

10/22/ ## TIR SECTION ##

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FM [REDACTED] 25X1  
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INFO RUHQHQA/COMIPAC HONOLULU HI  
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S E C R E T/NOFRON/NNINTEL  
SECTION 1 OF 2 AND 2

- SUBJ: THIS IS [REDACTED] 25X1
1. (U) COUNTRY: INDIA (IN), USSR (UR)
  2. (U) REPORT NUMBER: [REDACTED] 25X1
  3. (S/NF) SUBJ: SOVIETS OFFER MIG-23 TO INDIA DURING KOSYGIN VISIT
  4. (U) OMITTED
  5. (U) DATE OF INFO: 790324
  6. (U) DATE OF REPORT: 790326
  7. (U) DATE & PLACE OF ACQUISITION: 790324 NEW DELHI INDIA
  8. (U) REFERENCES: ZDI3IN690, ZDI3IN030
  9. (U) ASSESSMENT: SOURCE- B; INFO- 2
  10. (U) ORIGINATOR: [REDACTED] 25X1
  11. (U) REQUEST EVAL: YES; QPQ: NO
  12. (U) PREPARING OFFICER: [REDACTED] 25X1

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13. (U) APPROVING AUTH: [REDACTED]

14. (S/NF) SOURCE: [REDACTED]

VICE CHIEF OF

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AIR STAFF, INDIAN AIR FORCE.

15. (U) DIRC - NO; SPECIAL INSTRUCTIONS; CAVEATS TO PROTECT METHOD OF COLLECTION.

16. (S/NF/WNINTEL/ORCON) SUMMARY: RO WAS ABLE TO ELICIT FROM THE

[REDACTED] THE INDIAN GOVERNMENT AND INDIAN AIR FORCE IS DEEPLY ENGAGED IN EVALUATING THIS PROPOSAL. IMPLICATIONS FOR THE EROSION OF THE JAGUAR STRIKE FIGHTER CONTRACT AND A SHIFT IN AIRCRAFT PRODUCTION PLANS IN INDIA ARE IMPLICIT IN THIS EVALUATION.

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17-21. (U) OMITTED.

22. (S/NF/WNINTEL/ORCON) DETAILS.

A. (S/NF/ORCON WINTEL) [REDACTED] THAT THE SOVIETS HAD OFFERED THE MIG-23 TO INDIA DURING KOSYGIN'S VISIT TO INDIA. THE OFFER WAS EXTENDED BY A MEMBER OF THE DELEGATION

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[REDACTED], (DIRECTOR OF THE CHIEF DEPARTMENT OF THE GENERAL STAFF OF THE ARMED FORCES OF THE USSR). THE INDIAN GOVERNMENT HAS REOPENED THE ENTIRE DECISION TO PURCHASE AND PRODUCE THE JAGUAR STRIKE FIGHTER. THE CABINET COMMITTEE ON POLITICAL AFFAIRS (CCPA) WILL EVALUATE THE NEW SOVIET PROPOSAL. THE SOVIET PROPOSAL WAS APPARENTLY BASED UPON FOUR POINTS: FIRST, THAT THE COST OF JAGUAR WAS EXORBITANT WITH A 16 PER CENT PER YEAR INFLATION FACTOR BUILT INTO THE PURCHASE AND PRODUCTION COSTS. SOURCE STATES THAT BY 1983 WHEN THE FIRST INDIAN BUILT JAGUAR WOULD BE COMPLETED THE COST WOULD BE AT LEAST EIGHTY PERCENT ABOVE THE 1979 PRICE OF 8 CRORE (EACH CRORE IS EQUAL TO TEN MILLION) RUPEES. SOURCE STATES THAT "INSTEAD OF THE AIRCRAFT BEING EIGHT CRORE THE FIRST ONE COSTS YOU SIXTEEN CRORE AND BY THE TIME THE PRODUCTION RUN IS COMPLETE THE AIRCRAFT ARE COSTING EIGHTEEN CRORE." SECOND POINT MADE BY THE SOURCE WAS THE GREAT "HURT" WHICH THE USSR EXPRESSED AT THE PURCHASE OF A WESTERN AIRCRAFT. THIRD, THE SOVIETS SEEMED TO HAVE STRESSED RAPID, FLY-AWAY, OFF-THE-SHELF DELIVERY OF THE MIG-23 TO INDIA. LAST, THE PROSPECT OF VERY FAVORABLE FINANCIAL TERMS SEEMS TO APPEAL TO INDIAN DEFENSE DECISION MAKERS. IN THIS SCENARIO A RUPEE PURCHASE WOULD ALLOW CONSERVATION OF FOREIGN EXCHANGE FOR OTHER PROJECTS. SOVIET GRANTS, CREDITS, CONCESSIONARY SELLING PRICE, OR A COMBINATION OF THESE TERMS OF TRADE COULD BE MOLDED BY THE USSR INTO AN ATTRACTIVE FINANCIAL PACKAGE. INDIAN POLITICAL LEADERS WOULD FIND IT

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DIFFICULT TO JUSTIFY A REJECTION OF THE SOVIET OFFER, ASSUMING THAT THE INDIAN AIR FORCE FOUND THE AIRCRAFT "ACCEPTABLE."

8. (S/NOFRON/ORCON/WNINTEL) THE INDIAN AIR FORCE, ACCORDING TO THE SOURCE, SEEMS TO BE COMING UNDER INCREASING PRESSURE FROM THE MINISTRY OF FINANCE TO PARE DOWN ITS JAGUAR ACQUISITION. THE INDIAN AIR FORCE HAD OPERATED UNDER THE ASSUMPTION IT WAS TO 'REPLACE' ITS OBSOLETE CANBERRA MEDIUM BOMBERS AND HUNTER STRIKE AIRCRAFT. REPLACEMENT OF THESE 126 AIRCRAFT AS WELL AS THE PURCHASE/MANUFACTURE OF AN ADDITIONAL 30 PERCENT FOR TRAINING, SPARES, AND REPLACEMENTS FOR THOSE AIRCRAFT LOST THROUGH ACCIDENTS DURING THE TEN YEAR COURSE OF THE JAGUAR PRODUCTION RUN WOULD HAVE RESULTED IN THE ULTIMATE PURCHASE AND/OR MANUFACTURE OF APPROXIMATELY 170 JAGUAR STRIKE AIRCRAFT.

~~END OF MESSAGE~~

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SECTION 2 OF 2

NOW THE INDIAN AIR FORCE IS BEING ASKED TO HOLD ACQUISITION TO "FIVE JAGUAR SQUADRONS" CLEARED BY THE CABINET COMMITTEE ON POLITICAL AFFAIRS. THE FIVE SQUADRON JAGUAR PROGRAM WOULD ULTIMATELY AMOUNT TO APPROXIMATELY 110 AIRCRAFT. (FIVE SQUADRONS OF SIXTEEN AIRCRAFT EACH PLUS SPARES AND REPLACEMENTS FOR ATTRITION). THE FIVE JAGUAR SQUADRONS WOULD REPLACE SEVEN ACTIVE SQUADRONS OF CANNERRAS AND HUNTERS. THIS SIZE ACQUISITION OF JAGUAR STRIKE AIRCRAFT WOULD UPHOLD [Redacted] EARLIER STATEMENTS THAT THE JAGUAR PURCHASE WOULD MODERNIZE THE INDIAN AIR FORCE WHILE REDUCING THE NUMBER OF STRIKE CAPABLE SQUADRONS. (SEE NEW DELHI SECRET 9435 ON 161230Z JUN 78 ENTITLED INDIAN AIRR FORCE LEVELS).

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C. (S/NF/ORCON/NNINTEL) MANIPULATION OF THE TERMS OF REFERENCE UPON WHICH THE JAGUAR NEGOTIATIONS HAVE BEEN BASED ("REPLACEMENT OF SQUADRONS" VERSUS "REPLACEMENT OF OBSOLETE AIRCRAFT") AT THIS LATE DATE MAY INDICATE INFIGHTING BETWEEN

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THE MINISTRY OF FINANCE UNDER [REDACTED] AND THE MINISTRY OF DEFENSE UNDER [REDACTED] THE PROPOSAL TO PURCHASE THE MIG-23 FOR THE INDIAN AIR FORCE WOULD TEMPT THE INDIAN AIR FORCE TO SUPPORT THE MODIFICATION OF THE REDUCED JAGUAR PROGRAM. ON THE ONE HAND THE IAF WOULD SEE ITSELF REDUCED TO THE FIVE NEW SQUADRONS OF JAGUARS WHEREAS ON THE OTHER HAND THE IAF WOULD RECEIVE THE FIVE JAGUAR SQUADRONS AND TWO MIG-23 SQUADRONS.

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D. (S/NF) THE USSR MAY SEE TWO POTENTIAL BENEFITS IN PUSHING THE MIG-23 DEAL AT THIS TIME. FIRST, THE RETENTION OF INDIA AS A CLIENT FOR SOVIET AIRCRAFT HAS BEEN REPORTED EARLIER. SECOND, DISRUPTION OF THE BRITISH AEROSPACE CONTRACT PROCEEDINGS IN INDIA WHICH ARE ALREADY VERY TURBULENT MAY SIGNAL TO THE UK THE SOVIET DISPLEASURE AT BRITISH ARMS DEALINGS WITH CHINA. IN THIS WAY THE USSR SUSTAINS A LONG STANDING DEFENSE SUPPLY RELATIONSHIP WHILE DAMAGING BRITISH INTERESTS.

E. (S/NF/ORCON/WNINTEL) SOURCE STATES THAT AT THIS TIME THE MIG-23 OFFER IS NEBULOUS. NO PRICE INFORMATION HAS BEEN GIVEN TO THE INDIANS. THE IAF WILL BE SENDING AN EVALUATION TEAM TO FLY THE MIG-23 AND MUST MAKE A THOROUGH EVALUATION. SOURCE STATES THAT THE OUTCOME MAY CAUSE A REEVALUATION OF THE WHOLE CONCEPT OF CO-PRODUCTION OF ADVANCED AIRCRAFT IN INDIA. R.O. BELIEVES THAT A MIG-23 PURCHASE WOULD SUBSTITUTE FOR TWO SQUADRONS OF MIG-21'S TO BE BUILT IN INDIA. INDIA COULD TERMINATE THE MIG-21 ASSEMBLY FORTY AIRCRAFT SOONER THAN PRESENTLY PLANNED. THE MIG-23 AIRCRAFT WOULD THUS FILL OUT THE PLANNED FORTY-FIVE SQUADRONS WHICH THE IAF INTENDS TO RETAIN.

ORIGINATORS COMMENTS: (S/NF) THE EVALUATION OF THE MIG-23 AND THE MODIFICATION OF THE JAGUAR PROGRAM AS WELL AS CHANGES IN OTHER AIRCRAFT PRODUCTION PROGRAMS ARE ALL EVENTS UNFOLDING AT THE PRESENT TIME. IT IS TOO EARLY TO SPECULATE UPON THE EVENTUAL OUTCOME OF THESE DECISIONS. AT THIS POINT IT SEEMS BEST TO SAY THAT AFTER EIGHT YEARS, THE FINAL DECISION ON A STRIKE AIRCRAFT FOR THE INDIAN AIR FORCE IS NOT FULLY DETERMINED. REFERENCE [REDACTED] AND [REDACTED] FOR BACKGROUND.

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