THE SECRETARY OF DEFENSE

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WASHINGTON, THE DISTRICT OF COLUMBIA

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NENORANDUM FOR THE SECRETARY OF STATE

SUBJECT: Saudi Arms Sales and the Peace Process (U)

(a)de Now that the situation in Lebanon has quieted slightly, and some small progress may have been made in the peace process as a result of Arafat's discussions with King Hussein, I believe it is more important than ever that we encourage Saudi Arabia to take a vigorous and positive role in advancing negotiations both in Lebanon and with respect to the President's initiative to move the peace process forward. While I believe that the Saudis have been supportive of our initiatives in both these areas in a somewhat passive and lowkeyed manner, I am certain that their more active encouragement and use of leverage with the Palestinians, Jordanians, Lebanese, and Syrians can pay large dividends in moving things along in a positive direction. In fact, such a Saudi role, both diplomatically and financially, may be crucial to success.

(9437) In this regard, our responsiveness to and support of Saudi Arabia's perceived security needs can be a significant factor in obtaining the Saudi involvement that we seek. Our success last year in gaining Senate approval of the AWACS and Air Defense Enhancement Package sale was a major step in this direction. Our more recent efforts to assist the Saudis in military planning through our Coordination Planning Group (CPG) and in responding to a number of equipment requests Prince Sultan made to me this past May should further emphasize to the Saudi leaders our strong and continuing concern for the security of the Kingdom.

**LEVET** However, there are several long-standing Saudi arms requests which are in danger of becoming major irritants in our otherwise improved security relationship with the Saudi Arabian Government -- namely the Lance missile, MER-200 bomb racks, and the Multiple Launch Rocket System (MLRS):

- **(G/G)** The Saudis first requested the Lance in late 1978, and have reiterated their request several times since. We have turned them down repeatedly -- largely because Lance is useful primarily as a nuclear delivery system. I recognize this could generate concern in Congress, but I do not believe that in the Saudi case it has any foundation. The SAG has persisted in asking for this system to meet their tactical ground force requirement for striking an opponent as deeply as possible behind his front lines. More significantly, they

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seek an artillery-type system as a deterrent and counter to the threat posed by South Yemeni FROG missiles, and the only system we have that would meet this need is Lance fitted with its 1,000 pound conventional (non-nuclear) warhead, having a range of 75 km. We have, as you may recall, provided this to Israel to counter a similar threat -- Syrian FROG and SCUD missiles.

The Saudis first asked for MER-200 multiple bomb racks for their F-15s in early 1980, as part of their request for AWACS and the other air defense enhancement items. They feel that the MERs are required to allow them to make full use of their limited air force pilots and aircraft by enabling their F-15s to effectively meet an attacking ground threat as well as attacking aircraft. We have never told the SAG either "yes" or "no" on this request. In early 1981, when we agreed to go forward with the AWACS sale, we decided that we would consider the SAG request for bomb racks, but defer a decision until after we had an opportunity to study, jointly with the Saudis, their ground attack requirements. The draft of this study has been completed, and was provided to the State Department for review on August 17, 1982. The study concludes that an improvement in the Saudi Air Force's ground attack capability seems justified on the basis of military need, and that the MER-200 would be one of several valid alternatives for providing such an improved capability. We believe militarily that it is the best alternative. I fully realize that there will be Congressional reluctance to approve the MER-200 for Saudi Arabia. However, conditions have changed since we submitted the F-15 package -- in partic-ular the threat to Saudi Arabia from Iran is clearly evident -and I believe that with a coordinated strategy the Congressional problems are not insurmountable.

- The first Saudi request for MLRS was also made in early 1980. They feel this rocket artillery system is needed to improve the volume of indirect fire that their land forces can put on the target while minimizing the manpower required. This is an important consideration given the Saudi manpower limitations. As with the MERs, we have not told the SAG "yes" or "no" on the MLRS, but I have informed Prince Sultan in my recent letter that we are prepared to consult with them about their interest in this system once it reaches initial operational capability (IOC) with 0.8. forces in March 1983. I believe that this should be considered only as an interim response and that we should now inform the Saudis that in principle we will be prepared to supply them with the MLRS.

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terms We should now approve each of these three equipment items for sale to Saudi Arabia. The conventional Lance will minimize possible Congressional concerns, provide a psychological and deterrent value for the Baudis, and not pose a real military threat to Israel. Providing the MER-200 would be consistent with the conclusions reached by the ground attack study we conducted jointly with the Saudis, and Congressional concerns can be countered through careful consultations in light of Israel's demonstrated overwhelming aerial dominance in the region. While the MLRS provides a larger volume and rate of artillery fire, it does not provide any greater range capability (30 km) than does the M198 155mm howitzer with rocket assisted projectile (RAP) artillery round, both of which we have already sold to Saudi Arabia; consequently, the sale of the MLRS should not raise a major controversy with Congress, particularly not at this time since our decision would be one of approval in principle until it reaches U.S. IOC sometime next year.

By approving these sales now, even in principle, we will eliminate what have become long-simmering issues irritating the U.S.-Saudi security relationship. In so doing, I believe we will be much better able to move the Saudi leadership into a more active and constructive participation in the Lebanon negotiations and the overall peace process, thereby advancing the prospects for success in these crucial endeavors. On the other hand, if we delay further on these requests, our ability to encourage the Saudis in taking the vigorous and positive role we seek and need could be diminished significantly. I urge your support in approving these sales.

Sincerely,

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Office of the Secretary of Defense Chief, RDD, ESD, WHS Date: 17 Sep Cars Authority: EO 13526+ Susci 552 Declassify: X Deny in Full: Declassify in Part:\_ Reason: NIDR: 18 -M- 146