

#51

~~SECRET~~



INTERNATIONAL SECURITY AFFAIRS

ASSISTANT SECRETARY OF DEFENSE

WASHINGTON, D.C. 20301

SEC DEF HAS SEEN

MAY 9 1983

5 MAY 1983
I-22197/83

MEMORANDUM FOR THE SECRETARY OF DEFENSE

Through: Under Secretary of Defense for Policy *FI* 7 MAY 1983

SUBJECT: Ras Banas Negotiating Positions (U) -- ACTION MEMORANDUM

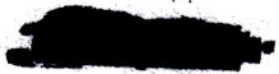
As I indicated to you earlier, a team led by Ambassador Nick Veliotis is to meet soon with Government of Egypt representatives in Cairo to attempt to conclude an agreement on the construction at Ras Banas. Because of the time constraint imposed by Congressional consideration of our FY 84 MILCON request for Ras Banas, and the concomitant increased pressure on the obligation of the funds appropriated in FY 83 it is likely that the Veliotis meetings may be our last real chance to secure Ras Banas. In order to maximize the chances for success, we have made as many concessions as we legally and practically can, but there remain several key points of disagreement between ourselves and the Egyptians.

There are some people in our government who contend that the GOE is not desirous of Ras Banas proceeding, but in Arab fashion are loathe to tell us directly and thus continue to pose unacceptable conditions to us instead. There is no doubt that many of the concerns expressed by their negotiators, on matters such as sovereignty and presence, are real and valid. If the real desire of Mubarak is to avoid final agreement on Ras Banas, that could obviously be accomplished. However, to give them the benefit of the doubt, I think we must continue to make an effort to accommodate their desires. This memo requests your approval of positions on several key points relative to Ras Banas, so that Ambassador Veliotis may be fully informed and aware of the limits to our flexibility.

The first, and from the Egyptians' description, primary area of disagreement between us and the Egyptians is the control of the construction funds. The GOE has insisted that funding, after FY 83, be transferred to them, suggesting in the form of increased forgiven FMS levels. We have maintained throughout our discussions with them that US law mandates construction of military facilities be done under MILCON funding when that construction is for the direct benefit of US forces. Our attempts to provide the GOE with some ornamentation that they could defend as showing their control of the project have been unsuccessful. As long as we fund Ras Banas under MILCON, we are legally constrained as to how far we may

Office of the Secretary of Defense
Chief, RDD, ESD, WHS
Date: *17 May 1983* Authority: EO 13526 + 5 USC § 662
Declassify: *X* Deny in Full:
Declassify in Part:
Reason:
MDR: *16 -M- 1219*

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



~~SECRET~~

~~SECRET~~

380-85-0023, bx 7, Egypt (Feb - June)

RI
18-M-1219

~~SECRET~~

move to accommodate the Egyptians. An alternative would be to approach the Congress with a new concept for Ras Banas and request funding under FMS or economic aid, to be turned over to Egypt directly, at the same time returning the \$91M appropriated for FY 83. With the past history of opposition to the facility, this is considered unlikely to be a successful approach.

(b) The second substantive area of disagreement concerns the concept tabled by the Egyptians that use of the Egyptian Corps of Engineers (ECOE) perform a portion of the construction at Ras Banas, to show, in the Egyptian's words, that it is not a US base built by Americans. Their latest position is "that a reasonable part" of the construction be done by the ECOE, either by sole source contract or by being allowed to underbid other proposals. A concern with this proposal is the lack of control that any prime contractor or joint venture partner would have in assuring ECOE compliance with specifications or timeliness. Awarding of prime or subcontracts to the ECOE alone would call into question the fair and open bidding system and raise charges of rigged bidding. Finally, there is no confidence on the US side that the ECOE could accomplish much of the construction, as even the runway and taxiway involves a fairly high level of sophistication in the building. Allowing the ECOE to participate, in joint venture with a US firm, in the bidding process seems the best alternative, as it puts the onus for compliance on their joint venture partner. For the reasons cited here, it seems unlikely that the ECOE will find a company with whom to joint venture.

(c) Lastly, in the event that an agreement on construction is reached, there still remains the question of US presence at Ras Banas, after it is completed. Mubarak did not follow through on your agreement with him in January that this issue need not be addressed now, and it has been raised by Egypt as a question which must be resolved. JCS and CENTCOM position on this is that there must be US personnel on the ground at Ras Banas continuously regardless of whether they be military, USG civilian or contractor. Osama El-Bas has indicated that he will present an Egyptian position on this (long overdue) to Veliotis during the meetings. Presuming success on the construction side we should decide whether or not to proceed with Ras Banas with presence conditions which we find unacceptable.

(d) All of these problems are knotty and resist simple explanation or solution, but in order to have any chance of salvaging the concept and the facility at Ras Banas, must be addressed. The consequences of the loss of that base on the military strategy for SVA are serious, but certainly not insurmountable. And, even if we abandon Ras Banas as a concept, Egypt will still remain a key strategic partner in the Middle East. Political and geographic imperatives will continue to make that necessary. For that reason, any joint decision to abandon the Ras Banas project should be made in the manner which least affects downstream relations.

(e) With all these factors in mind, I recommend we advise Ambassador Veliotis the following:

- A. The USG must retain real and perceived control of all funds for military construction at Ras Banas. Solicitation to Congress for innovative funding under FMS or economic assistance is not feasible.

DECLASSIFIED IN FULL
Authority: EO 13526
Chief, Records & Declass Div, WHS
Date:

AUG 17 2018

~~SECRET~~

~~SECRET~~

- B. The US will consider the ECOE performing a portion of the construction at Ras Banas, if they are in a joint venture with a US firm, and are awarded a contract in fair and legal competitive bidding.
- C. The amount of US money and assets that will be invested at Ras Banas makes it mandatory that there be a continuous US presence there after the facility is complete, either military or civilian. ~~Backing~~ agreement on such presence, construction at Ras Banas will not commence.

*from the
Proposals
written*

Issue A. (Funding) Approve Recommended Position Caspar W. Weinberger
9 MAY 1983
 Disapprove Recommended Position _____
 Provide Alternative _____

Issue B. (ECON Participants) Approve Recommended Position Caspar W. Weinberger
9 MAY 1983
 Disapprove Recommended Position _____
 Provide Alternative _____

Issue C. (Presence) Approve Recommended Position *see attached* Caspar W. Weinberger
9 MAY 1983
 Disapprove Recommended Position _____
 Provide Alternative _____

Richard L. Armitage
 RICHARD L. ARMITAGE
 Assistant Secretary of Defense
 (International Security Affairs)
 (Designate)

*I really think that Ras Banas
 may be a thing of the past - but think
 we ought to play the same out
 R.L.*

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

*Agree -
 But let us start looking now at
 Turkey, Iran, & Azerbaijan
 where we can*

Caspar W. Weinberger

~~SECRET~~