



DOD, OASD, ISA ASSISTANT SECRETARY OF DEFENSE
 BOX 19, 73A 197E WASHINGTON, D. C. 20301
 IRAN 334--1970

12 OCT 1970

on Sec 4/16

INTERNATIONAL SECURITY AFFAIRS

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In reply refer to:
 I-24932/70

MEMORANDUM FOR THE SECRETARY OF DEFENSE

SUBJECT: Iranian Military Acquisitions

We are at a major decision point in our relations with the Shah of Iran over his arms acquisition program. The Shah desires to purchase amounts of military equipment that exceed the ability of his services to absorb, lie far beyond his military requirements, and run the risk of destabilizing the military balance in the Persian Gulf area. If we do not acquiesce to the Shah's wishes, we may seriously damage the currently close relationship with Iran. Our choice is, therefore, between an unwise and possibly dangerous arms program, on the one hand, and denial of the Shah's wishes and likely damage to our relationship with Iran, on the other hand.

In order to meet force goals that the US has not yet endorsed, the Shah is attempting to buy, largely on credit, an additional 73 F-4E, 4 RF-4E, and 30 C-130 aircraft. These aircraft would all be delivered to Iran by the end of 1974 and would give the Imperial Iranian Air Force (IIAF) an operational inventory of approximately 128 F-4D/Es, 4 RF-4Es, 96 F-5s, 16 RF-5s, and 50 C-130s. (The IIAF currently has 31 F-4Ds, 96 F-5s, 13 RF-5s, and 21 C-130s, with an additional 32 F-4Es and 5 C-130s on order and scheduled for delivery before the end of 1971.) The total cost of the new aircraft purchase program would be approximately \$500 million. The Shah also plans to buy other defense items that could bring the total cost to some \$800 million over the next four or five years.

The following case can be made for meeting the Shah's request:

1. We would demonstrate our continued support for Iran and our willingness to help build the military force that the Shah considers necessary to meet contingencies in the Persian Gulf area after the British withdrawal next year.
2. A military force of that size could deter overt Iraqi military aggression against Iran, Kuwait, and Saudi Arabia.
3. If we refuse his request, the Shah may buy aircraft elsewhere, thereby degrading Iran's logistic system and the IIAF's orientation toward the US.

480 Iran 12 October 1970

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Sec Def Cont Nr. X-5607

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GROUP 4
 Downgraded at 3 year intervals;
 Declassified after 12 years.
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The following case can be made against meeting the request:

1. The threat to Iran does not require such a significant increase in military power. A Special National Intelligence Estimate (SNIE) reaching this conclusion is attached at Tab A. Although the Joint Staff now supports a force goal of 128 F-4 aircraft (Tab B), it does so on the basis of the same rationale used last year to support a goal of 64. Systems Analysis considers the change in the Joint Staff's opinion to be unwarranted and supports ISA's assessment that the Shah's force goals are excessive in view of the threat. (Tab C).
2. Although the Shah's goal for combat aircraft would probably not provide Iran with quantitative superiority over Iraq, Iran's most likely antagonist, it would provide qualitative superiority and almost certainly lead Iraq to seek additional assistance from the USSR, perhaps even in the form that Egypt is currently receiving. We might therefore be faced with an arms race nullifying any temporary improvement in Iran's security.
3. Subversion rather than aggression is the major threat to peace and stability in Iran and the Persian Gulf area. The air force desired by the Shah would not counter this threat. At the same time, the diversion of Iranian resources to military rather than economic and social ends could promote internal discontent and subversion.
4. An \$800 million program of military purchases over the next five years could have a damaging impact on the Iranian economy, since it would absorb a significant portion of the funds available for importing capital goods.
5. Purchase of such a large number of complex aircraft would severely strain the meager base of technical personnel. We have already assigned some eighty blue-suiters to assist in maintenance of present F-4s, an arrangement we wish to terminate as quickly as possible. We can expect requests for more rather than fewer blue-suiters.
6. The Shah has been seeking for some time to increase training spaces in the US for his pilots, even though Iran already accounts for almost half the spaces allotted to foreign trainees. We can expect additional pressure.

Because of the political importance of Iran to the US (area stability, overflight rights, and intelligence facilities), we should meet at least some of the Shah's postulated needs even though they cannot be justified on purely military grounds. In fact, the Shah may not have made a final decision on buying all 73 F-4Es, and funding problems together with personnel constraints may lead him to restrict his 1970 F-4 buy to 32 (plus a few attrition aircraft). Indeed, Iran's funding request to the EX-IM Bank mentioned only 32 F-4s.

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In light of these factors and the countervailing pressures for and against this sale, I recommend that:

- 1. You approve the sale of 32 F-4Es plus up to 7 attrition aircraft, 4 RF-4Es, and 30 C-130s.
- 2. We make a vigorous attempt to dissuade the Shah from buying the last increment of F-4s, perhaps by persuading him to substitute the pending freedom fighter.
- 3. You be prepared to consider a follow-on request for additional F-4s if we are unsuccessful in dissuading the Shah.

APPROVE *[Signature]* 15 OCT 1970

DISAPPROVE _____

OTHER _____

A related problem is the level of credit to be offered Iran by EX-IM. The Bank has proposed a level of \$120 million for Iran in FY 1971, with a promise to consider sympathetically a similar amount for FY 1972 and 1973. This level of credits would be required to meet disbursements under the proposed sales package. I recommend that you approve the EX-IM proposal.

APPROVE *[Signature]* 15 OCT 1970

DISAPPROVE _____

[Handwritten Signature]

Attachments
a/s

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