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THE SECRETARY OF DEFENSE

WASHINGTON, THE DISTRICT OF COLUMBIA

31 OCT 1983

His Excellency U. Haluk Bayulken  
Minister of National Defence  
Milli Savunma Bakanligi  
Bakanliklar  
Ankara, Turkey

DECLASSIFIED IN FULL  
Authority: EO 13526  
Chief, Records & Declass Div, WNS  
Date: JUL 30 2018

Dear Colleague:

(U) I congratulate you on your decision to procure 160 F-16C/D aircraft to modernize the Turkish Air Force. I know that your request completes a detailed and comprehensive study of alternate aircraft and industrial participation programs. The U.S. Government concurs fully in the urgent need to modernize the Turkish Air Force and will assist in this endeavor to the fullest extent of our ability. We also understand the national decision to establish an industrial capability.

(U) As we discussed, we will develop an offer, as outlined in the planning and review data with industrial participation presented in June 1983, for 160 aircraft with continuous production of phased aircraft and engine industrial participation. Critical to implementation of this new fighter aircraft program for Turkey is Congressional approval of our request for significantly increased security assistance funds for 1984 and adequate funding levels in subsequent years. Congress has passed an initial Continuing Resolution for the first 41 days of fiscal year 1984 which limits security assistance funds to Turkey to the fiscal year 1983 levels. However, this is just the first step.

(U) We will be working for a security assistance bill for the remainder of the year. If we do not obtain a security assistance bill, we will work for the level of aid for Turkey which we have previously requested in the second continuing resolution due to be passed around November 10, 1983. Until we know the level of support in Congressional action for fiscal year 1984 it will be difficult to present an official offer to implement the program. However, barring some unforeseen complication and assuming favorable Congressional action, we should be able to meet the December date. If Congressional support is smaller than we have requested, we will need to discuss with you a redesigned effort.

(U) In the first six years, the program will require your commitment of a minimum of \$250 million of security assistance funds per year beginning in FY 1984 and at least \$400 million in

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Turkish national funds. This should cover the value of sub-contract performance in Turkey and balance cash requirements with anticipated security assistance funds availability. The financing beyond the first six years will be more difficult but we will be working together with you to anticipate any problems. Turkish national funds will have to be committed for all cost of sub-contract performance in Turkey, as well as any shortfalls in security assistance funds. In addition to these commitments, you should be fully cognizant of the need for continuing logistics support requirements as follow-on support represents a significant part of the overall life cycle costs of any system. We will of course continue our efforts to assure satisfactory Congressional action on our Security Assistance requests.

(U) With regard to your other requests, provision will be made to offer you any other engine which the USAF may decide to use in its F-16C/D program. Due to present uncertainties on engine selection, we cannot estimate what that might cost at this time. We will advise you should that option become available. You may be sure that in our contract negotiations with General Dynamics we will get the best price available to keep the total program cost at the minimum. We have been assured that no commissions on the sale are involved and we will assure that no program funds are used for such purpose.

(U) We have under careful and sympathetic consideration your request for waiver of charges for nonrecurring research and development cost and asset use charges. I must note, however, that we have found it extremely helpful in the past when explaining large R&D waivers to the Congress, to point to favorable action by the recipient country in helping strengthen mutual security interests. We look forward to working with you to identify areas where such action might be taken. We will approach the F-16 European Participating Governments to request them to waive their portion of the F-16 nonrecurring cost charges. We will also discuss with the EPG the feasibility of the Government of Turkey's joining the consortium.

(U) We will support an extension of the current approval to ship by Turkish flag carriers up to fifty percent of that program material transported by sea. This is handled on a loan-by-loan basis and there is no reason to expect a problem in this instance. With regard to your request that we reduce the administrative surcharge, I regret to say that our law is very specific on this subject and prohibits reduction or waiver of that charge.

(U) As a matter of general policy, for which no exceptions are made, the U.S. Government does not become involved in indirect offset programs. Such programs must remain a matter between the Government of Turkey and the U.S. contractors. We note that increases to the direct offset program will result in increased

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capital investment on your part and probably an overall increase in program costs. I believe that you should review these very carefully.

(S) We will be unable to respond more fully to your proposal to overhaul U.S. F-16 aircraft in Turkish facilities until such time as those facilities are functioning and available. While we will have to consider specific proposals on the basis of their competitiveness in cost, quality and quantity, I can assure you that we will evaluate your proposals in the spirit of the DECA and the close and cooperative relationship we share. You will have to make your own arrangements for work on appropriate third-country F-16's, although we would be happy to provide you with information and to answer questions from third countries. Finally, we would consider the sale of F-16 aircraft containing Turkish-produced components to third countries at the appropriate time on a case-by-case basis.

(U) We recognize that over the long run Turkey will need additional aircraft if all aging Turkish Air Force fighter aircraft are to be eventually replaced. I can assure you that you have my continued support for follow-on buys.

(U) I appreciate that your decision culminates years of study and effort to select an aircraft and structure an industrial participation program. The decision is a significant milestone for Turkey and for NATO. Together we have much work ahead to ensure that the objectives you set are achieved in the most efficient and effective manner. The Department of Defense will work closely with you over the coming years to achieve this worthy project in support of our mutual interests.

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

Date: 30 JUL 2018 Authority: EO 13526 <sup>45 U.S.C.</sup> 552

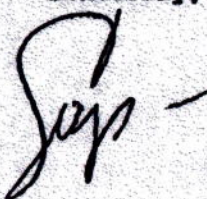
Declassify: X Deny in Full: \_\_\_\_\_

Declassify in Part: \_\_\_\_\_

Reason: \_\_\_\_\_

MDR: 18 -M- 1103

Sincerely,



*It was very good to see you & your good wife in  
Washington & in Montebello. Hope your husband  
Good trip home*

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