1. REFTEL MESSAGE PASSED TO SHAH THROUGH COURT MINISTER ALAM MORNING OCTOBER 23.

2. FOR CONTINGENCY PURPOSES IN EVENT EXERCISE IS REPEATED, WISH CALL ATTENTION SEVERAL CONSIDERATIONS WHICH ARE IMPORTANT FROM IRANIAN PERSPECTIVE:

(A) WITH RESPECT TO REPAYMENT, SHAH'S PRIMARY INTEREST WILL NOT BE IN AMOUNT OF MONEY INVOLVED, BUT RATHER IN ACCELERATED DELIVERY OF MILITARY EQUIPMENT. SPECIFICALLY, WE FEEL HE WILL WANT EARLIER DELIVERY OF F-5E'S PRESENTLY SCHEDULED TO BEGIN DECEMBER 1973. HE WOULD ALSO LIKE DELIVERY DATE FOR F-4E'S TO BE ADVANCED FROM JULY 1973. EIGHT F-4E'S ARE PRESENTLY LEASED TO IRANIAN AIR FORCE. WE COULD OFFER TO TRANSFER TITLE ON THESE PLANES TO GOI, CREDITING PORTION OF VALUE OF TRANSFERRED F-5A'S.

(IRANIAN INVENTORY INCLUDES 37 F-5A'S WHICH WERE PURCHASED AND 53 WHICH WERE MAP-SUPPLIED.)

(B) 53 OF 90 AIRCRAFT PROPOSED FOR TRANSFER WERE SUPPLIED UNDER MAP WHICH APPEARS RAISE SEVERAL THorny LEGAL AND BUDGETING PROBLEMS. WHILE WE HAVE NO EXPERTISE IN THIS REGARD, WE ASSUME GOI COULD ALSO BE COMPENSATED WITH CREDIT AGAINST NEW F-5E'S OR F-4E'S ACCORDING TO SHAH'S PREFERENCE. FOR FUTURE ADMINISTRATIVE PURPOSES, THESE AIRCRAFT WOULD BE CONSIDERED AS MAP-PROVIDED. WE ASSUME SVN MAP BUDGET OR OTHER SOURCE COULD PROVIDE NECESSARY FUNDING. SHAH TOOK IRAN OFF MAP ROLES IN MAY AND IRAN SHOULD NOT BE LISTED AS MAP RECIPIENT IN ANY TRANSACTION.
(C) SHAH'S READINESS TO MEET OUR REQUEST WITHOUT HESITATION OR QUESTION WAS ELOQUENT TESTIMONY TO EXCEEDINGLY CLOSE RELATIONSHIP BETWEEN THE PRESIDENT AND HIM. SHOULD F-5A TRANSFER AGAIN BE PROPOSED, WE BELIEVE IT WOULD BE DESIRABLE IN TERMS OF THIS RELATIONSHIP TO BRING SHAH INTO PICTURE AS MUCH AS POSSIBLE AND TO RESPOND MAGNANIMOUSLY IN NEGOTIATION THAT WOULD FOLLOW HIS AGREEMENT TO TRANSFER.

FARLAND
BT
#6346

NOTE: PASSED SAIGON BY OC/T.