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ASSISTANT SECRETARY OF DEFENSE

WASHINGTON, D.C. 20301

SEC DEF HAS SEEN

AUG 15 1983



INTERNATIONAL SECURITY AFFAIRS

DECLASSIFIED IN FULL
Authority: EO 13526
Chief, Records & Declass Div, WHS
Date: AUG 27 2018

18 AUG 1983
I-23548/83

MEMORANDUM FOR THE SECRETARY OF DEFENSE

SUBJECT: Response to Your Questions on O & M Cost Sharing in Oman (U)
- ACTION MEMORANDUM

(S) A table summarizing the history of the O & M offer is next under. The table includes:

- the original Omani request (Table A);
- our December 1982 offer presented by MG Secord and accepted verbally by the Foreign Minister (Table B);
- the O & M commitment implied in the Feb 1983 document signed by Generals Secord and Creasey (Table C); and
- our current proposed offer (Table D). It is clear that our proposed payment of \$12M, coupled with the \$3M readiness payment and our projected O & M payments, meets the February commitment from FY 85 on. However, it still falls short of Oman's original request for \$40M of their current \$67M in O & M expenditures.

(S) You have the authority to direct payment to Oman of \$12M annually. We are not asking your approval for more than this amount given strong opposition by the military services to pay Oman anything more than we agreed in December 1982. Based on their reaction to our earlier \$10M payment, they, and in particular the Air Force (which already recommended to you that we cancel our milcon program), certainly would find more money unacceptable. We are concerned that someone may deliberately sabotage our efforts by advising Congress of their unhappiness in making rent payments when the Access Agreement gives us free use for Omani facilities. Congress also will compare our proposed payment to Oman with amounts we pay other countries for use of their facilities. For these reasons, we recommend a payment of no more than \$12M.

(S) We suggest that the four military services divide the \$12M payment equally (\$3M each) since each has or will use Omani military facilities during peacetime exercises and/or contingency operations. The Marines already have had two amphibious landings in Oman as part of larger joint exercises. The \$3M readiness payment also should be divided, but three ways between the Army, Navy, and Air Force (\$1M annually). The memo directing the Service Secretaries to meet this commitment is at Tab A.

330-85-6023, bx21, Oman
cc: USDP

*Rich How will Oman react - ?
Can they be sold on this? 18-M-1478
R. L. Armitage*

CP

Classified by: ASD/ISA
Declassify on: OADR

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

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TABLE A: OMAN'S ORIGINAL REQUEST FOR O & M COSTS

SOAF O & M*	FY 83 \$ 40M	84 40M	85 40M	86 40M	87 40M	88 40M	89 40M
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* total estimated O&M for existing Omani facilities is \$67M annually; does not include amounts for US consummables or US facilities maintenance

TABLE B: US DECEMBER OF US ESTIMATED PAYMENTS FOR O & M

	FY 83	84	85	86	87	88	89
Maintenance*	0	8.26	10.56	11.7	13.08	13.2	13.9
Operations**	2.815	2.953	3.089	3.228	3.37	3.518	3.673
Transfer***	0	0	3.00	3.00	3.00	3.00	3.00
TOTAL	2.815	11.213	16.649	17.928	19.45	19.718	20.573

* USAF estimates of maintenance costs related to our milcon and joint use of Omani facilities.

** USN estimate for P3 operations services or what Oman calls consummables

*** Readiness payment for US share of maintenance of existing SOAF facilities intended for use during peacetime and contingency.

TABLE C: OMAN REQUEST FOR US O & M PAYMENTS BASED ON FEB 1983 FORMULA

	FY 83	84	85	86	87	88	89
Maintenance	2.815	11.213	13.649	14.928	16.45	16.718	17.573
Ops Costs*	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Transfer	0	0	3.0	3.0	3.0	3.0	3.0
Consummables**	2.815	2.953	3.089	3.228	3.37	3.518	3.673
TOTAL*	10.63	19.166	24.738	26.156	27.82	28.236	29.246

* SOAF request for FY 83 based on proportional use. This amount is expected to increase as SOAF operating costs increase in the outyears.

** What we call Operations Costs for USN P-3s and exercises.

TABLE D: NEW US PROPOSAL FOR US ESTIMATED PAYMENTS FOR O & M

	FY 83	84	85	86	87	88	89
Maintenance	0	8.26	10.56	11.7	13.08	13.2	13.9
Operations	2.815	2.953	3.089	3.228	3.37	3.518	3.673
Transfer	0	0	3.00	3.00	3.00	3.00	3.00
RENT*	0	0	12.00	12.00	12.00	12.00	12.00
TOTAL**	2.815	11.213	28.649	29.928	31.45	31.718	32.573

* US Contribution toward existing \$67M of Omani O & M.

** Over seven year period, this total of O & M payments will exceed total Oman expects to receive based on February 1983 formula.

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OFFICE OF THE SECRETARY OF DEFENSE
THE MILITARY ASSISTANT

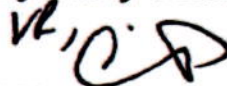
8/19/83

NOTE FOR ASD(ISA)

THRU: USD(P)

Please see SecDef's marginal
questions, "Rich: How will Omani
react? Can they be sold on this?"

Could I have a "quick" reply
for the Secretary? Many thanks.



Colin L. Powell
Major General, USA
Senior Military Assistant
to the Secretary of Defense

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

Date: 27 Aug 2018 Authority: EO 13526 + 5 USC § 552

Declassify: X Deny in Full: _____

Declassify in Part: _____

Reason: _____

MDR: 18 -M- 1478

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