critical technology common modules that are expected to have wide application. The modules, countermeasures, hardware, and certain administrative data are classified Confidential. Release of the [redacted] and [redacted] prior to 1981 would represent a premature release of this technology. [redacted]

b. (U) The U.S. Army is willing to currently sponsor an exception to the National Disclosure Policy (NDP) for the above sights, which would allow release of classified information in 1981. *also see my attached memo to [redacted] on LOA timing.*

c. ☛ The [redacted] utilizes the same thermal imaging technology as the [redacted]. Availability of the [redacted] at the present time as the manufacturer has been unable to meet U.S. Army needs. The U.S. Army would be willing to sponsor an exception to the NDP to permit the release of the [redacted] to Saudi Arabia after 1981, and after a determination has been made to ascertain what production capacity

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2

is available to meet Saudi Arabian requirements. It is suggested that the Saudis be advised to raise this issue again in 1 year or 18 months in the event that they are still interested in buying the [REDACTED]

(c) U.S. Military Reorganization: No change.

OSD 3.3(b)(6)

Attachment

DECLASSIFIED IN PART
Authority: EO 13526
Chief, Records & Declass Div, WHS
Date: SEP 24 2013

OSD 5 U.S.C. § 552(b)(6)

Prep: Mr. [REDACTED]
DSAA:TS-C
11 July 1979

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~~CONFIDENTIAL~~

(Entire Text)

DEFENSE SECURITY ASSISTANCE AGENCY
WASHINGTON, D. C. 20301

OSD 5 U.S.C. § 552(b)(6)

MEMORANDUM FOR LT COL [REDACTED] ISA/NESA

SUBJECT: USG Reponse to Saudi Arabian Military Requests - Night Vision
Devices for TOW and Dragon

References: (A) Gaffney to McGiffert memo, 22 Jun 1979
(B) DA Memo, DALO-SAC 0939548, 16 Mar 1979

OSD 3.3(b)(6)

In proceeding further with action on the Saudi request for Night Vision Equipment for the TOW and Dragon, we believe you should draw on ref (b) and propose that Ambassador Strauss recall to the Saudis the discussion between HRH Prince Sultan and Secretary Brown on the subject. He could then indicate that our review is complete. The [REDACTED] are the Night Vision Devices for the TOW and Dragon respectively. We have now determined that these can be released to the SAG on a time phased basis. We are prepared to brief the SALF on the operational characteristics of these devices. If, after this briefing, the SAG decides it wishes these devices, we are prepared to entertain a request for an LOA or Price and Availability so that an order could be placed for delivery commencing in FY 1981.

Richard R. Violette
Director
Security Assistance Operations

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Authority: EO 13526
Chief, Records & Declass Div, WHS
Date: SEP 24 2013

OSD 5 U.S.C. § 552(b)(6)

Prep: Mr. [REDACTED] dr/DSAA-TS-C [REDACTED] 28 June 1979
Distr: TS-C Chron TS-C Subj TS Chron

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(Entire Text)

1. McGiffert talker to Newsom on F-15 program
2. Possible message to Brown paralleling State message to Vance on SANG
3. Interest-bearing account memo to President; include idea of holding interest in fund to finance third-country sales
4. Develops course of action to divert APC's } possibly combine
5. Send letter on LANCE
6. Review FY 81 release date for night vision equipment

GEN GRAVES 23 Jun

Dr Gaffney will be prepared to meet at your convenience.

I have the cost breakdown question with the staff.

6/23

THE ASSISTANT SECRETARY
ATIONAL SECURITY AFFAIRS

Dr. Gaffney
Note to: [redacted] comments

6/22 Gaffney/Graves. Let's discuss. See my notes.

Ernie - Please let me have a breakdown of the costs; we should discuss on 6/25. DEM

p.2, para. 6 - OK

p.3, para. 2 - When do we expect a result?

p.3, para. 3 - By division?

p.3, para. 4 - I don't understand why not?

p.4, para. 1 - OK; p.4, para. 2 - Was this assessment made long enough ago to justify revisiting it?

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JOSEPH P. [redacted]
CMA
Executive Assistant

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Authority: EO 13526
Chief, Records & Declass Div, WHS
Date: SEP 24 2013



INTERNATIONAL
SECURITY AFFAIRS

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ASSISTANT SECRETARY OF DEFENSE
WASHINGTON, D.C. 20301

*6/22 Gough/Grant
lets discuss - see my note.*

22 JUN 1979

MEMORANDUM FOR MR. MCGIFFERT

OSD 3.3(b)(6)

SUBJECT: USG Response to Saudi Arabian Military Requests

(U) In response to your request for comments on the items listed in paragraph 7 of the American Embassy Jidda message (Tab A), the following is provided.

(*) The basic tone of the message appears to derive from remarks made by [redacted] who is quoted as saying that "It is time to end four years of dilatory action and get on with the military program." Interestingly, these are the same four years in which the USG agreed to sell and delivered the bulk of the equipment necessary to modernize and mechanize two MODA armored brigades and four SANG battalions, agreed to the sale of 25 naval vessels, delivered 114 F-5 aircraft, approved a major upgrade of the Saudi HAWK system, concluded an LOA for the sale of 60 F-15 aircraft, and agreed to sell equipment for the North Yemeni program, one of the largest worldwide. All of these sales, and many others not cited, were or will be provided with all necessary training and associated construction as required.

(*) In large part this recurrent expression of dissatisfaction appears to center on the matter of long lead times. Our policy as set forth in Sec 21(h) of the Arms Export Control Act and affirmed by former DEPSECDEF Clements is that under normal circumstances security assistance material requirements will be filled without undesirable effect on US forces (Tab B). In addition to this earlier guidance which your staff is following, Congress passed subsequent legislation under Sec 815(a) of PL 95-485, the DOD Appropriation Authorization Act, 1979, which precludes issuing items from the stocks of the US armed forces without a Presidential determination (Tab C).

(*) The above is germane to Ambassador West's reference in paragraph 5, Tab A, to [redacted] complaint that Saudi Arabia does not wish to wait for two or three years for equipment deliveries. This is not a new issue between the USG and SAG and largely reflects SAG's unwillingness to accept the present USG priority on deliveries of equipment to Saudi Arabia, i.e., normal availability from the time of acceptance of FMS Letters of Offers.

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Declassify on: [redacted] 79

DECLASSIFIED IN PART
Authority: EO 13526
Chief, Records & Declass Div, WHS
Date: SEP 24 2013

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(U) Additional comments on each of the eight issues raised by Ambassador West follow.

➡ F-15's: Expedited delivery of the F-15 is a political rather than a military judgment. The Air Force has continuously advised that a four month advance in delivery dates of all aircraft is all that is possible without having a significant effect on the US program. We have not formally advised the Saudis of even this possibility. Any earlier delivery would require diversion from the US program.

➡ The message indicates SAG dissatisfaction with the program cost increases even to the \$3 billion level. The SAG is not aware that the price tag, including contractor support and construction, will approach \$4.5 billion (see Tab D) though LCOL [redacted] should know that it will be over \$4 billion. We are planning to send BGen Secord to explain this to LCOL [redacted] as well as to convey the unpleasant news that Congress must be notified of this increase.

➡ If a final decision is reached to accelerate deliveries, we recommend that this be communicated from USAF to RSAF along with the bad news on cost growth.

➡ MER-200 and Conformal Pods (Tank) for the F-15s: Secretary Brown, in a 9 May 1978 letter to the Chairman of the Senate Committee on Foreign Relations and the House Committee of International Relations, (Tab E), stated that the version of the F-15 approved for sale to Saudi was specifically designed to be an air superiority - air defense system. He further stated that these aircraft would not be equipped with range-extending conformal fuel tanks and that the Saudis had not requested and the US would not furnish Multiple Ejection Racks (MER 200). These racks would enable the aircraft to carry three standard MK 84 bombs and give them a ground attack capability.

➡ In Secretary Brown's letters he cites SAG assurances that the F-15 aircraft will not be employed offensively. On 11 February 1979, during his visit to Saudi Arabia, Secretary Brown informed Prince Sultan that he had given his word to Congress that these items would not be included in the F-15 sales package and that, therefore, he could not support such a request. This continues to be our position.

➡ Israel has contributed to the development, and is acquiring conformal fuel tanks for its F-15s, but we had never imposed restrictions on Israel using F-15s in a ground attack role.

➡ Trust Fund: The Secretary of Defense, in a letter dated 6 June (Tab F), reaffirmed to the Saudi Government the readiness of the U.S. Government to transfer excess Saudi monies in the FMS Trust Fund to an interest bearing account. The Saudis were also advised that their request for similar treatment of reserve monies (termination liability and contractor holdback) was under study. (Ambassador West concurred in a draft of this letter during his recent visit to Washington.)

*Ernie -
Please let
me have
a break
down of
the costs,
we should
know
in '6/25
in*

OK

Concerning the transfer of excess monies to an interest bearing account, we are awaiting Saudi action on our request that they establish such an account at the Federal Reserve Bank of New York or another bank of their choice. Contacts with both the country team (the MAAG element) and the Federal Reserve Bank indicate that this administrative detail has not been accomplished. The Saudis are not satisfied with "half-a-loaf" and are asking for a transfer of both excess and reserve monies to an interest-bearing account.

What do we expect to result?

The matter of reserve monies is being addressed by an Inter-agency committee (Defense, State, Treasury, and OMB) chaired by General Graves, Director of the Defense Security Assistance Agency. They have prepared a paper, now being staffed, which will become the basis for a decision memorandum from the Secretary of Defense to the President. Presently, Defense and State favor transfer of at least some of the reserve monies to an interest bearing account because of the political, national security, and energy implications, while Treasury and OMB have serious reservations in view of the budget outlays involved (a potential \$1.7 billion for Saudi alone plus subsequent interest payments).

OSD 3.3(b)(6)

Backfill for Saudi equipment sent to Yemen: Notwithstanding the Embassy perception, the US at no time committed itself to immediate replacement (or first vehicles off the production line) of Saudi equipment sent to Yemen. (We did promise immediate replacement of war losses if they occurred). The original delivery dates which DA advised USMTM were being included in LOA's were later than those originally committed by the Ambassador. Thereafter, the availability problem was reviewed by Army and discussed with [redacted] at the Sixth Mechanization Review (May 1979). The results of this discussion have now been provided USMTM, (see Tab G) and involve delivery of the M113 A1's and the M577 A2's in 17 months and the M88 A1's in 27 months. It is hard to believe that the Saudis would be satisfied with these times. We do have a production problem on M88's, but we should be able to find six M577's and 26 M113's quickly. Consideration of earlier delivery by diversion might not seem warranted as the SAG has on hand 533 M113 A1's, 83 M577 A1's and 18 M88 A1's. Depending on how one interprets the law, diversion could require a Presidential determination of an international crisis under Sec 815(a) of PL 95-485, the DOD Appropriation Authorization Act, 1979.

By diversion?

LANCE: Ambassador West's comments accurately reflect the status of Saudi interest in acquiring the LANCE through the time of Secretary Brown's visit to Saudi Arabia. Subsequently, this matter was studied by JCS and a fully coordinated reply was prepared which explains that the capabilities of the non-nuclear LANCE do not meet SAG's needs; they can best be met by a combination of artillery and air-delivered munitions already in the Saudi inventory. The reply concludes by identifying several Western European multiple rocket launchers which could supplement the present Saudi capability. A copy of the proposed reply is at Tab H. We have not found it opportune yet to convey this reply on LANCE, as an isolated matter, to the Saudis.

I don't understand why not?

DECLASSIFIED IN PART
Authority: EO 13526
Chief, Records & Declass Div, WHS
Date: SEP 24 2013

~~SECRET~~

OSD 3.3(b)(6)

4

[redacted] SAG has been repeatedly advised that the USG is not prepared to sell the [redacted] now, nor to consider such sale prior to 1981. As early as August 1978, SAG requested approval to procure either [redacted]. During his February 1979 trip to Saudi Arabia, Secretary Brown told [redacted] that [redacted] were not available for sale and further that we would not consider the sale of these missiles to Saudi Arabia prior to 1981. (Current production is for US forces only and an initial fill will not be accomplished until 1981.) He did offer to sell the Saudis [redacted] which he stated he would pull from Army stocks (there is no more [redacted] production). [redacted] accepted Secretary Brown's offer at that time. An LOA was signed in April 1979 and these [redacted] missiles plus an additional [redacted] from an earlier [redacted] sales case are now being prepared for shipment. All [redacted] are expected to arrive in Saudi Arabia on or about 11 July 1979.

OK

Night Vision Equipment for TOW and DRAGON: The Army was unable to identify alternative Night Vision Devices for the TOW or DRAGON which are releasable to Saudi Arabia. The [redacted] and the [redacted] are the night vision devices for the TOW and DRAGON respectively. The technology release date for both equipment and technical data does not occur prior to FY 1981. DA has no objection to release of the [redacted] with delivery not before FY 81 subject to approval of an exception to the National Disclosure Policy.

Was this assessment made by anyone else?

US Military Reorganization: We agree with West that this is a matter of growing importance; however, it is not yet a source of irritation. We are grappling with the issue of giving USMTM a planning advisory role, recognizing the restrictions imposed upon us by PL 95-92.

OK

Summary: It is interesting that the above items do not include the worst case of US foot-dragging, that is, additional munitions for the F-5. Otherwise, resolution of all of the above cases, with the possible exception of night vision devices and the availability of M88A1 tank recovery vehicles, are inhibited by political considerations; e.g., arms transfer restrictions, Congressional inhibitions, or diversions from US forces. The backfill issue should be resolved forthwith at the political level.



H. H. GAFFNEY
Acting Deputy Assistant Secretary

DSAA [redacted] /22 June

OSD 5 U.S.C. 552(b)(6)

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Page determined to be Unclassified
Reviewed Chief, RDD, WHS
IAW EO 13526, Section 3.5
Date: SEP 24 2013

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ATTACHED IS ~~SPECAT~~ EXCLUSIVE MESSAGE FROM ARMED JIDDA
CITE# 4634 JCS# 30080 DTG 210730Z JUN 79

ROUTING
IN TURN

6/21
by COB b/sz
212 lsh
point of print
comment in the
Hanna lsh.

SEQUENCE		INITIAL/DATE
3	MR [REDACTED]	[REDACTED]
2	COL [REDACTED]	[REDACTED]
1	CDR [REDACTED]	[REDACTED] 21
6	MR [REDACTED]	
5	MR [REDACTED]	
4	[REDACTED]	
✓	LTG GRAVES	
✓	MR [REDACTED]	
✓	DR [REDACTED]	
✓	BG BOVERIE	
	MR ARMACOST	
	BG PINCKNEY	
	RADM SCHULLER	
✓	MR [REDACTED]	
	MG BOWMAN	
✓	MR [REDACTED]	
✓	DR GAFFNEY	
	MR [REDACTED]	
	DR [REDACTED]	
	COL [REDACTED]	
	DR [REDACTED]	
	MR [REDACTED]	
	DR [REDACTED]	

PLEASE MAKE SURE THIS MESSAGE IS MOVED RAPIDLY. IF ADDRESSEE IS NOT AVAILABLE, MOVE IT ON TO THE NEXT INDIVIDUAL. R&C WILL INSURE IT IS RETURNED TO YOU IF IT IS NOT INITIALED.

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