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DEFENSE SECURITY ASSISTANCE AGENCY
WASHINGTON, D. C. 20301

AI S
RMS KMG

7 JUN 1976
In reply
refer to: 1-5934/76

DECLASSIFIED IN FULL
Authority: EO 13526
Chief, Records & Declass Div, WHS
Date: AUG 23 2018

MEMORANDUM FOR DEPUTY SECRETARY OF DEFENSE CLEMENTS

SUBJECT: Korean Tank Improvement Program - ACTION MEMORANDUM

- (1) During 1973 we offered M-48A1 tanks to the Koreans at an estimated price of \$22,000. This price was on the basis that M-48A1 tanks were excess to the US Army requirements at that time. The Koreans did not accept the offer.
- (2) On 21 May 1976 you approved offering 421 "as is" M-48A1 tanks to Korea (Tab A). The Koreans were to be notified of their availability at the Security Consultative Meeting in Hawaii, 26-27 May. For discussion purposes with the Koreans, you approved a preliminary price estimate of \$88,120 for unserviceable tanks and \$96,932 for serviceable tanks. The formula used to arrive at those prices was based on the fact that M-48A1 tanks are no longer excess, being required by the Army for conversion to M-48A5s. Although technically not excess to US Army requirements, there is some question as to whether all of the M-48A1s will, in fact, be converted to M-48A5s.
- (3) We have reexamined the price and find that the appropriate expected remaining useful life to the US Army of the tanks to be offered the Koreans is approximately eight months less than the full six years used in the formula for discussion purposes with the Koreans. The initial estimate did not take into account the fact that the Army will have had approximately eight months use of the tanks during calendar year 1976. The result is a reduction of approximately 11% in the price quoted at Hawaii; namely, from \$88,120 to \$78,329 for unserviceable tanks and from \$96,932 to \$86,162 for serviceable tanks.

(U) Recommend you approve the new price for M-48A1 tanks to be offered to the Koreans.

Office of the Secretary of Defense
Chief, RDD, ESD, WHS
Date: 23 AUG 2018 Authority: EO 13526
Declassify: X Deny in Full: U.S. C 552

H. M. FISH
Lieutenant General, USAF
Director,

Defense Security Assistance Agency

Attachments
a/s

Coordination: ASD/ISA 6/7/76

Approve: W. P. Clements
10 JUN 1976

Other: Upon removal of attachments this document becomes

Classified by: DTS/AC4
SUBJECT TO GENERAL DECLASSIFICATION SCHEDULE
EXEMPTED UNDER 11652
REVOLUTION BIBLE
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