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OFFICE OF THE SECRETARY OF DEFENSE
WASHINGTON, D.C. 20301

In reply refer to:
1-9143/75

MEMORANDUM FOR LTC McFARLANE, MILITARY ASSISTANT TO THE DEPUTY ASSISTANT
TO THE PRESIDENT FOR NATIONAL SECURITY AFFAIRS

SUBJECT: US Military Relations with Yugoslavia

Secretary Kissinger's visit to Yugoslavia 4 November 1974 signalled a US Government willingness to establish a closer relationship with Yugoslavia. In view of the Yugoslav desire to include enhancement of military-to-military relations in the overall upgrading, Secretary Kissinger indicated that ASD/ISA Ellsworth would visit Belgrade in December 1974. During the Ellsworth visit, the Yugoslavs were informed that the US desired to cooperate with and assist the Yugoslav military in any way possible, consistent with overall US/Yugoslav political relations. The key to US assistance was mutually defined as the US attempting to be responsive to specific Yugoslav expressions of needs and requirements.

As a follow-up to the Ellsworth visit, on 26 February 1975, the Yugoslav Military Attache in Washington forwarded to ASD Ellsworth an initial list of Yugoslav desires. This list, which contained very broad general categories of equipment, as well as some specific items, has received a continuing review to determine, first, what specific items we could immediately offer the Yugoslavs, and second, items which were insufficiently identified or which involved inhibitions because of National Disclosure Policy (NDP) or national security implications. As determinations of equipment availability or the need for additional clarification of requirements have been made, these have been communicated to GOY through its Military Attache in Washington. Additionally, subsequent to the Ellsworth visit, the Yugoslavs have forwarded from time to time requests for individual items, to which we have in due course responded. To date, there has been no reaction from the Yugoslavs to our specific responses to their 26 February letter, either in the area of materiel we have indicated as available to them, or on items for which we needed further clarification.

On the other hand, there have been several successful undertakings to satisfy Yugoslav requests, as well as numerous on-going transactions.

a. Working with State, DOD was able to reverse a long-standing USG position which prevented Yugoslavia from selling old, excess F-86 aircraft to Honduras.

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b. The provision of 8" ammunition to Yugoslavia, an FMS case which had been stymied for nearly two years, has been resolved, with Yugoslavia electing to consummate the deal even in the face of a price rise from \$700,000 to \$1,200,000 in the interim.

over 2 yrs ago

c. An FMS case for four T-33 aircraft, which could amount to some \$750,000, is in the final stages of negotiation.

if us go to inspect & decide on equip.

d. Numerous Yugoslav requests for spare/repair parts and small calibre ammunition, amounting to in excess of \$600,000, have been met.

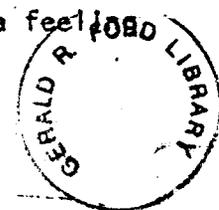
e. We have made an exception to USG policy against encouraging Yugoslav production of US-produced arms, to provide them a requested technical data package for Yugoslav manufacture of certain fuzes and detonators.

f. In response to a Yugoslav request, a US military team, headed by Major General George S. Patton, Jr., visited Yugoslavia to brief them on lessons learned in the Vietnamese War and the 1973 Arab-Israeli War.

We have additionally been working to encourage the Yugoslav Military Attache here to facilitate the processing of Yugoslav military equipment requests by developing a closer working relationship with officials in the Pentagon. Likewise, we have, through our Embassy in Belgrade, been encouraging Yugoslav defense officials to conduct more productive liaison with our Defense Attaches there. This has appeared to bear some fruit in the follow-up of Secretary of the Air Force McLucas' visit to Belgrade in June 1975, during which the Yugoslavs promised to provide a more detailed, specific list of Air Force needs. They have been working with our personnel in Belgrade to accomplish this. Another important development was Secretary Schlesinger's recent approval of an exception to the NDP to permit release to Yugoslavia of information on "Organization, Training and Employment of Military Forces" and "Military Materiel and Munitions" through SECRET for visual/oral presentations and through CONFIDENTIAL on a documentary basis. While individual items of equipment will still need to be reviewed by cognizant agencies on a case-by-case basis, the Secretary's finding will do much to establish an enhanced environment of commitment within DOD to be more forthcoming in attempts to provide military assistance to Yugoslavia.

While a fully responsive relationship has been slow to develop, because of hesitant reaction within both the US and Yugoslav military organizations, the momentum is accelerating. (The above mentioned FMS cases, except for the 8" ammo, have all originated subsequent to the Ellsworth visit.) The most important aspect of building the relationship is establishing a feel

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of understanding and confidence in mutual relations at all levels of both the US and Yugoslav bureaucracies. As more FMS cases are processed, and more visit exchanges take place, US/Yugoslav military relations are increasingly settling into a desirable routine. Persistence and energetic follow-through are needed on both sides. We are striving for a steady-state relationship, with both bureaucracies geared to carry on routine activities regardless of the vicissitudes of temporary, fluctuating political attitudes, recognizing, however, that military-to-military relations can only exist within the context of overall political relations between the two countries. We will continue to work toward establishing a base of cooperation (particularly in the materiel/training/equipment arena) in relatively non-controversial areas, as we increasingly attack and resolve more difficult areas involving technology-transfer and state-of-the-art equipment, which is of particular interest to Yugoslavia. (The NDP exception will permit valuable dialogue heretofore not possible in exploring these problems.) We will continue to emphasize to the Yugoslavs the necessity clearly to define what they want from us since we have great difficulty responding to broadly generalized categories of equipment. In consonance with Amembassy Belgrade suggestions, we will pursue an expanded program of individual and team visit exchanges, particularly Yugoslav personnel visits to the US (including training activities, laboratories/testing facilities, and industrial activities), as this should provide the Yugoslavs a better technical background from which to define their needs in familiar terms.

The initial steps, over the last seven months, in re-establishing a viable military-to-military relationship, have been the most difficult. However, the future augurs well, having received an important boost from the Ford/Tito talks which has given visibility to the US commitment to be responsive to Yugoslavia. The experience we have gained thus far in working with each other gives us a good base for further cooperation and a more satisfactory US response to expressed Yugoslav requirements.

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