



INTERNATIONAL
SECURITY AFFAIRS

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ASSISTANT SECRETARY OF DEFENSE
WASHINGTON, D.C. 20301

Folder "1, mea 000.1-2991973"
Box 70, 75-0001

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In reply refer to:
I-21340/75

MEMORANDUM FOR THE SECRETARY OF DEFENSE

SUBJECT: Call by Ambassador Habib

NAME & TITLE OF VISITOR: Philip C. Habib, U.S. Ambassador to Korea

TIME & DATE: 1500, Wednesday, 7 March 1973

LOCATION: Secretary's Office

HOW TO ADDRESS VISITOR: Mr. Ambassador

ATTENDEES:

Secretary of Defense - Elliot L. Richardson
Ambassador to Korea - Ambassador Philip C. Habib
Deputy Assistant Secretary of Defense (ISA/EAPA) - Dennis G. [unclear]
State, Country Director for Korea - Donald A. Ranard
Director, Defense Security Assistance Agency - VADM [unclear]
Assistant for Korea (ISA/EAPR) - Robert L. Vandegriff

APPOINTMENTS WITH OTHER DOD OFFICIALS: None

Attachments

Bio, Topics of Discussion

Prep by: Robert L. [unclear] lit
ISA/AD/59282

Coordination: Director, DBAA

Approved: *[Signature]*

Date:

Office of the Secretary of Defense 5 U.S.C. § 552
Chief, RDD, ESD, WHS

Date: 17 AUG 2018 Authority: EO 13526

Declassify: *[initials]* Deny in Full: _____

Declassify in Part: _____

Reason: _____

MDR: 18 -M- 1618

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EXEMPT FROM DECLASSIFICATION

Section 2 (b) (1) - *[initials]*

EO 12065 EXEMPTED FROM EO 13526 DECLASSIFICATION

Declassify: _____ Date: 31 OCT 2000

Date/Exec: _____ Other Agency Exempt: TBD

DECLASSIFIED IN FULL

Authority: EO 13526

Chief, Records & Declass Div, WHS

Date:

AUG 17 2018

6 MAR 1973

18-M-1618 *[initials]*

Korea 091112

6 MAR 73

F-4 BAILMENT CHARGE

ISSUE: AmEmb Seoul/COMUSKOREA request relief from F-4 bailment charge (\$13.7 million) to FY 73 Korea MAP

BACKGROUND:

- As quid pro quo for ROK release of 36 F-5A's (which had been provided as grant aid) to US to meet Enhance Plus requirement, USG agreed to bail one squadron F-4's to ROKG for period of 30 months.
- Government-to-Government agreement regarding Enhance Plus specified that bailment costs would be charged to ROK MAP as part of MOD Plan; dollar amount not specified in agreement.
- Dollars later determined to be \$13.7 million. OSD General Counsel ruled entire amount must be funded in FY 73. DSAA has funded to USAF.
- ROKG not informed of amount.
- Effect is that Korea FY 73 MAP level of \$132.8 million further restricted by \$13.7 million charge, impacting on US support of O&M costs.
- Ambassador Habib believes that without either increased MAP level to compensate or waiver of bailment costs, inevitable ROKs will discover bailment charge.
- Habib believes will lead to confrontation involving charges of bad faith on US part and put serious strain on our relationships.

TALKING POINTS:

- Government-to-Government agreement signed by both parties specifies bailment costs will be charged to Korea MAP.
- OSD General Counsel recently reaffirmed that bailment charge:
 - Cannot be waived
 - Must be charged to Korea MAP
 - Must be funded in FY 73
- Only immediate solution we see is possible reallocation of Security Supporting Assistance to allow ROK to assume greater military expenditures -- Your letter of 22 February asked SecState to explore.
- FY 74 Defense Budget contains line to repay MAP for Enhance Plus costs.
 - If Congress approves, bailment charge could be restored in FY 74.

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Authority: EO 13526
Chief, Records & Declass Div, WHS
Date: AUG 17 2018

Col J.W.Booth
OASD/ISA(SA) X57976
2 March 1973

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