



INTERNATIONAL SECURITY AFFAIRS

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ASSISTANT SECRETARY OF DEFENSE
WASHINGTON, D.C. 20301

Office of the
SECRETARY OF DEFENSE

Germany/NA
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In reply refer to:

1-21169/77
18 MAR 1977 14 MAR 1977

SEC DEF HAS SEEN

3/12 Very good,
HJB

(53)

MEMORANDUM FOR THE SECRETARY OF DEFENSE

SUBJECT: Your Meeting with FRG Minister of Defense Leber -- INFORMATION MEMORANDUM

TIME AND PLACE: Tuesday, March 15, 1977, 10:15 a.m., your office.

PARTICIPANTS: A list of participants is at Tab A; Minister Leber's biographic sketch is at Tab B.

CHECKLIST:

- Stress continued support for NATO strategy, based upon the full spectrum of weapon systems, but within that context, the need for improved NATO conventional force capabilities and readiness. ✓
- Note our interest in using the May DPC Ministerial to help rein-vigorate Alliance defense, including launching a broad review of Alliance defense. ✓
- Indicate some flexibility regarding US AWACS cost share if Leber meets you half-way; seek agreement on special DPC Ministerial to formalize the AWACS decision. ✓
- Underline desire to deepen armaments cooperation with the FRG, including tank harmonization; cite ROLAND as an example of good progress. ✓
- Mention need for comprehensive Alliance-wide air defense program to provide for rational phase in of new systems as older ones are phased out.

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~~Classified by Director, European Region, OASD(ISA)~~
~~SUBJECT TO GENERAL DECLASSIFICATION SCHEDULE OF~~
~~EXECUTIVE ORDER 11652. AUTOMATICALLY DECLASSIFIED~~
~~AT TWO YEAR INTERVALS. DECLASSIFIED ON 12-21-85~~

15-M-0244



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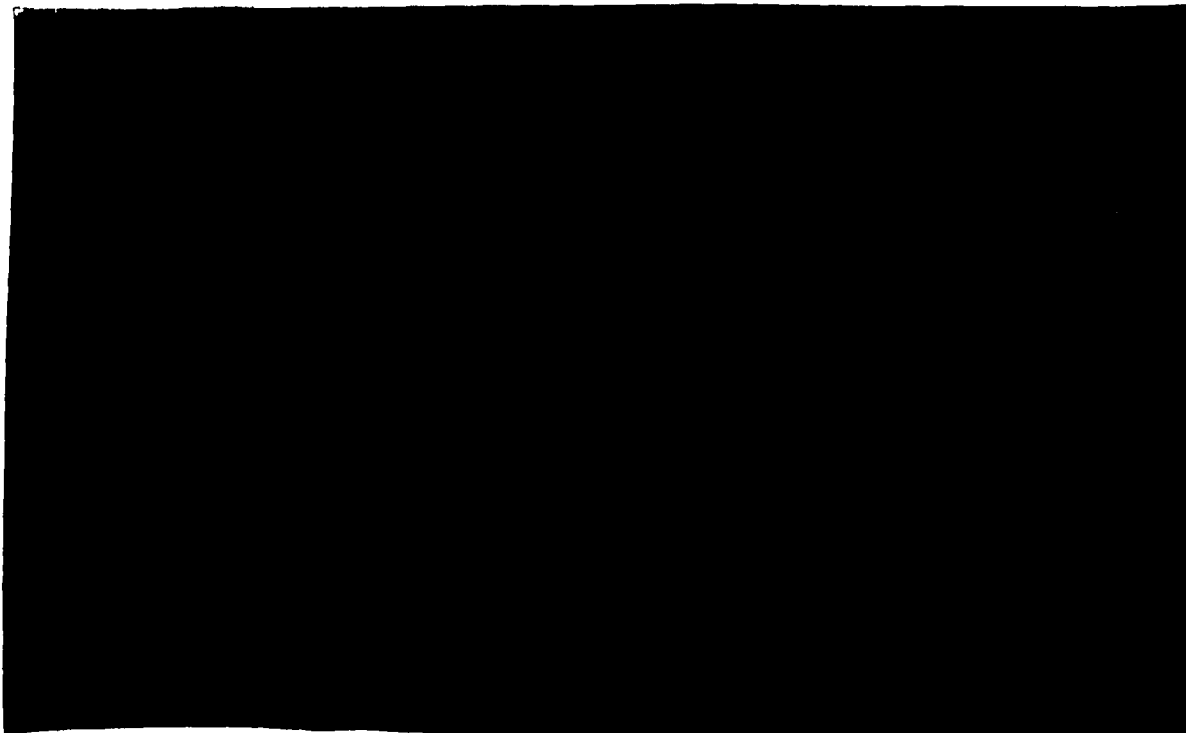
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SETTING



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ISSUES/TALKING POINTS

1. General Strategic Overview.



Your Talking Points

- We take the continued build-up of Soviet and Warsaw Pact capabilities seriously, but believe a satisfactory balance can be maintained.
- We will give high priority to the effort to resolve outstanding SALT differences with the Soviets. We approach these issues with full regard to our commitments to our NATO allies and have in mind, inter alia, their potential interest in cruise missiles and non-transfer of cruise missile technology. (More detail on cruise missiles is at page 9).

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- We are reviewing MBFR and intend to consult with the FRG and other Allies as our thinking develops. Progress will depend heavily on the Soviets, who are not yet being forthcoming on the basic facts and data. We will work to ensure that MBFR initiatives are compatible with our efforts to strengthen alliance defense.
- We are committed to maintaining the full spectrum of NATO nuclear and conventional capabilities. In our view deterrence operates across the full spectrum. Our approach is to maintain and where possible enhance the credibility of NATO's nuclear deterrent.
- Within this context, we believe priority should be given to strengthening the conventional band.
- Our budget objectives were set forth in my recent letter to you regarding our proposed amendments (copy at Tab D): foremost, a strong commitment to improving combat readiness and effectiveness of our general purpose forces, and enhancing our ability rapidly to reinforce NATO forces.
- Welcome Leber's comments on that letter.

2. Improving NATO Defense

The Germans have expressed satisfaction with the early expressions of support for the Alliance by the President and Vice President, but Leber will be eager to learn about our specific intentions.

The President has approved a proposal that he attend the May Ministerial sessions of the North Atlantic Council if consultations with Allies show this would be fruitful. We are also considering asking the Defense Planning Committee to focus attention on a two-pronged action program: 1) commissioning a review of Alliance political objectives, East-West relations, arms control, and security issues from a broad political perspective; and 2) a major review of NATO defense programs, and planning and implementation mechanisms. You may wish to sound Leber out on these possibilities. ✓

Your Talking Points

- We are considering how to use the May DPC Ministerial to help energize Alliance cooperation in the defense area; possibilities include a major review of NATO defense programs and planning and implementation mechanisms.
- Welcome Leber's views on this approach.

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3. Possible Ground Forces Improvements

In a recent meeting between Leber and General Blanchard, Leber pledged that in the event of a crisis or hostilities the FRG would arrange to provide, within its capabilities, the same kind of support for US forces that it provides for its own forces, which should allow us to increase the proportion of combat units as opposed to support units in our reinforcement packages. General Blanchard also discussed the potential for having 10 US divisions in Europe very quickly, including 4 divisions in-place, one REFORGER division, two other divisions with presently prepositioned equipment, and three more for which we might work to provide prepositioned equipment in NORTHAG. Any decision on the latter would depend on FRG assistance in securing facilities (possibly casernes vacated by the FRG in the course of moving their brigades forward), and might be dependent upon Dutch willingness to move a second Dutch brigade forward and continued Belgian and UK adherence to their commitments in the NORTHAG area. ✓

Your Talking Points

- It may be feasible for the US to move an additional brigade or two into NORTHAG and preposition equipment there, if the FRG can prepare the way for us politically and in terms of facilities.
- We would also want the Dutch to move a second brigade forward and would expect continued UK and Belgian adherence to their commitments in this area. In short, we want additionality, not substitution.

4. NATO AEW (AWACS)



As you stated in your 31 January letter to Leber (Tab F), the US is prepared to join the FRG in being flexible on cost shares. Congress will probably accept a US contribution to NATO AEW which approaches but does not exceed one-third of the total program cost; we believe the FRG should accept an approximate 25 percent share (see Alternative 3 at Tab G) and that agreement now to this relative sharing of the costs will ensure a favorable Alliance decision by Ministers later this month regardless of whether the French join or not. We accept the urgency of the UK end-of-March deadline. We believe the FRG has ample information on operational and cost factors to join with us in

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announcing our agreement on this to our Allies now. Regarding the two-way street as it relates to NATO AEW, neither the US, nor the FRG, nor any government, should adopt weapons systems on the basis of log-rolling and back-scratching. Each system should be adopted on its merits: because--after testing--it has been proved to be the best system available for the job. General Haig's suggested alternative program is attached (Tab H). Of course, if we should adopt the FRG gun, as he proposes, we probably could obtain NATO agreement for the complete NATO AEW program that has been developed for the Alliance.

Your Talking Points

- The British made it amply clear during PM Callaghan's visit last week that they will not delay a decision on NIMROD past the end of this month.
- Although a favorable Alliance decision on NATO AEW is within grasp, UK selection of NIMROD could end the current negotiations, perhaps permanently.
- We see as the only remaining major obstacle FRG-US differences over relative cost shares. We can solve that problem now.
- The Congress would probably support a US share which approaches but does not exceed one-third of program cost and I am willing to recommend this, but Congress will approve only if the burden is fairly shared.
- We calculate that FRG agreement to a share approximating 25 percent would make possible a favorable decision by Ministers later this month, and we urge you to announce now FRG agreement in principle to this.
- There is simply no alternative if the Alliance is to have an effective air defense in the coming decades.

5. Tank Evaluation/Harmonization

Leber's request for an overall evaluation of LEOPARD II is not specific. If he is referring to the overall analysis of test results, the Army is completing that and will provide it to the FRG by 31 March. This may be enough to head off Bundestag discontent. If Leber wants an even more comprehensive US evaluation, the FRG and US must provide extensive technical expertise which will be costly in terms of time and people (probably 40 or more experts from each country for 3-4 months to come up with a product which will still not have the benefit of a contractor proposal to conduct full scale engineering development of the LEOPARD II). Army is scheduled to brief Leber 16 March on LEOPARD II evaluation and the tank harmonization program.

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During the 11-12 January 1977 negotiations on an Addition to the Addendum of the tank MOU, Leber agreed Source Selection Evaluation Board consideration of LEOPARD II was not necessary. On 12 January 1977 State Secretary Schnell and Army Secretary Hoffmann agreed "the present evaluation will be limited to the subsystems defined in Addendum I" (There is indication in Leber's 23 February letter to you and in lower level correspondence that the FRG regrets that Addition to the agreement.)

Talking Points

- Regret press articles on tank comparison. You have my letter.
- Will have our overall analysis of test results ready for you by end of month. Hope that will meet your need.
- Plan to test UK gun later this year in accordance with wishes of Congress. Willing to test German 120 further this year, if you believe any additional developments should be considered.
- Have had 30-man team evaluating tank subsystems for harmonization. Their report will be ready this month.
- (Optional) In all frankness I must tell you that just as public statements from Washington create problems for you and us, so do public statements from Bonn linking the tank gun to AWACS. Those opposed to our effort will use this type of statement to accuse us of making weapons procurement decisions on political rather than military grounds.
- We will offer you more detailed briefings on tank evaluation and harmonization tomorrow.

6. U.S. ROLAND Air Defense System

The US intends to field a US ROLAND in 1980 with an estimated procurement cost of \$4.9 million per unit. A cost growth in RDT&E, from \$227 million to \$265 million, was caused by underestimation of system complexity and unexpected difficulty in transfer of technology from Europe to establish a US production base. US, French and German all-weather ROLANDs will have interchangeable missiles, and international coordination is underway to designate about 500 field-replaceable system subcomponents as internationally interchangeable.

Talking Points

- ROLAND is on schedule and is expected to remain within the present budget.
- We are receiving excellent cooperation from the Federal Republic and France, and we are pleased with their design.

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- Component performance measured with US built hardware meets or exceeds specs.
- ROLAND has become a success story, and we attach great importance to it. Short briefing on it also planned for tomorrow.

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7. NATO Guided Missile Patrol Hydrofoil (NATO PHM)

Your budget letter to Leber (Tab D) advised him that the US is restructuring the PHM program, canceling the conversion of a support ship in the absence of a definitive deployment concept, and reviewing the program to focus on further development of the hydrofoil concept and tactics. Earlier, Ambassador Stoessel had reported that Leber had intimated to him that the FRG had decided not to participate in PHM production. However, we have indications that this decision may actually be dependent upon your discussion today.

Your Talking Points

- We feel this has been a good NATO cooperative development program which should help us in future naval work.
- If we decide to go ahead with the program, we should seek to involve other Allies such as Norway.

8. Areas for Additional Cooperation

From his 23 February letter (Tab C), it is apparent that Leber is looking for further "quids" in connection with both AWACS and the tank issue. He asked us to consider procuring the GEPARD twin 35mm anti-aircraft weapon system. In a separate letter he has strongly urged that the US Army conduct its planned modernization of its aging telephone system in Germany exclusively through the Bundespostministerium (BPM), rather than use a competitive bid procedure. Leber also suggested that the US and the FRG enter into a procurement MOU similar to the one we have with the UK.

In addition to GEPARD and telephone procurement, we are seriously looking at other German items for possible procurement: administrative vehicles, off-highway vehicles, communications equipment, depot maintenance, joint use of facilities, and additional sub-systems of the Leopard tank (more detail at Tab I). We would be prepared to work out a procurement MOU with the FRG.

Your Talking Points

- GEPARD - We will carefully consider the GEPARD for possible procurement. Initial evaluation indicates that while certain changes might be required to adjust the system to US requirements, modifications are feasible and we are including a modified GEPARD in a Request for Proposal to be released in April.

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Your Talking Points

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Your Talking Points

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- Telephone Procurement - We understand fully the BPM's keen interest in taking on the Army's European Telephone System project in the FRG. We, too, are interested and willing to explore this further.
- We are also looking at other possibilities for US procurement from the FRG - other types of vehicles, communications equipment, depot maintenance, and the like. Does Leber have additional suggestions?
- We would be willing to explore a procurement MOU with the FRG similar to the one we have with the UK. We favor the reciprocal reduction of legislative, regulatory and procedural impediments to standardization and interoperability.

9. The Future of NATO Air Defense (Nike Hercules)

The FRG has been adamantly opposed to any change in Nike Hercules posture at least until Patriot is ready to replace it. FRG has insisted on NATO-wide consideration first before altering the Nike Hercules nuclear posture. The FRG is buying 432 GEPARDS (twin 35mm self-propelled AA guns) and 143 ROLAND fire units (with 5,000 missiles); has participated in Project Successor to define characteristics of the next generation medium SAM (Patriot); and will field 39 Improved Hawk batteries.

The US has for years been seeking to transfer its 16 Nike Hercules batteries to FRG to pay for and operate. Consideration has also been given to withdrawing those batteries, as early as FY 78 or 79. F-15, F-16, AWACS, Stinger, Patriot, and Improved Hawk are coming on or contemplated as mainstays of NATO air defense capabilities. Nike Hercules is obsolescent and increasingly ineffective and non-cost-effective. (The US has also promoted a recently-completed SHAPE study of the possibility of substantially thinning out the nuclear capability of all Nike batteries.) The US prefers to phase out Nike Hercules in the context of an orderly, comprehensive, Alliance-wide air defense improvement program.

Your Talking Points

- There is a great opportunity to set up an overall program for NATO air defense to guide improvements over the next several years.
- The coming of F-15, F-16, ROLAND, Patriot, Stinger, GEPARD, and improvements to Hawk now taking place plus the need to ensure that our inventory of weapons is modern and cost-effective give an opportunity to phase out obsolescent systems in the context of an orderly, comprehensive, Alliance-wide air defense improvement program. AWACS can help tie the systems together.
- US-German cooperation in many of these areas has been exemplary, and we wish to continue this.
- We should begin staff-level discussions on this subject as a matter of high priority.

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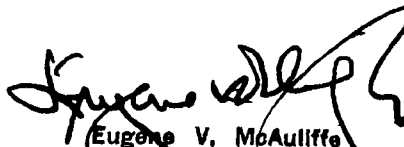
10. Cruise Missile (Contingency)

The recent PBD authorized development of a Ground Launched Cruise Missile (GLCM) using the long-range TOMAHAWK missile with a IOC of mid-1980. We have not, as yet, had an opportunity for a full-scale exchange of views with our allies on GLCM or for that matter, on cruise missiles in general. However, whether we proceed with a mid-80 IOC for GLCM as now planned or accelerate the IOC to mid-1978 as suggested in a 7 March DDR&E memo to you, we will want to know Allied views on GLCM, the possible relationship of GLCM to other NATO TNF forces, and the potential connection between GLCM and SALT/MBFR.

While there is no official FRG position on GLCM, at the last Nuclear Planning Group meeting and in the NPG Study group on new weapons technology, FRG representatives advanced the argument that in a period of strategic parity, NATO must have a full range of nuclear capabilities in theater. In particular, they suggested that in order to prevent the emergence of a Soviet theater nuclear superiority NATO must have a visible, mobile, survivable long-range system which contributes to deterring Soviet theater nuclear systems, including the SS-X-20. For them, the GLCM may appear to be a useful political and/or military counter to the SS-X-20.

Your Talking Points

- DoD is proceeding with further research into all potential applications of the cruise missile technology--GLCM, ALCM, SLCM.
- Concepts for GLCM applications are still evolving, but GLCM in Europe appears to offer attractive military options for supplementing TACAIR in the theater nuclear mission.
- We want to have a full exchange of views with allies on concepts for GLCM as well as relation to various SALT and MBFR options.
- We plan to have fuller discussions of these issues at NPG in June, but appreciate your thoughts on this now.


 (Eugene V. McAuliffe)
 Assistant Secretary of Defense
 International Security Affairs

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