



ASSISTANT SECRETARY OF DEFENSE
WASHINGTON, D. C. 20301

#16

Foldu line 400-825 1976, Dec 74, 79-0049

May 76

(2)

(Handwritten initials)

In reply refer to:
I-22185/76

MEMORANDUM FOR THE DEPUTY SECRETARY OF DEFENSE

SUBJECT: ROK Tank Improvement Program (U)
ACTION MEMORANDUM

(S) The purpose of this memorandum is to obtain your approval to proceed with the sale of 421 "as-is" M48A1 tanks to the Republic of Korea (ROK) at a unit cost of \$96,932 serviceable or \$88,120 unserviceable. When the ROK upgrades these tanks to an A3 configuration, they will replace the ROK obsolete M47's on a one-for-one basis.

(U) The Joint Chiefs of Staff, the ASD (Installations and Logistics), and the Acting Assistant Secretary of the Army (I&L) endorse this action. However, ASD Program Analysis and Evaluation has filed a non-concurrence (Tab A).

(S) The following factors were considered by DOD in recommending the sale of the M48A1 tanks to the ROK:

- During the 26-27 August 1975 Security Consultative Meeting, Secretary Schlesinger noted that (a) there is an ROK need to eliminate or abridge the serious deficiency in armor, (b) the introduction of M60 tanks into the ROK inventory would present the ROK with logistics/commonality problems and disadvantages, (c) we should examine options for upgrading the M48 tank so that it has the equivalent capabilities of the M60's. These conclusions resulted from a DOD analysis of a greatly expanded North Korean armor threat.

- Following the above policy guidelines, the ROK altered its plans to initiate an M60 assembly/co-production program and the ROK made tentative arrangements to prepare the groundwork for the transfer/sale of M48A1 tanks. The ROK has decided to dieselize the engine and improve the fire control to an M48A3 configuration. The ROK will continue using the 90mm gun and ammunition and will not upgrade to a 105mm, M48A5 configuration, at least for the immediate future. The ROK Army currently has 420 gasoline powered M48 and M48A2C tanks (all 90mm) in its inventory and will probably buy kits to convert these tanks to M48A3.

DECLASSIFIED IN FULL
Authority: EO 13526
Chief, Records & Declass Div, WHS
Date: DEC 20 2018

Sec Def Cont Nr. X-1570

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- By selling 421 M48A1's to the ROK, the Army will not be able to comply with the Program Budget Decision to convert 3060 M48 tanks to the A5 configuration. The Army FY 1978-82 Program Objective Memorandum approved by the Secretary of the Army on 30 April 1976, calls for a total of only 2652 M48A5 conversions by June 1981, based on funding priorities in the Army budget. The 421 tanks will not affect the timetable for accomplishing the U.S. Army tank modernization objectives allowable under the projected Army budget.

- Even if DOD did not transfer the 421 M48A1 tanks to the ROK, and instead reinstated these tanks in the POM for future conversion, they could not be upgraded to A5's until FY 1981-82. The M48A1 tanks would remain contingency items in depot stocks as non-deployable assets.

- With respect to the Army proposal to offer serviceable or unserviceable M48A1 tanks at \$96,932/\$88,120, respectively, the prices are based on the following formula.

- a. M60A1 price - \$440,600 for comparable type vehicles from production.
- b. M48A1 obsolescence factor - 20% (based on 1952-1982 average item life - 30 years, 6 years remaining, or \$88,120).
- c. 10% force rearrangement charge for PCH&T or \$8,812.
- d. Total serviceable unit price - \$96,932.
- e. M48A1 unserviceable unit price is \$88,120 based on 20% of the replacement cost of an M60A1 comparable type production vehicle, the minimum authorized by regulation.

(S) I recommend that you sign the attached memorandum (Tab B) to the Secretary of the Army authorizing the sale of 421 M48A1 tanks to the ROK.

(S) I further recommend that the Secretary announce this decision at the forthcoming U.S.-ROK Security Consultative Meeting on 26-27 May. My office has prepared an SCM position paper covering this subject.

(U) The Department of State has no objection.

W. P. Clement

Attachments
as stated

Coordination:

Frank A. Shrontz 13 MAY 1976
FRANK A SHRONTZ

Assistant Secretary of Defense
(Installations and Logistics)

Charles J. ...
Brigadier General, USAF
Deputy Director for Politico-
Military Affairs, J-5, OJCS

Edwin Greiner

Edwin Greiner
Acting Assistant Secretary of the Army
(Installations and Logistics)

APPROVE *W. P. Clement* 5-21-76
DISAPPROVE _____
OTHER _____

Prepared by: Mr. B. Oxman
x77080/DSAA/TS-B

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Dir. of P&S, WHS

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Chief, RDD, ESD, WHS 50.s.c. 6552
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