

16
MAY
wlf

MEMORANDUM

971

NATIONAL SECURITY COUNCIL

INFORMATION

SECRET NODIS

February 18, 1976

MEMORANDUM FOR: BRENT SCOWCROFT ✓

FROM: THOMAS J. BARNES ✓

SUBJECT: Contingency Planning for Military Supply to Indonesia

In a February 17 cable (Tab A), Ambassador Newsom expressed concern that Congressional action could end FMS military assistance to Indonesia. He requested that State and Defense undertake a discreet survey of possible alternative measures to insure that Indonesia would still have access to American equipment. Newsom argues that should a cutoff occur, we could only avert a possible Indonesian sudden shift away from us by having a substitute program ready.

Newsom suggests that Washington consider all possible options including the following:

- Increased coproduction of U.S. items in Indonesia. PR 77 radios are currently in coproduction. Helicopters and M 16 rifles are distinct possibilities for coproduction.
- Third country production.
- Third country manufacture under U.S. license.
- U.S. provision of surplus or used equipment that the Foreign Assistance Act does not regulate.
- Friendly foreign sources of compatible equipment not subject to licensing.
- Straight commercial sale.

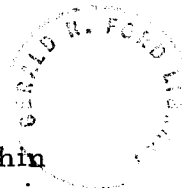
Les Janka does not believe that there is now any ground swell within the Congress to cut off aid to Indonesia because of the East Timor incursion. A study could therefore provoke more problems than it solves.

SECRET NODIS

Should it be turned off?

DM Concurrence: Don McDonald

DECLASSIFIED
 AUTHORITY State Dept Review JPL, 8/3/00
 BY *AKL* NIP DATE 6/11/01





Department of State

TELEGRAM

~~SECRET~~

N00434

PAGE 01 JAKART 02097 170927Z

12
ACTION N005-00

INFO OCT-01 ISO-00 /001 W

113298

R 170540Z FEB 76
FM AMEMBASSY JAKARTA
TO SECSTATE WASHDC 2725

~~SECRET~~ JAKARTA 2097

N0015

FOR ASSISTANT SECRETARY HABIB

S.O. 11682: GOS
TAGS: MASS; ID

SUBJECT: CONTINGENCY PLANNING FOR MILITARY SUPPLY TO INDONESIA

STATE DEPT. DECLASSIFICATION REVIEW

Retain Class'n Change to _____

Declassify in part and excise as shown

EO 12958, 25X() () ()

Declassify After _____

With concurrence _____ (not)(obtained)

TPS by JOSEPH P. LEAHY Date AUG 3 2000

U.S. FOREIGN SERVICE (R&T)

1. POSSIBILITY, HOWEVER REMOTE, THAT EITHER THROUGH GENERAL OR PARTICULAR CONGRESSIONAL ACTION GRANT AND POSSIBLY FMS MILITARY ASSISTANCE TO INDONESIA MIGHT BE CUT OFF LEADS ME TO SUGGEST THAT EA AND POSSIBLY PM AND CDD/ISA UNDERTAKE ON DISCREET BASIS SURVEY OF POSSIBLE ALTERNATIVE MEASURES OF MAINTAINING OUR EQUIPMENT SUPPLY RELATIONSHIP.

2. INFORMATION AVAILABLE FROM DOD SOURCES HAS IN SOME CASES BEEN INCOMPLETE. I, THEREFORE, FEEL NEED FOR FULL AND IMAGINATIVE STUDY IN WASHINGTON.

3. TIME FACTOR IS IMPORTANT. IF SOME SUDDEN CONGRESSIONAL ACTION SHOULD OCCUR AND WE HAVE NO POSSIBILITY TO REVERSE IT, ONLY MEANS I CAN SEE TO AVERT STRONG REACTION AND POSSIBLE SUDDEN SHIFT AWAY FROM US IS TO HAVE FACTS AND PROGRAM READY ON BASIS OF WHICH WE CAN HOPEFULLY REASSURE INDONESIANS THAT THEY WILL STILL HAVE ACCESS TO EQUIPMENT OF AMERICAN TYPE AND MANUFACTURE.

4. ALTERNATIVES WE HAVE IN MIND EXPLORING ARE:
A. INCREASING CO-PRODUCTION OF U.S. ITEMS IN INDONESIA, THIS ALREADY BEING DONE WITH PR77 RADIOS. PRODUCTION OF

~~SECRET~~

HR 611/01





Department of State

TELEGRAM

~~SECRET~~

PAGE 02 JAKART 02097 170927Z

HELICOPTERS AND M-16 RIFLES DISTINCT POSSIBILITY. IF IN DEPARTMENT'S VIEW FUTURE OF OUR CONCESSIONAL ASSISTANCE PROGRAM IS DOUBTFUL, PERHAPS WE SHOULD BEGIN TO SHIFT NOW TO PROJECTS WHICH INCORPORATE CO-PRODUCTION. INDONESIANS WOULD WELCOME THIS. WHAT ITEMS CAN REALISTICALLY BE CONSIDERED FOR CO-PRODUCTION? WHAT ARE POSSIBILITIES COMMERCIAL FINANCING FOR CO-PRODUCTION?

B. THIRD COUNTRY PRODUCTION. WHAT ARE REALISTIC POSSIBILITIES FOR PRODUCTION OF ITEMS IN CURRENT PROGRAM SUCH AS PSMMS IN KOREA OR TAIWAN? WHAT ARE FINANCING POSSIBILITIES? WE HAVE CONFLICTING INFORMATION ON THIS ITEM.

C. WHAT THIRD COUNTRIES MANUFACTURE EQUIPMENT UNDER U.S. LICENSE? IS ITALY, FOR EXAMPLE, POSSIBILITY? IS U.S. AGREEMENT TO LICENSE SALE OF SUCH EQUIPMENT GOVERNED BY FOREIGN ASSISTANCE ACT?

D. WHAT ARE SOURCES OF SURPLUS OR USED EQUIPMENT NOT GOVERNED BY FOREIGN ASSISTANCE ACT IN U.S. OR ABROAD?

E. ARE THERE FRIENDLY FOREIGN SOURCES OF COMPATIBLE EQUIPMENT NOT SUBJECT TO LICENSING?

F. WHAT ITEMS WOULD STILL BE AVAILABLE UNDER STRAIGHT COMMERCIAL SALE? IN SUCH CASES, WHAT WOULD BE POSSIBILITY OF COMMERCIAL FINANCING?

5. WE ARE ASSUMING THAT GRANT TRAINING COULD CONTINUE IN MOST CASES EVEN IF GRANT MAP IS TERMINATED.

6. WE HAVE PREPARED CONTINGENCY STUDY ON LIKELY IMPLICATIONS FOR OUR POSITION HERE IN EVENT OF CONCESSIONAL MILITARY AID TERMINATION WHICH WE ARE SENDING UNDER COVER OF LETTER TO ED INGRAHAM. WE LEAVE DISTRIBUTION WITHIN WASHINGTON TO YOUR DISCRETION, NEWSOM

~~SECRET~~