

245. Memorandum From the Under Secretary of Defense for Policy (Iklé) to Secretary of Defense Weinberger¹

Washington, May 10, 1982

SUBJECT

Delivering and Financing Materiel Support to the UK (U)—ACTION
MEMORANDUM

(TS) Following upon your meeting with Secretary Nott and his subsequent letter to you,² the British requested that we approve a type of “lend” or “lease” arrangement that would facilitate the transfer of U.S. equipment to them without the need for British prefinancing of such transfers, and with the provision that all unused equipment be returned to the U.S.

(TS) We have held several meetings with Major General Boam, Head of British Defense Staff, his staff, and members of the OSD staff and have established the difficulty, both legal and legislative, of implementing a “lend” or “lease” agreement.

(TS) Instead, together with the British, we have worked out an arrangement,³ subject to your approval, that would have the United States transfer to U.S. depots, whether in Britain or Ascension Island, such equipment as the UK might anticipate requiring during the conduct of its operations. The materiel—whether POL, spares, or munitions—would remain under U.S. control until the day the British determine they actually need it. At that point title would be transferred to the UK and payment would be forwarded to the Federal Reserve Bank.⁴

(TS) The British have agreed to cover the costs of the equipment that is transferred, as well as of transportation of that equipment. In such cases where a transfer would not be effected, the UK would still cover other possible ancillary costs once these are determined.

(TS) I recommend that you approve the arrangement which has OSD(C), General Counsel and DSAA support. Any sort of “lend” or

¹ Source: Washington National Records Center, OSD Files, FRC 330-86-0042, UK 1982. Top Secret; Eyes Only. Attached to the memorandum is an undated note to Weinberger from Iklé that reads: “Cap. The word ‘ancillary costs’ in penultimate paragraph is deliberately vague. Will Taft’s rep approved the memo here. F.” Also attached to the memorandum is a May 11 note from Zakheim to General Smith that reads: “State has coordinated on this memo and has no objections.”

² See Document 233 and footnote 2 thereto.

³ Weinberger underlined the portion of this sentence beginning with the word “together” and ending with the word “arrangement.”

⁴ In the right-hand margin next to this paragraph, Weinberger wrote: “Fred—are they really agreeable to this? CW.”

“lease” scheme could harm the credibility of our Congressional requests for new materiel. On the other hand, by retaining U.S. ownership to the last possible second, we avoid forcing unnecessary expenditures upon the UK at a time when their financial position is under heavy strain.⁵

Fred C. Ikle⁶

⁵ Iklé and Weinberger initialed their approval.

⁶ Iklé signed “Fred” above his typed signature.