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SECRETARY OF DEFENSE

ASSISTANT SECRETARY OF DEFENSE
WASHINGTON, D.C. 20301

DEP SEC HAS SEEN

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In reply refer to:
I-10854/76

MEMORANDUM FOR DEPUTY SECRETARY OF DEFENSE CLEMENTS

SUBJECT: Japan ASW Aircraft Selection - ACTION
MEMORANDUM

(S) You provided an interim reply (Tab A) to a letter hand carried to my office on 6 October from Mr. Maruyama, Vice Minister, Japan Defense Agency (JDA) (Tab B) relative to the JDA ASW requirement. You indicated that a more definitive response would be provided in three - four weeks. Tab E represents the proposed response.

(S) JDA has been evaluating the Lockheed P3C aircraft for the past four years. During this time, numerous DOD and contractor P3C briefings have taken place in Japan and in the U.S. and we have released considerable quantities of technical P3C data. The factions in Japan opposed to the P3C have seized upon the Lockheed affair to once more advance the cause of the PXL ASW development in Japan. The JDA Equipment Bureau and the Ministry for International Trade and Industry (MITI) favor the PXL ASW option because it will provide additional orders and job opportunities for the Japanese aircraft industry.

(S) I am of the opinion that the principal objective of Mr. Maruyama's letter is to try to determine whether there is any chance of altering the previously stated DOD position that we would not release the P3C or S3A avionics package to Japan for installation in a Japanese developed PXL aircraft. Attached at Tab C is an MDAO message dated 8 October which makes reference to the Maruyama letter and quotes the text of a letter from the Director General, Equipment Bureau, JDA requesting the Director, DSAA and the USN to make arrangements to send a briefing team to Tokyo as soon as possible to furnish additional ASW information. The MDAO forwarded to us on 12 October the questionnaire on P3C/S3A avionics (Tab D) alluded to in Mr. Maruyama's letter (Tab B).

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(S) The U.S. Navy advocates that we should continue to oppose all efforts by the JDA to separate the P3C/S3A avionics package for use on a Japanese aircraft platform. However, the U.S. Navy is agreeable to sending a technical team to Japan to once more set the record straight on the P-3 versus other options.

(S) It is entirely possible that, notwithstanding the decided cost and performance advantages of the P3C over all other options, JDA may find that the political climate in Japan simply does not permit the selection of the Lockheed P3C in the near future. Mr. Maruyama may be unable to come right out and say that in his letter and may expect us to read between the lines and understand the true nature of the Japanese dilemma.

(S) Consequently, at this time, we need to consider our own options as well:

U.S. Option 1. We continue to urge the JDA to select the P3C under a sales or license production agreement, as the most logical, cost effective, Service integrated and standardized system for Japan in the 1980's. Concurrently, we continue to refuse to release the P3C or S3A avionics package for use on a PXL platform. We would agree to send a technical team to Japan to discuss the P3C and other options. Should the JDA select the P3C, U.S. industry would realize approximately 50% - 80% of the total business associated with a Japanese P3C coproduction program, based on the license manufacture in Japan of portions of the fuselage, engine and avionics.

U.S. Option 2. We recognize and accept the fact that Japan's political dilemma does not permit the selection of the Lockheed P3C in the near future and agree to release the P3C/S3A avionics package, (less cryptographic and special weapons items) on a sales basis only. JDA would probably select a U.S. engine for the PXL to license manufacture in Japan. We would send a DOD team to Japan to help assess the three ASW options. By limiting the P3C/S3A avionics to sales rather than coproduction, U.S. industry would realize approximately 40% - 50% of the total business associated with a PXL indigenous development program, powered by a U.S. engine and equipped with U.S. ASW avionics. The PXL development leadtime is estimated at five to seven years. It is entirely possible that under Option 2, JDA would buy a small quantity of P3C aircraft while development of the PXL is underway in Japan.

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65 I propose that for the present we continue to adhere to U.S. Option 1, but that we refrain from stating this position in the letter to Mr. Maruyama. It is likely that your letter will be leaked to the press and made to appear that DOD is restricting JDA to a P3C ASW solution in order to promote a Lockheed product. This could be particularly dangerous in view of the fact that this next month is national election time in Japan. From the point of view of leadtime, cost, performance, and standardization, it is abundantly clear that a P3C solution is the most advantageous option for Japan. A DOD technical and financial briefing team can best convey this message to JDA.

(U) I recommend that you sign the proposed reply to Mr. Maruyama at Tab E and the cable at Tab F.

Longenecker
 Assistant Secretary of Defense
 International Security Affairs

Enclosures ~~DECLASSIFIED~~
 as stated ~~Approved 1988~~

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Coordination:

Director, DSAA *mtj* concurs

Vice Chief of Naval Operations, Admiral H. E. Shear *HE* concurs

Office of the Secretary of Defense
 Chief, RDD, ESD, WIIS
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