



INTERNATIONAL
SECURITY AFFAIRS

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ASSISTANT SECRETARY OF DEFENSE

WASHINGTON, D.C. 20301

DECLASSIFIED IN FULL
Authority: EO 13526
Chief, Records & Declass Div, WHS
Date: DEC 07 2018

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OFFICE OF THE
SECRETARY OF DEFENSE

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I-25974/82

MEMORANDUM FOR THE DEPUTY SECRETARY OF DEFENSE

THROUGH: The Under Secretary of Defense for Policy *ZT*

DEC 1982

SUBJECT: US/Omani Negotiations on Cost Sharing the Operations
and Maintenance of Omani Military Facilities (U) - ACTION
MEMORANDUM

In meetings last month with Omani Foreign Minister Alawi, we agreed to resume bilateral negotiations in December on the US portion of the costs for operating and maintaining those Omani military facilities we construct and intend to use during crises. Our opening round of negotiations left us miles apart with Oman holding out for \$40M or about two-thirds of their total Air Force O & M expenses starting in FY 83, and our offer to pay about \$10M, of which \$4M is for the maintenance of US constructed facilities, and up to \$6M is for operating costs which will be incurred based on actual use by US forces during peacetime exercises and deployments. \$40M is unrealistic, as is the requested date of the first payment, since most construction won't be complete until FY 1985-86.

At your request, the Air Force and Navy reassessed their anticipated O & M expenses in Oman for FY 1983-89 (TAB A). Army has not developed its share, however, since O & M costs are directly related to milcon and US peacetime operations, and Army's milcon program won't begin until FY 1985. While the Services have identified these expenses, there is no insurance that funds for this purpose will be included in their outyear budget requests since they will compete with other priorities and requirements as the Services rack up their proposed budgets. Additionally, these figures reflect only partial maintenance costs for US-constructed facilities, and do not include any expenses for helping to support those existing Omani military facilities we intend to use during contingency operations, periodic P-3 aircraft visits, and five annual peacetime exercises.

(U) In developing the next version of our O & M position, we consulted the Air Force and Navy, the Services which are the primary users of Omani facilities. Their views are reflected at TAB B.

With the above in mind, we developed the following O & M proposal (TAB C):

- In addition to the amounts specified at Tab A, in FY 85 and 86, DoD agreement to pay \$3M annually or one-fifth of the maintenance costs for those SOAF facilities we intend to use in peacetime and contingencies.

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- DoD agreement to pay \$20M each year beginning in FY 1987 with an additional unspecified amount for operational charges directly related to the conduct of annual peacetime exercises and deployments (projected at four small TACAIR deployments and one major joint exercise annually).

- Based on billing procedures to be determined by both parties, \$5M per quarter payments would be made to the SOAF for O & M. A US quality assurance team would inspect facilities in-country periodically to insure that the services we expect from the SOAF are provided.

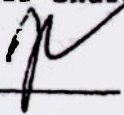
- Quarterly payments would diminish adverse precedential effects of this arrangement on other future base negotiations, particularly with the Philippines which has long sought cash rental payments as a quid rather than security assistance. To that end, we will ask Oman to keep the O & M arrangement classified, as is the case with the Access Agreement.

- HQ USAFE (followed by whichever subordinate command the new CINC designates) currently serves as host command for Oman milcon, and therefore, would be responsible for these O & M disbursements. Navy and Army would reimburse the Air Force for their portions of O & M under interservice support agreements.

- The \$20M amount would remain in force for a three-year period (FY 1987-89). At that time renegotiations could occur to take into account any additional milcon facilities completed that we intend to use.

(b) If you agree, we will use this position for our next round of negotiations in December. Once we have received OmanGov approval in principle for this proposal, we will work with the Services to insure they undertake the budgetary planning necessary to support their share of O & M expenses in Oman.

APPROVE _____



DISAPPROVE _____

Office of the Secretary of Defense
Chief, RDD, ESD, WHS
Date: 07DEC2018 Authority: EO 13526
Declassify: X Deny in Full: _____
Declassify in Part: _____
Reason: _____
MDR: 18 -M- 1472

Armitage

Attachment
a/s

Coordination:

Comptroller _____

General Counsel _____

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