



Department of State

TELEGRAM

DEF 12-5C

1994

PAGE 01 182324Z

15
ACTION PM-04

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

1244

FROM ISA(SA)/DSAA
SECSTATE FOR PM/SAS AND NEA/IRN

SUBJECT:

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 PROVISIO THAT QUOTE IF IT IS

PAGE 2 RUEKJCS 4765 C O N F I D E N T I A L
COST EFFECTIVE AND FEASIBLE, ARRANGEMENT FOR SOME TYPE OF COPRO-
DUCTION OF THE SAID AIRCRAFT IN IRAN UNQUOTE.

3. 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.

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PAGE 01

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ACTION NEA-10

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

~~TOP SECRET~~
~~SECRET~~
~~CONFIDENTIAL~~
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. 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 RUEODJAB006 **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. 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 REFERRED BACK TO WASHINGTON LEVEL.

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PAGE 01 221515Z

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ACTION PH-04

INFO OCT-01 FB-07 INR-07 SS-15 L-03 ACDA-07 NEA-10 EUR-12
SP-02 IGA-02 MC-02 /072 W

0R4252

P 221200Z AUG 76
FM USDEFREP/TEHRAN IRAN
TO SECDEF WASH DC
INFO SEC STATE WASH DC
PJCS WASH DC
CNO WASH DC
CSAF WASH DC
CSA WASH DC
USCINCPAC WASHINGTON GE
CINCSAF RAMSTEIN GE

C O N F I D E N T I A L

SUBJECT: OIL FOR ARMS
DURING 27 AUGUST MEETING WITH ACTING CHIEF ARMISH-MAAG, PGEN SECORD,
USAF, AND U.S. DEFENSE REPRESENTATIVE, VON MARBOO, GENERAL TOUPANIAN,
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. VMOV ALSO
INDICATED THAT IN ABSENCE OF A FIRM OIL OVERLIFT AGREEMENT THAT THE

PAGE 2 TRU800JAY891 C O N F I D E N T I A L

DO NOT BE HELD RESPONSIBLE TO CONSIDER PROCUREMENT OF F-15 (LIGHTWEIGHT
PERSONNEL), REORDER OF INR DD 993 (SPROUCE CLASS DESTROYER) AND
PROCURE FIVE OF US AIRCRAFT (AWACS), CONCERNING DOD BRIEFING TERMS
FOR F-15, ETC., VMOV STATED THAT HE NEITHER ENCOURAGED NOR
DISCOURAGED SUCH PRESENTATIONS. AS MEETING ENDED, VMOV REITERATED
THAT DOD IS UNABLE TO BUY ANY MAJOR WEAPONS SYSTEMS IN ABSENCE OF
A FIRM TRANSACTION.

AGDS: AUG 77

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PAGE 01

180523Z

14

ACTION SS-25

INFO OCT-01 1826 W

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000000Z SEP 76 ZFD
FM US DEFREP/TEHRAN IRAN
TO SEC STATE WASH DC
VO RUEKJDS/SEC DEF WASH DC

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IRN

[REDACTED]
PERSONAL FOR UNDER SECRETARY OF STATE PHIL HABIB AND DEPSECDEF BOB
POLKSWORTH AND DIRECTOR, OSAA, LT GEN HOWARD FISH. FROM ERICH
VON HARBOD, US DEFREP, IRAN.

1. YOUR TESTIMONY BEFORE THE SENATE FOREIGN RELATIONS
COMMITTEE, ON THE SALE OF LIGHTWEIGHT FIGHTER AIRCRAFT
TO IRAN, WAS WELL RECEIVED IN TEHRAN AND CAN ONLY BE CHARACTERIZED
AS OUTSTANDING.

2. 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.

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NOTE BY OC/AT: EXDIS ADDED PER STANDING INSTRUCTIONS FROM S/S,

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PAGE 01 211657Z

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ACTION PR-04

INFO OCT-01 INF-07 DEB-10 YO-02 ES-07 OMB-01 ACDA-01

AID-05 TRSE-00 10400

DEF-12-5C-3
File

R 211615Z SEP 76
FM US DEFREP/TEHRAN IRAN
TO SECDEF WASH DC
SAF WASH DC
CJCS WASH DC
CSAF WASH DC
USNMR SHAPE BELGIUM
USCINCEUR WASHINGTON DC
CINCSAF RAMSTEIN AB GE
INFO BELSTATE WASH DC

121641

[REDACTED]
SUBJECT: F-16 FORCE STRUCTURE--IMPERIAL IRANIAN AIR FORCE
1. GOVERNMENT OF IRAN LETTER 1401-01-51-26, DATED SEPTEMBER 20, 1976
QUOTED:

BEGIN QUOTE: MR. ERICH F. VON HARBOE
"THE UNITED STATES DEFENSE REPRESENTATIVE-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 RHEDQJAI493 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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211657Z

"AGAIN, IT IS PETERATED THAT THESE AIRCRAFT ARE NOT
TO BE USED AS REPLACEMENT TO ANY OF OUR PRESENT
ASSIGNED GENERAL H. TOUFAMIAN
" VICE MINISTER OF WAR" END QUOTE.

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DIEF 12-30

[REDACTED] 4816

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File

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ACTION PM-04

INFO OCT-01 INR-07 MC-02 EB-07 NEA-10 AID-05 IGA-02 /038 W
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O P 291230Z SEP 76
FM US DEFREP/TEHRAN IRAN
TO SECDEF WASH DC
INFO SEC STATE WASH DC
CSAF WASH DC
USCINCEUR VAHINGEN 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 100 F-16 AIRCRAFT TO THE GOVERNMENT OF IRAN.
2. [REDACTED] VMOW ASKED MR. GREEN IF EXCLUSION OF SPECIAL PROFIT CONSIDERATION WAS FOR GO AIRFRAME ONLY, OR IF ENGINES, AVIONICS AND ALL SUB-CONTRACTOR ITEMS WOULD ALSO BE FREE OF SPECIAL PROFITS.

PAGE 2 RUEDDJA2037 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.

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F-16

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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 VAHINGEN 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//

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
AND 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 ESCALATION 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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Def 12-5C-3-74
Refer to [unclear]

[REDACTED] 281150Z [REDACTED]

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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 VAHINGEN 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//

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 GRIG 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 320 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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281150Z

VMOW WAS ADVISED THAT IF THE TOTAL 300 AIRCRAFT BUY WAS APPROVED, A DELIVERY RATE OF EIGHT PER MONTH MAY BE POSSIBLE; 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 RATE 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 NEEDS. ~~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 CONFIGURATION/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 CARRYING 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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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 FOR 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 COMPOSITE OF US 8 AND EPG 10 PERCENT
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,
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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PAGE 04

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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 COULD 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 TRAINING EQUIPMENT AND TEST EQUIPMENT WERE NOT COMPATIBLE. GEN TOUFANIAN CHALLENGED THE NECESSITY TO PAY THE STANDARD 2 P/C ADMIN FEES 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

PAGE 05 RUEODJA1769 C O N F I D E N T I A L

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 APPLICABLE TO THE USAF, AND THAT FMS CUSTOMERS PRICE WAS REALISTIC. GEN TOUFANIAN ASKED IF IT WAS NOT TO THE GOI INTEREST TO HAVE PROGRESS PAYMENTS AS LOW AS POSSIBLE. CARMISH-MAAG AGREED THAT IT WAS ADVANTAGEOUS 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. 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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INFLATION ESCALATION FORMULA PROVIDED WHICH FOLLOWED THE DOD PRO-
JECTED ESCALATION GUIDELINES USED FOR THE USAF BUY.

6. HE REQUESTED TARGET PRICES BE USED AND CEILING PRICES BE

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INCOMING
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PAGE 01
ACTION PM-04

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INFO OCT-01 INR-07 NEA-10 L-03 IGA-02 EB-07 SS-15
ACDA-07 MC-02 H-01 PRS-01 Q80 W
-----132055Z 043748 764

P 121437Z JUN 77

FM CARMISH MAAG TEHRAN IRAN . ARCG .
TO SECDEF WASH DC . ASD: ISA (SA) DSAA (NES4) .
INFO SECSTATE WASH DC . NEA-IRN . PM-SAS .
USCINCEUR VAIHINGEN GE . ECJ477
HQ USAF WASH DC . LGFWB .
ZEN US EMB TEHRAN IRAN . POL . MIL .

0744
DEF 12-502
(F-16)

[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 150 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 AGREEMENT AND TO ACHIEVE ALL POSSIBLE ECONOMIES OF SALE.

5. YOUR IMMEDIATE ACTION WITH RESPECT TO THE ABOVE REQUESTS WOULD BE APPRECIATED.

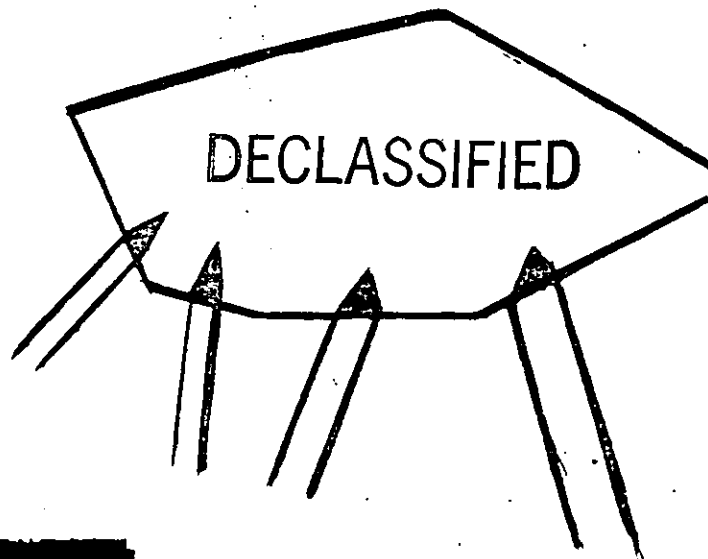
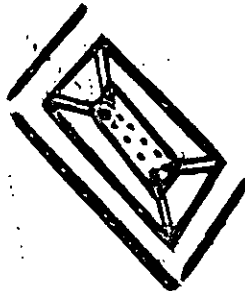
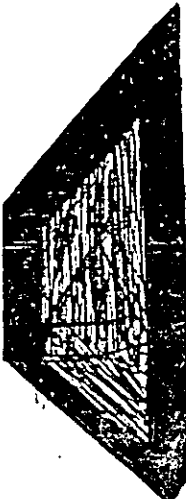
UNQUOTE.

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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[REDACTED]

[REDACTED]

[REDACTED]

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[REDACTED]

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DEPARTMENT OF DEFENSE

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CJCS (02) JS (14) JA (00) JS (02) NMCC SECDEF (07)
SECDEF: ADD:Y00010) ASO:IL (02) GC (01)
ANMCC FORT RITCHIE MD
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TRANSIT/001000Z/000000Z/000100TOR0000000
OO RUEFHQA 00000 000000
RNY 00000
R 001000Z FEB 77
TO RUPTN IR/ARCG
INFO RUEOANA/HQ AFCC ANDREW AFB MD98D
RUYAANA/AGD WPAFB OH/CV/YP
RUCMCC/SECDEF WASH DC/OSAA
RUCMHR/SECDEF TEHRAN IR
RUCMHR/AMBASSY TEHRAN IR
RUCMAAA/USCINCEUR WASHINGTON GE/EOY8/7
RUYAANA/HQ AFCC WPAFB OH/HI
RUCFPA/HQ TAC LANGLEY AFB VA/00/XPYDR/XRG
RUYAANA/HQ ATC RANDOLPH AFB TX/TT
RUYAANA/HQ AFALD WPAFB OH/8D/001
RUYAANA/HQ HILL AFB UT/MMA

SUBJECT: [REDACTED] EVERY RATE INCREASE FOR [REDACTED]
ARMY NAAG [REDACTED] (NOTAL TAG, ATC, AFALD,
GCALD)

1. [REDACTED] MESSAGE ADVISED TO [REDACTED]
PRODUCTION [REDACTED]
2. THE AIR STAFF HAS REVIEWED THE CASE LANE CONSIDERATIONS
CONTAINED IN THE P-40 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 P-40, BASED ON A PLANNING
FACTOR OF (PROGRAMMED) 400,000 FLYING HOURS, REACHED MATURITY
IN [REDACTED] 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 S70 SUPPORT

PAGE 1

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[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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PAGE 2
EQUIPMENT (SPARES, OEE, SBE, ETC.). NO PRODUCTION RATE CHANGE,
GIVEN IF CONTRACTOR/VENDOR CAPACITY ALLOWS, IS ADVISABLE PRIOR TO
JULY 1969.

3. (C) THE MASTER PLAN PRODUCTION RATE IS BASED ON SUPPORT CON-
SIDERATIONS AND TOOLING CAPACITY. I.E.M. TOOLS WILL BE ACCORDINGLY
PURCHASED TO SUPPORT A PRODUCTION RATE (BY GENERAL DYNAMICS) OF
10 FMS AIRCRAFT/MONTH OVER THE PLANNED USAF ANDERS PRODUCTION.
THE MASTER PLAN RECOGNIZES A LEARNING POTENTIAL FOR THIS TOOLING
TO 20 FMS AIRCRAFT/MONTH BY OCTOBER 1968, WITH PROVISIONS FOR
30 FMS AIRCRAFT/MONTH DOES EXIST GIVEN FUNDS AND LEAD TIME TO
GENERATE AN INCREASE IN THE PRODUCTION RATE. THIS HIGHER RATE
SIGNIFICANTLY INCREASES THE EXTENT THAT THE PRODU-
TION OPTION HAS DROPPED FROM THE PMS MASTER PLAN.

4. (C) CONSIDERING THE PRESENT APPROVED SALE OF 100 AIRCRAFT TO IRAN
AND 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 ESTI-
MATED COST OF \$550 MILLION TO SUPPORT A FOUR AIRCRAFT RATE INCREASE.
THE DELIVERY RATE FOR IRAN COULD BE INCREASED STARTING JANUARY 1968
FROM FOUR TO EIGHT AIRCRAFT/MONTH. AS A RESULT, THE 100 AIRCRAFT
DELIVERED WOULD BE COMPLETE IN NOVEMBER 1968 VERSUS JULY 1968.
SUCH A DEVIATION FROM THE MASTER PLAN WOULD CAUSE SIGNIFICANT
TRAINING AND SUPPORT PROBLEMS. IN ADDITION, THE ANTICIPATED
INFLATION SAVINGS (FOR A 100 AIRCRAFT PROGRAM) WOULD BE NEGATED
BY THE TOOLING EXPENDITURE. THIS ALTERNATIVE IS NOT RECOMMENDED.
B. INCREASE THE DELIVERY RATE TO IRAN FROM FOUR TO EIGHT AIR-
CRAFT BEGINNING IN JAN 68, BY REPEATING ANOTHER POTENTIAL FMS
CUSTOMER. THIS ALTERNATIVE PROPOSED WOULD BE A SLIGHT BENEFIT IN
EARLIER DELIVERY (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 100
ON 100 AIRCRAFT BUY WOULD THAT REQUESTED PURCHASE BE APPROVED BY
SENATE CONGRESS. THIS ALTERNATIVE IS STRUCTURED WITHIN THE GUIDEL-
ES OF THE MASTER PLAN ALLEVIATING SUPPORT/TRAINING CONCERNS. THIS
ALTERNATIVE IS PREFERRED.

5. (C) ACCELERATION OF DELIVERY WILL ADVANCE REQUIREMENTS OF
BASES FACILITIES AND INCREASE PROJECTED SKILLED MANPOWER SHORT-
FALLS. THIS IS A CONCERNATION THE GOVT SHOULD BE
ARRIVING AT THEIR DECISION.
THIS MESSAGE HAS BEEN COORDINATED WITH OSAA.

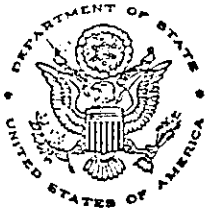
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TELEGRAM 11

[REDACTED]

PAGE 01 272103Z
ACTION PM-04

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

F 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-JFMD//
HQ AFSC ANDREWS AFB MD//SD///PM//AC//
HQ AFLC WPAFB OH//MM//
HQ ASD WPAFB OH//SD//YP//
HQ AFLC WPAFB OH//KI//AC//MM//
HQ AFALD WPAFB OH//CV//
HQ TAC LANGLEY AFB VA//XP//DP//
US EMB TEHRAN IRAN//POL/MIL//

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 161100Z 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 DISCUSSIONS WITH

[REDACTED] DECLASSIFIED



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TELEGRAM

PAGE 02

272103Z

[REDACTED]
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 RUEDDJA1970

[REDACTED]
THURSDAY, 17 MAR - DEPART TEHRAN

4. (U) ABOVE SCHEDULE AND TIMES CONFIRMED WITH THE EXCEPTION OF GEN AZHARI
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 DECEM-
BER.
7. (U) REQUEST BRIEF DESCRIPTION OF FORMAT AND DURATION OF LOA
PRESENTATION. THIS WILL ALLOW MAAG TO ARRANGE IIAF ATTENDANCE CONSIST-
ENT
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



Department of State **TELEGRAM**

[REDACTED]

PAGE 03

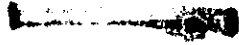
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FOR RETURN TRIP. 16 MARCH IS START OF IRANIAN NOW ROUZ HOLIDAY
PERIOD. GDS 31 DEC 1983

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TELEGRAM

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PAGE 01 211415Z
ACTION NEA-10

INFO OCT-01 PM-04 INR-07 EB-07 MC-02 IGA-02 AID-00 /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//

F 10

~~CONFIDENTIAL~~

SUBJECT: PEACE ZEBRA AIRCRAFT DELIVERY RATES(U)
1. 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 TAGAYON, CINC IIAF, DURING THE F-16 WEAPONS SYSTEM PLANNING TEAM OUTBRIEFING IN IRAN ON 11 DEC. IT HAS NOW BEEN RAISED

PAGE 2 RUEODJA1469 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 PRIMARILY RELATED TO A DESIRE TO LIMIT TOTAL COSTS BY AVOIDING AS MUCH INFLATION AS POSSIBLE. PLEASE ADVISE.

GDS 02

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[REDACTED]



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[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 OMD-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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P 272100Z OCT 76
FM HQ USAF WASH DC/LGF
TO RUEONJA/DEFREP TEHERAN IR
INFO RUFTNJA/ARMISH MAAG TEHERAN IR/ARCG/ARAF-C
RUSNAAA/USCINCEUR VAIHINGEN GE/ECJ4/7
RUEXJCS/SECDEF WASH DC
RUEHHR/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.

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PAGE 01 042343Z
ACTION NEA-10

INFO OCT-01 INR-07 PM-04 /022 W

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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.

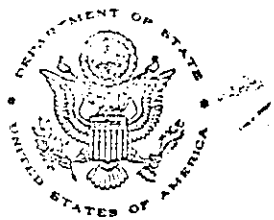
2. FOLLOWING IS A BRIEF FORMAT AND DURATION OF THE LOA PRESENTATION:
PAGE 2 RUEFHQA0198 UNCLAS

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 A1S PLUS 24 B1S)
LOA NO. 2 SUPPORT PACKAGE, I.E., SPARES, SUPPORT EQUIPMENT, SPARE ENGINES, TRAINING EQUIPMENT, FLIGHT SIMULATOR,

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LOA NO. 3
LOA NO. 4
LOA NO. 5

RILSA, CIP, ETC.
AIRCREW TRAINING
MAINTENANCE TRAINING
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 THI

S

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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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 CARMISH 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/OSAA//
USCINCEUR VAIHINGEN GE//ECJ4/7-SARA-T//
HQ TAC LANGLEY AFB VA//XPD//
FM TAG 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 MAINTENANCE TRAINING APPEARS TO REPRESENT
COST PER STUDENT WEEK NEARLY TEN TIMES THAT OF COMPARABLE USAF
CONDUCTED COURSES, AND HAS REQUESTED THAT HE BE PROVIDED A MORE
DETAILED BREAKOUT OF THE CONTRACTORS BUDGETARY ESTIMATE. HE
DOES RECOGNIZE THAT CONTRACTOR TRAINING IS MORE EXPENSIVE BUT
THE INFORMATION INCLUDED IN THE LOA DOES NOT CONTAIN ADEQUATE
RATIONALE TO JUSTIFY THE HIGH COSTS.

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Department of State TELEGRAM

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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 VAHINGEN GE//ECJ4/7//

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

UNCLAS E F TO

SURJ: PEACE TERRA 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 RUECDJAI850 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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TELEGRAM

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PAGE 02

251836Z

2. 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 25 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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PAGE 01 291835Z
ACTION PM-04

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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.