

DOD, OSD, Iran
76-067
Box 73
Iran 1970

THE SECRETARY OF DEFENSE
WASHINGTON, D.C. 20301

DECLASSIFIED
PA/HO Department of State
E.O. 12958, as amended
June 21, 2006

14 APR 1970

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Honorable Elliot L. Richardson
Under Secretary of State
7th Floor, New State Building
Washington, D.C. 20520

Dear Elliot:

With reference to our conversation about Ambassador MacArthur's proposal to extend the 1968 credit understanding with Iran to cover the period FY 74 to FY 76-77, the Department of Defense does not believe we should submit this proposal to the President at this time. The following are the reasons for this position:

1. The Persian Gulf Study, NSSM 66, is designed to define U.S. policy toward the Persian Gulf area but has not yet been approved by the NSC. The decision made on it could well have a major impact on the armaments we want to supply Iran and the rate at which we will want to supply them. To make an offer to extend our credit commitment without an NSC decision on our overall policy on the Gulf does not appear warranted by the developments in this situation. DoD therefore recommends that NSSM 66 again be placed on the NSC agenda as a matter of high priority. (As you know, it had been scheduled for discussion by the Review Group in early April, but has now been slipped to 21 May.) If this is done, it might be possible that an NSC decision could be reached by the time of your discussions with the Shah and you would then be able to discuss his desires in light of this decision. In the absence of such a decision, it is not believed to be in the U.S. interest to limit U.S. policy flexibility towards the Persian Gulf area by a prior commitment which might well impinge on it.

2. The Shah is concerned with two major issues: (a) increasing Iranian oil exports to the U.S., and (b) obtaining more than \$100 million in FMS credit over the next several years. While full weight is given to Ambassador MacArthur's recommendation, it does not appear certain that this proposed offer would satisfy the Shah as it does not meet either of his two primary demands. If we made this offer and it did not satisfy his requirements, we would then have committed the President without having solved the problem.

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3. This does not appear to be a propitious time for the Executive Branch, and particularly the Defense Department, to be making new "commitments" or extending existing ones. While we recognize that the extension of the 1968 undertaking is not a binding commitment on the U.S. Government, it does tend to be viewed by Iran as a commitment and in any case does limit the President's flexibility.

4. We do not believe it prudent for an incumbent Administration to undertake an obligation which could possibly develop into an encumbrance to future Administrations unless such action is absolutely necessary. It does not appear that this situation requires such an action at this time.

In light of the uncertainty concerning the effect the proposed offer might have on the Shah and the questionable desirability of making such an offer prior to a decision on NSSM 66, I recommend that we expedite discussion of the NSSM before submitting a memorandum to the President. I would suggest also that during your audience with the Shah on 20 April, you take the opportunity to further explore the seriousness of this situation and what actions the U.S. could take which would have the highest probability of ameliorating the forecast crisis. Based on your discussions with the Shah and a decision on NSSM 66, we would then be in a better position to make a recommendation to the President.

In your discussions with the Shah, we believe it would be useful to reiterate several points which Ambassador MacArthur has recently made. Although the Shah is aware of these facts, it does not appear that he fully recognizes, or is willing to recognize, the special position and consideration Iran has in its military relationship with the U.S. As you are aware, these include the largest MAAG outside SEA, almost one-third of our FMS credit, the USAF F-4 Technical Assistance Field Team (TAFT), one-half of all our foreign jet pilot training spaces, and DoD assistance in the M-47 retrofit program. Several of these extend for several years into the future, i.e., there are no plans to eliminate the MAAG, the 1968 credit understanding extends through FY 1973, the TAFT will be in Iran for at least one year and perhaps longer, and we are committed to train Iranian pilots through FY 1974. In addition, the Department of Defense is working on providing the best possible credit terms for the FY 70 FMS credit for Iran and is looking into the possibility of providing additional pilot training in FY 74 and 75.

Sincerely,

Handwritten signature

*Read was subject to an telephone
conversator of April 14.*

Handwritten initials

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