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Iran 1972
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ASSISTANT SECRETARY OF DEFENSE
WASHINGTON, D. C. 20301

INTERNATIONAL SECURITY AFFAIRS

I-22077/72

11 MAR 1972

MEMORANDUM FOR THE SECRETARY OF DEFENSE

SUBJECT: Accelerated Delivery of F-4E Aircraft for Iran

For the past two months, the Shah has been increasing the pressure on us for accelerated delivery of F-4E aircraft in CY 1972. The present delivery schedule for the fifth through eighth squadrons commences in July 1973. Until recently the Shah has insisted upon acceleration of one squadron of these aircraft into CY 1972 but he now has expressed willingness to settle for only eight aircraft on the basis that they will replace the six F-4Ds which will soon be out for overhaul plus the two F-4s lost by attrition.

Periodically, the Shah seizes one issue on which he takes an almost obsessive view. This seems to be one of those issues and one which we believe he will take to the White House if we refuse to offer him at least something. We have been working with the Air Force and McDonnell-Douglas to determine alternate solutions. Unless we turn him down entirely, only two options affording CY 1972 delivery appear viable: diversion from 1972 production scheduled for USAF or a lease similar to the Australian arrangement.

In the attached memorandum, Secretary Seamans argues that the best solution to the problem is to arrange to lease eight (8) F-4s on a temporary basis and on the condition that Iran arrange with the manufacturer to accelerate to the maximum, at their expense, delivery of aircraft in 1973. Secretary Seamans concludes that to divert 1972 production aircraft would involve exceedingly difficult problems.

We share Secretary Seamans' concern about this diversion of American military assets. While eight airplanes obviously cannot be considered as seriously endangering our military position, the situation appears in a different light when recognized as an extension of the much larger diversions that have been made for Israel which have already set the Air Force programing back substantially. When considered in connection

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with the probabilities of similar pressures for the same kind of special consideration for the Greeks and Turks in the near future, the danger that the extension of the policy of diversion for Israel to another country setting the stage for further similar reduction of our capabilities to enhance those of other Near East countries does present a real military risk. Nevertheless, in the light of the Shah's past history, we have concluded that the only course is to accede to his insistence which we believe has been minimized at the eight figure, but do so reluctantly and with the full intention not to let this set a precedent for further action of this kind. If we must supply the eight airplanes, Secretary Seamans' proposal appears to us to be the least damaging way to do it. The Government of Iran will pay full rent for the use of the aircraft based on a percentage of the acquisition price.

If you agree that we must meet the Shah's request, I will so inform the Air Force. We also plan to inform Lieutenant General Toufanian, Iran's procurement chief, who is now visiting the U.S. at the Shah's behest, of the Air Force proposal when he meets with General Seignious on 13 March. Mr. Shillito, I&L, and Mr. Buzhardt, General Counsel, concur.

APPROVE _____ *What does Warren recommend*

DISAPPROVE _____ *these points don't do Warren much - implies me as the case is made by others*

OTHER _____ *MOS*

3/13/72 After our conversation today

Approval okay

[Signature]

Attachment
a/s
See X-1135

Concur: R.C. Kloof

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