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WITHDRAWAL SHEET (PRESIDENTIAL LIBRARIES)

FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
	1 <u>Marsh to Scowcroft. 6/17/75</u>		
1a Letter	R.H.D. Rogers (Chief of the South African Air Force) to A. Carl Kotchian (President, Lockheed Aircraft Corporation) (2 pp.)	5/15/75	A
	2 <u>Scowcroft to Marsh. 7/14/75</u>		
2a Memo	Brent Scowcroft to Jack Marsh (2 pp.)	7/14/75	A
2b Memo	NSDM 81 (2 pp.)	8/17/70	A

FILE LOCATION

Marsh Files
General Subject File
South Africa

Box 30

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WHM. 1/22/86

June 17, 1975

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P-3C

MEMORANDUM FOR: BRENT SCOWCROFT
FROM: JACK MARSH

Carl Ketchian, President of Lockheed, and his Washington representative, Dick Cook, were in to see me in reference to their desire to engage in the negotiations for the sale of P-3C aircraft to South Africa. It is more fully set out in the attached material which they gave to me.

You may be aware that former Secretary Laird has indicated a friendly interest in our Government pursuing these negotiations.

I would be grateful if you would review the attached.

Many thanks.

JOM/ll



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June 6, 1975

Potential Sale of P-3C "Orion" Aircraft
To The Republic of South Africa

The Maritime Command of the Air Force of the Republic of South Africa plans to replace its obsolescent "Shackleton" aircraft with modern, long range, aircraft specifically designed and equipped for the maritime surveillance role. The potential candidates to replace the "Shackleton" are the British "Nimrod", the French "Atlantic", and the U. S. "Orion".

The attached letter from Lt. General R. H. D. Rogers, Chief of the South African Air Force, sets forth the intention of the South African Government to fulfill its requirement for a replacement maritime patrol aircraft and requests a firm indication regarding the availability of the P-3C as a contender.

The "Orion" is designed, configured and equipped solely for the purpose of ocean surveillance and anti-submarine warfare. It is a highly sophisticated electronics platform carrying very specialized sensors for ocean surface and sub-surface search.

The capability of the airplane for open ocean reconnaissance makes it particularly effective in locating and assisting ships or downed aircraft in the sea-air-rescue role. With over two thousand ships per month passing through the sea lanes around the Cape of Good Hope, and the increased international air traffic over the oceans surrounding South Africa, the need for an effective aircraft to perform the sea-air-rescue mission in event of an aircraft or ship tragedy is apparent.

The Orion has no capability in overland warfare because of its vulnerability to ground fire and specialized sensors and armament which are only effective in the open ocean environment.

The U. S. Navy operates more than 400 of the P-3A, P-3B, and currently produced P-3C aircraft. The armed forces of Australia, Iran, Norway, New Zealand, and Spain also operate the aircraft. The Australian government recently announced a decision to purchase 8 additional "Orion" aircraft and the governments of Spain, Norway, and Iran are currently considering the purchase of additional aircraft. Also, the governments of the Netherlands, Canada, and Japan are currently considering an initial purchase of "Orion" aircraft.

The French "Atlantic" and the British "Nimrod" have not been very successful in openly competing with the "Orion". Both were eliminated in the Australian competition and Canadian consideration, and it is strongly believed that both would be eliminated in an open competition in South Africa.

If additional foreign sales for the "Nimrod" and "Atlantic" are not forthcoming in the near future, the production lines for both these airplanes will probably be terminated, and the ocean surveillance and anti-submarine warfare expertise which currently exists in France and England will be lost. This would



leave the way open for the "Orion" and follow-on U. S. maritime patrol aircraft to capitalize on the future export market. The additional near-term export potential for the "Orion" exceeds one and one-half billion dollars, and the long-range export potential for a U. S. maritime aircraft, without foreign competition, could easily exceed twice that amount of money. Equally important, it is of strategic value for the United States and its allies to achieve worldwide commonality in their maritime surveillance aircraft.

The value of the South African purchase of 8 P-3C "Orions" with initial support would be in excess of 200 million dollars. While this purchase in itself would be significant, it would also enhance the possibility for sale of U. S. manufactured wide-bodied commercial aircraft to South Africa. South Africa is presently considering the purchase of commercial wide-bodied aircraft and the contenders are the U. S. built Lockheed L-1011, McDonnell-Douglas DC-10, Boeing 747 and the French built A-300. France is fully willing to sell the military "Atlantic" to South Africa, and the French could capitalize in packaging the sale of a military aircraft with the sale of a commercial aircraft if the U. S. is reluctant to sell the "Orion". It is estimated that in the next few years South Africa will spend in excess of 700 million dollars for wide-bodied commercial aircraft.

Although the South African Air Force has stated that delivery of replacement maritime patrol aircraft should begin in 1980, the time required for preparation of a Request-For-Proposal, evaluation of proposals, program planning, aircraft manufacturing lead time, etc., makes it necessary to know within the next few months whether or not the P-3C is a candidate replacement aircraft. A delay of more than six months in P-3C export approval would likely eliminate the airplane from consideration.

The sale of the P-3C to South Africa would provide that nation with an effective and cooperative ocean reconnaissance and rescue force in an area which, as a result of the current world oil situation, has become of increasingly strategic importance to the United States and many of its allies. Accordingly, the sale would contribute to the maintenance of international peace and security and, therefore, would not violate the policy of the United States as stated by U. N. Ambassador Stevenson in 1963 when agreeing to sanctions against the sale of arms to South Africa.



4) Verbatim Copy of State Department Airgram

Am Consul Cape Town 121500Z May #0542

Subject: Civil Aircraft Sales Proposals

1. During courtesy call on Ambassador May 9, Lockheed President A. C. Kotchian made point that South Africans are looking for Exim loan guarantee participation in financial package as evidence of USG support for commercial aircraft sales to S.A.A. They also want similar participation by ECGD for Rolls Royce engines. Lockheed has already approached Exim informally in this regard and anticipates favorable response. (Company understands policy on direct loans and does not request this type assistance.)

Lockheed Executive accompanying Kotchian indicated guarantees could also have effect if making proposal more competitive with A-300 Airbus by reducing total cost of financing proposals to be negotiated with commercial banks in U.S. and U.K.

2. While confident of TriStar superiority over Airbus for S.A.A.'s domestic and regional routes, Lockheed is concerned that politico-military considerations advanced by French in combination with attractive commercial offer will offset this and may be determining factor irrespective of S.A.A. evaluation and recommendation to SAG.

Bowdler

Handed for ACK - Marsh meeting on Monday.



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