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AWACS

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8 December 1975

I-12,984/75

MEMORANDUM OF CONVERSATION

SUBJECT: US/FRG Bilateral

TIME: 1900 hours, 8 December 1975

PLACE: Amigo Hotel, Brussels, Belgium

PARTICIPANTS:

FRG: Minister of Defense Georg Leber
LTC Caretens, Military Assistant
Mr. Karl Freudenstein, Interpreter

US: Assistant Secretary of Defense Robert Ellsworth
Captain Gerald M. Carter, USN, Military Assistant

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

Date: 14 SEP 2018 Authority: EO 13526 + 5 U.S.C.

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The meeting opened with an exchange of pleasantries and a brief description by Minister Leber of his recent trip to Rome where he had a private meeting with the Pope.

Mr. Ellsworth informed Minister Leber that he had come to discuss a funding problem relating to AWACS. As background, Mr. Ellsworth noted that former Secretary Schlesinger had explained the US efforts regarding the procurement of AWACS and further noted that Minister Leber had expressed support for the project in the past. Mr. Ellsworth advised Leber that the DOD was currently experiencing a particular problem with regard to the AWACS program which was coming to a head this week in the Congress. The Appropriations Committees of both the House and the Senate were meeting to resolve the differences between the House and Senate versions of the Defense appropriations bill. The Senate version of the bill specifies FY 76 appropriations for six AWACS while the House version specifies only two. The basic cause of the major difference is a belief in the House that the Europeans are not going to participate to any degree in the AWACS program. This dilemma is highlighted at this time, because the Defense Department is preparing its FY 77 budget submission which calls for certain long lead items for AWACS. Turning to the specific purpose of his visit, Mr. Ellsworth stated that it is vital for the US to obtain during the current week a commitment from the FRG and the UK for \$4 million each to be applied to AWACS long lead items. It was noted

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that the US would also contribute its share of \$4 million toward this procurement decision. In continuing the development of the reason for the US request to the FRG, Mr. Ellsworth stated that if no action on the part of the Europeans, namely the FRG and the UK, was forthcoming, the Congress might take action which would limit the total AWACS program to twelve aircraft. In order to prevent this, the US needed funds from the FRG and UK this month for long lead time items to be produced in FY 1977.

Minister Leber noted that unless the AWACS program can be based on more than a bilateral US/FRG basis, the FRG would be unable to obtain Parliamentary support. Leber felt that further answers were required on such considerations as unit cost which he felt would be based on the uncertain matter of the number of aircraft to be procured. Another consideration which causes the FRG difficulty is that its major procurement programs are fixed until the 1980-82 timeframe and adding a major procurement project, such as AWACS, at this time could jeopardize the frigate procurement program which is to be considered by the Parliament next week. Up to 1982, FRG military procurement shows a sharply increasing curve of investment spending. After 1982, investment spending is projected to be level or slightly decreasing. In concluding the expression of his concerns, Minister Leber emphasized that it was extremely difficult to project the FRG AWACS funding share when the extent of NATO participation was still undetermined.

Mr. Ellsworth asked Minister Leber if his concerns meant that he would be unable to provide the requested \$4 million this month. Leber responded that he would be unable to provide a cash commitment now because of Parliamentary considerations. Mr. Ellsworth countered by stating that the US Secretary of Defense must have a \$4 million commitment from the FRG and UK to be paid within sixty days. Further, he noted that the matter had to be settled before DPC consideration on 9 December. If FRG and UK commitments could be obtained, Secretary General Luns would be in a position to obtain agreement in principle from the other Ministers. If, on the other hand, agreement were impossible, Secretary Rumsfeld and MODs Mason and Leber should move to take AWACS off the agenda if for no other reason than to avoid the danger of follow-on US congressional restrictions.

Softening his initial stance, Leber stated that he felt that he could provide the US with a letter, during the current week, committing the FRG to the requested \$4 million subject to certain restrictions. Basically these restrictions are twofold. First, the commitment must be subject to FRG Parliamentary approval which could not be expected until February 1976 at the earliest. Second, the commitment of \$4 million could not represent an FRG decision concerning future procurement of AWACS. In other words, the \$4 million was simply to be considered a payment with a future procurement decision reserved. Because of the investment situation which it faces, Leber stated that the FRG would need to know rather soon when it would be faced with an actual procurement decision. Mr. Ellsworth responded

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he felt the commitment that Minister Leber had made would be acceptable from the US standpoint and that it would enable us to obtain the approval of the DPC as well as congressional support. Further, he acknowledged that while many of the details of the AWACS program were lacking, the \$4 million commitment would give all concerned the time to work out the larger details. Minister Leber inquired as to whether Mr. Ellsworth considered the FRG commitment in the form of a letter sufficient for the UK's purposes. Mr. Ellsworth stated that he felt it would be satisfactory to all parties.

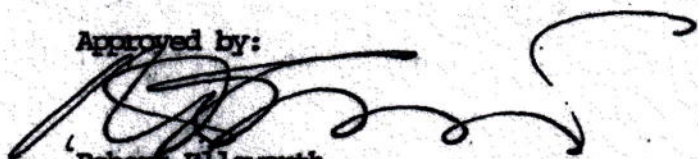
In closing, Minister Leber again emphasized that AWACS would cause the Germans problems if investment decisions required payments prior to the 1980-82 time period. He noted that much of the FRG's military equipment was reaching an age of twenty years, and it was essential that this equipment be replaced prior to committing substantial sums to such programs as AWACS.

Prepared by:

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Approved by:



Robert Ellsworth
Assistant Secretary of Defense
(International Security Affairs)

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