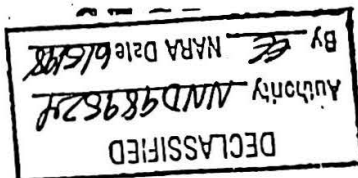


SECRETMR. GILPATRIC'S VISIT TO ROME
11-12 February 1963BRIEFING BOOK

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MR. GILPATRIC'S VISIT TO ROME
11-12 February 1963

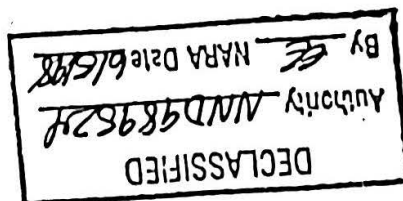
SCHEDULE
(Tentative)

11 February 1963

| | |
|-------------|---|
| 0730 | Arrive Rome (Fiumicino Airport) |
| 0900 | U.S. Briefing Session |
| 1100 | Ambassador Reinhardt and Mr. Gilpatric meet with Prime Minister Fanfani |
| 1145 (appx) | Ambassador Reinhardt and Mr. Gilpatric meet with Minister Andreotti |
| 1330 | Luncheon hosted by Ambassador Reinhardt |
| 1600 | U. S. Staff Session |
| Evening | Dinner hosted by Minister Andreotti |

12 February 1963

| | |
|---------|---|
| 1100 | Mr. Gilpatric meets with Minister Andreotti |
| 1330 | Luncheon hosted by Admiral Giuriati |
| 1600 | U. S. Staff Session on Germany and Spain |
| Evening | U. S. Ambassador's dinner for Italian Foreign Minister. |



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MR. GILPATRIC'S VISIT TO ROME
11-12 February 1963

POINTS FOR DISCUSSION WITH ITALIAN OFFICIALS

Background

At the conclusion of MOD Andreotti's visit to Washington in September 1962, an agreement was signed by Mr. Gilpatric and Minister Andreotti providing for: 1) purchase by Italy of a substantial quantity of U.S. military hardware; 2) establishment of a number of joint study groups for the purpose of advancing U.S.-Italian cooperation in defense matters; and 3) periodic review of the progress of these groups by senior U.S. and Italian defense officials. This meeting in Rome was originally intended as the initial joint review provided for in the agreement. (NOTE: When Minister Andreotti was approached regarding specific dates for the meeting, he is reported to have expressed mild disappointment that it was not Secretary McNamara who was coming to Rome, returning Andreotti's previous visit to Washington.)

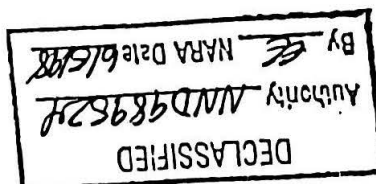
Subsequent events have added significantly to both the importance of the meeting and the potential benefits that might be obtained from it. The points discussed below are intended to lead to that end.

Points Mr. Gilpatric Should Raise

Replacement of Jupiter Missiles. By the time of the meeting in Rome, the formalities of clearing this project with NATO authorities should have been completed and U.S. plans for dismantling the Jupiter complex should be considerably advanced. Since Minister Andreotti has already informed us of his Government's approval of the project, Mr. Gilpatric will need only to confirm U.S. commitments related to the project and to describe the means of implementation. This can perhaps be done in the form of an Aide Memoire which will be available by the time of Mr. Gilpatric's arrival in Rome.

The Italian reaction to the U.S. proposal to replace the Jupiters was, under the circumstances, generally favorable. There probably is, however, some lingering suspicion as to U.S. motives; and there is certainly some regret, especially among the more defense-minded, including Andreotti, over the loss of Italy's associate membership in the nuclear club and the break of a special relationship with the U.S. in defense matters.

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Meaning of Nassau Accords to Italy. It would seem particularly useful to explore this topic fully with Minister Andreotti. The purpose would be to promote interest and enthusiasm for the NATO Nuclear Force (NNF) concept, toward which the Italians are already quite favorably disposed. A concentrated U.S. effort to get this program under way is scheduled to be launched in Paris by the Merchant-Smith-Lee Group in mid-February, and the Group will visit Rome later in the month. Thus, Mr. Gilpatric's approach should be one of encouraging and preparing Italy to take the lead, in concert with Germany, in advancing this concept and getting the program under way as rapidly as possible. The following specific points should be made: 1) The depth and importance of the U.S. commitment to a sea-based MRBM force under multilateral ownership, manning and control; 2) the fact that the U.S. is prepared to make a substantial contribution in money and manpower to such a force; 3) that the choice between surface and submarine deployment remains open (avoiding, if possible, however, giving any encouragement on the Garibaldi); and 4) that Ambassador Merchant will be in a position to discuss the subject in detail during his visit to Rome.

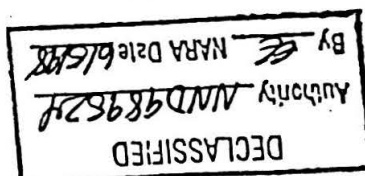
Polaris Missiles for the Cruiser Garibaldi. From the Italian point of view, this proposal relates directly not only to the NNF but also to replacement of Jupiters; and an attractive case can be made for it on both counts. Thus, while the U.S. position is that we believe the project to be impractical and excessively costly, rejection of the proposal should be tempered to prevent either doubts as to the seriousness of our intentions regarding the NNF or possible lessening of Italian enthusiasm for proceeding with the program.

U.S. Cooperation in Nuclear Submarine Propulsion. This topic is probably of greatest immediate interest to Minister Andreotti. He has reason to expect a fairly forthcoming response to the proposal contained in his 4 December 1962 letter to Secretary McNamara. Alternate possibilities of providing Italy either 1) a complete SKIPJACK-Class submarine, or 2) a nuclear power plant for an Italian-built submarine are presently under consideration. We would hope to be in a position to present these possibilities to Andreotti for his consideration - subject to whatever conditions and reservations we may have to impose regarding the need for further Executive Branch and Congressional approvals.

Cooperative Logistics. Discussion of this topic should center around the reports of the various joint study groups. Proposed U.S. positions on these reports will be developed during the week of 4-10 February 1963.

M-113 Co-Production Program. We will have ready for Mr. Gilpatric's and Minister Andreotti's final approval the formal agreement setting this program in motion.

2



Butcher
 Gilpatric letter
 2/11/63

F-104G Lack of All-Weather Capability. We expect to be able to give positive support to any reasonable Consortium - agreed program designed to remedy this deficiency.

Points Italian Officials May Raise

By Mr. Gilpatric taking the initiative on the above subjects, there should be no significant points raised by the Italians.

Prepared by: LtCol D.D. Duff
European Region
OASD/ISA
31 Jan 1963
Revised: 1 February 1963

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By ~~SE~~ NARA Date 6/5/88

Tactics and Timing (Italy Visit)

11 February

1100 - 1145 Meeting with Prime Minister Fanfani

Attendees:

| <u>U.S.</u> | <u>Italy</u> |
|----------------------|--|
| Secretary Gilpatric | Prime Minister Fanfani |
| Ambassador Rinehardt | (currently doubtful that Andreotti will attend) |

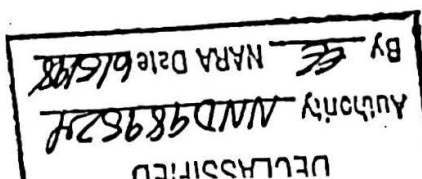
Purpose: Minister Fanfani's purpose is probably to set a tone of greater support for the Jupiter withdrawal (see TAB C) and multi-lateral force concept than is expected from Andreotti. On the other hand Minister Fanfani may also wish to raise the problem of other Italian economic needs which must be met thereby placing limitations on the extent of military expenditures desired by Minister Andreotti. Finally, he may desire to get an insight into Washington's reaction to the recent actions of France in both the Common Market and multi-lateral nuclear forces areas. Our purpose during this meeting should be two-fold:

(1) To insure Prime Minister Fanfani's support for the minimum necessary multilateral nuclear force and conventional contribution by Italy to meet NATO force goals.

(2) To direct Minister Fanfani's worries about excessive military costs to an agreement with our position that a system of programming must be developed to insure that critical funds are not placed on projects which have a limited military cost effectiveness.

Method: In the short time that is available the principal method must be to use Fanfani's opening remarks to get him to make or agree with two statements.

(1) The quickest and most economical way for Italy to maintain its association with nuclear strategy is to give top priority to participation in the NATO multilateral forces (priority over all of the methods currently being considered by Italy for development of national nuclear programs.)



(2) To encourage a Fanfani direction to the Defense Ministry to carefully weigh the military cost effectiveness of each modernization project since the military financial contribution required by Italy to meet NATO Force goals will undoubtedly call for considerable additional expenditures, therefore requiring that unnecessary or marginal efficiency expenditures be eliminated.

(3) At an appropriate time in the discussion, it would be most advisable to reassert continued U.S. support to broader concept of an Atlantic Alliance in which Italy necessarily fills a vitally important role. Notwithstanding French desires for a tighter continental grouping, we still visualize the alliance as a viable organization, whose broad objectives and specific forces goals could still be supported by all participants.

(4) Mr. Fanfani should be advised that you intend to discuss the Jupiter withdrawal and replacement with Mr. Andreotti later that day.

1200 - 1500 Working Luncheon

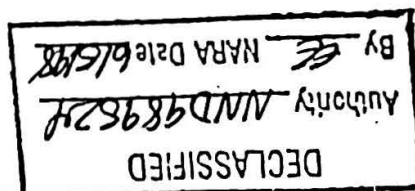
Attendees:

| <u>U.S.</u> | <u>Italy</u> |
|----------------------|---------------------|
| Secretary Gilpatric | Minister Andreotti |
| Ambassador Reinhardt | General Rossi |
| General Costello | Admiral Tagliamonte |
| Mr. Sullivan | |

Purpose: This will be the principal working session between the two Ministers. Discussion should be held on the Jupiter withdrawal and replacement (for details, see TAB C). Our objectives for this session are essentially the follow-up of the Fanfani discussions and can be described simply as follows:

(1) To discuss Italy's position in the broad range of military preparedness actions required by NATO strategy, thoroughly airing the Nassau accords and their meaning to Italy (See TAB D) the requirements on Italy in the fields of air defense, anti-submarine warfare and the defense of the Southern Flank of NATO - emphasizing at every turn the problem of carefully relating this to financial requirements on Italy's economy.

(2) To get Andreotti's agreement to either conversion of the present study groups to a forum for thorough weapon systems analysis as a means of assuring maximum military effectiveness of funds invested or sufficient understanding on his part of the problem so he will institute such analyses on his own.



Method:

A. General Strategy Objective: It is believed that this objective can be met by discussion of the following subjects:

(1) The meaning of the Nassau accords with Italy (See TAB D), emphasizing its utility to Italy as the quickest and most economical means of participating in nuclear strategy.

(2) Modernization requirements of Italy's Armed Forces emphasizing the need for a considerable increase in Italy's procurement budget in the very near future in order to meet these requirements by the end of the next five years. (We should specifically ascertain action by Minister Andreotti to obtain the billion dollar special budget for modernization which he referred to in his visit to the United States, since, at present reading, Italy's total modernization requirements for conventional forces exceeds \$1 billion without even considering multilateral forces, nuclear submarines, and the Garibaldi Polaris program.)

(3) We should be prepared to discuss the military cost effectiveness of, and alternatives for, certain specific areas as follows:

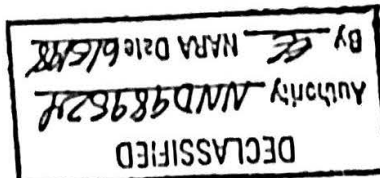
(a) What is the first strike vulnerability of Polaris missiles on the cruiser Garibaldi? (See TAB)

(b) What are the alternative ways and means for Italy to develop its own nuclear propulsion technology and are the military expenditures for such purposes reasonable in terms of military results? (See TAB F)

(c) What are the possibilities of significant improvements in all weather capabilities in the F-104G during the next five years, alternative means of achieving this capability, and the relative military value of undertaking the F-104G improvement program? (See TAB I)

(d) Does the increased cost of Italian production on the M-113 or the commitment of future funds to the production of 3,000 armored carriers achieve military effectiveness of a greater value than an expenditure on other projects?

B. Weapon Systems Analysis: We should take the attitude that the list of requirements developed by the study groups (See TAB G) are certainly significant (ranging well over a billion dollars in cost) without even consideration of tank modernization, and the more sophis-



licated nuclear projects and therefore, the next step should really be a review of Italy's military requirements through careful weapon system analyses which will weigh military effectiveness gained against economic costs (manpower and resources). We should propose that we will be willing to provide experts from Washington to work with the present study groups in undertaking such analyses.

1600 - If necessary, staff work between Italian MOD and U.S. staff will take place at this time to iron out any problems on the M-113 agreement and take up on detailed subjects not covered during the luncheon.

12 February

1100 - Meeting with Minister Andreotti

Attendees:

U.S.
Secretary Gilpatric

Italy
Minister Andreotti

General Costello

General Rossi

Ambassador Rinehardt

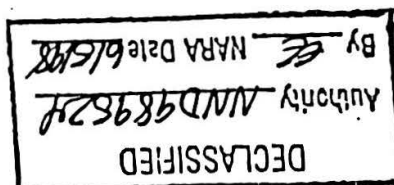
Mr. Sylvester

Mr. Sullivan

Purpose: To formalize a M-113 Co-Production Agreement and develop a statement of accord for both official and public purposes. (See TAB H)

Method: A M-113 Cooperative Co-Production Agreement has already been provided Italian MOD and should be ready for signature at the time of your arrival. (If a statement of accord for official and public purposes is possible following your Monday working luncheon, a brief draft will be worked out Monday afternoon which you can give to Minister Andreotti at dinner the evening of the 11th. This should give him time to consider it prior to the 1100 meeting on the following day.)

4



REPLACEMENT OF JUPITER MISSILES
(Background Paper)

Discussion

During the December 1962 NATO Ministerial Meeting in Paris, Secretary McNamara proposed to Italian MOD Andreotti the early replacement of Jupiter missiles in Italy (and Turkey). The replacement system would be three U.S. Polaris submarines, the first of which would be on station in the Mediterranean by 1 April 1963. (Memorandum of Conversation available separately)

The proposal was subsequently confirmed by letter from Secretary McNamara to Minister Andreotti, supplemented by discussions between Ambassador Reinhardt and Italian government officials, including Prime Minister Fanfani. (Copy of Secretary McNamara's letter and Minister Andreotti's two letters in reply are attached.)

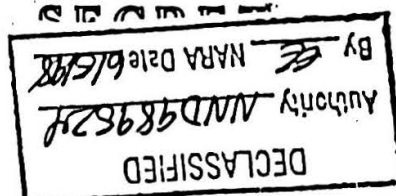
These two confirming and complementary actions were taken on the basis of extensive interdepartmental study and discussions in Washington during the period 28 December-5 January. (Product of this study available separately.)

During Italian Prime Minister Fanfani's visit to Washington on 16-17 January 1963, replacement of Jupiter was pressed further by both Secretary McNamara and the President. Public announcement was made at the end of the visit that the U.S. and Italy had agreed on the need to modernize both the nuclear and conventional weapons and forces which the two countries contribute to the Alliance. It is expected that appropriate NATO clearance to proceed with replacement of Jupiter as a specific element of this modernization program will be received early in February.

Definitive planning regarding actual dismantling of the Jupiter complex is now underway. The U.S. has expressed a willingness to consider use of at least some of the missiles in Italian or European space programs, if feasible. Otherwise, missiles and supporting materiel will probably be returned to the U.S. pending determination of final disposition.

Associated directly with replacement of Jupiter is a U.S. commitment to modernize SETAF by deployment of one Sergeant missile battalion to Italy by 31 December 1963 in replacement of the two existing Corporal-equipped battalions; and to continue, for the time being, to discharge operational responsibilities with respect to the nuclear weapons assigned to SETAF, substantially as at present.

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Minister Andreotti has informed Secretary McNamara of the Italian Government's approval of the proposed replacement of Jupiter and has expressed his readiness to consult bilaterally on how this is to be done. The North Atlantic Council is also considering the proposal and the results of its deliberations are expected momentarily.

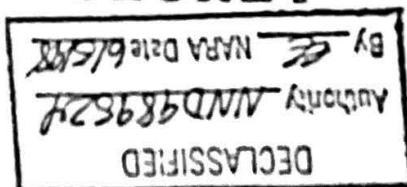
Conclusion

Mr. Gilpatric should be prepared to present to Minister Andreotti, perhaps in the form of an Aide Memoire, the essential elements of the U.S. commitments incorporated in the proposal as follows: 1) deployment of three Polaris submarines to the Mediterranean beginning by 1 April 1963; 2) deployment of a U.S. manned Sergeant missile battalion to SETAF by 31 December 1963; 3) commencement of dismantling the Jupiter complex by 1 April 1963, with service-to-service technical discussions toward this end to be got underway immediately; and 4) continued bilateral discussions through the medium of existing joint study groups to determine mutually acceptable ways and means of further modernization of the Italian armed forces.

Attachments
a/s

Prepared by: LtCol D.D. Duff
European Region
OASD/ISA
29 January 1963
Revised: 31 January 1963

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REPRODUCED AT THE NATIONAL ARCHIVES
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MR. GILPATRIC'S VISIT TO ROME
11-12 February 1963

MINISTER ANDREOTTI'S LETTERS TO SECRETARY McNAMARA
(Copies)

The Minister of Defense
No. 630035

AFCAS-12/43
Rome, 11 Jan 63

Dear Mr. Secretary:

Reference your letter of 5 January 1963 regarding the modernization of nuclear weapons, I want you to know that the matter will be discussed by President of the Council Fanfani during his forthcoming visit to the USA. Once the delicate political aspects are cleared, I will be ready to examine with you, without further delay, the technical aspects of the problem.

Kind regards,

Robert S. McNamara
Secretary of Defense
Washington, D. C.

[signed]
Giulio Andreotti

29 January 1963

FOR SECRETARY McNamara, SGD REINHARDT

Following is Embassy translation of reply dated 29 January by Defense Minister Andreotti to January 5 letter from Secretary McNamara proposing replacement of Italian Jupiters by Polaris.

"Further to my letter number 630035 of January 11, 1963, I am happy to advise you that the Italian Government has indicated its approval with respect to the modernization of missile weapons referred to in your letter of January 5.

"Therefore, I would deem it appropriate to begin, as you have suggested, mutual consultations with a view to reaching specific agreements.

"I am therefore waiting to hear from you concerning the procedures through which the above can be accomplished."

Embassy has not seen January 11 letter but is advised by Defense Ministry it was merely interim reply .

Source: Embassy Rome's
1507, 29 Jan 63

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By NARA Date 6/5/88

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Statement

By

Mr. Roswell L. Gilpatric
Deputy Secretary, of Defense
United States

In

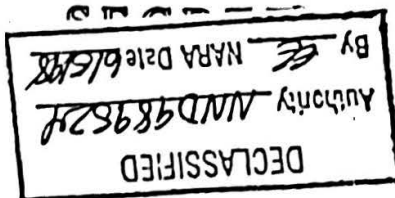
Rome, Italy
11-12 Feb 63

MEANING OF NASSAU ACCORDS TO ITALY

I. The arrangement concluded between the United States and the United Kingdom at Nassau grew out of discussions of the bilateral problem created by the US decision to discontinue development of the Skybolt missile. The solution reached had, as expected, broad implications for all members of the NATO Alliance, particularly those nations such as Italy which had indicated an interest in our earlier proposals for the creation of a NATO multilateral force. In our view, it blocks out a general framework containing within itself the greatest possibilities for evolution and growth. The opportunity exists for all interested NATO members to participate in shaping the institutions envisaged at Nassau. We feel it would be desirable, therefore, to proceed as rapidly as possible with the formation of an integrated Polaris force which will offer an opportunity for Italy as well as other non-nuclear members of the Alliance to participate in the ownership, manning, and control of strategic nuclear weapons. In so doing, we wish to make it clear that the United States regards the integrated force as (1) an important military force in its own right and not merely a sop to the presently non-nuclear nations, and as (2) being on a parallel track with the United Kingdom Polaris program, having a good chance of becoming the primary form of European participation in strategic deterrence over the long term.

II. Discussion

The US views the Nassau Accord as a major move toward the creation of an Alliance multilateral force which can include participation by all interested



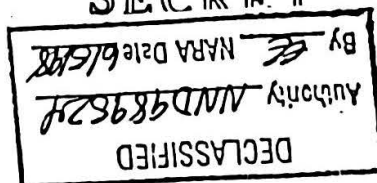
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member nations. It was agreed at Nassau that as the first phase in the creation of this force, some part of the nuclear forces already in existence could be assigned to NATO. These could include elements from the US Strategic Forces, the UK bomber command and possibly certain selected tactical nuclear forces now in Europe, although the assignment of the latter forces will require much more study. We will also include US Polaris submarines which are scheduled to operate in the Mediterranean. (The British Polaris Force will be assigned to NATO as it becomes available and will be matched by at least an equal contribution of forces by the United States.)

We would wish to take these initial steps as soon as organizational arrangements are worked out for planning, targeting, and operation of the force. Such arrangements would provide for maximum feasible European participation while avoiding extensive delays in implementation or significant disruption of present NATO military operations and arrangements.

Therefore, it seems to us that the NATO Nuclear Force should, in the first instance, be subordinate to SACEUR. It also seems essential that the same command exercise military control over both nationally assigned units and the future multilateral mixed-manned component of the NATO Nuclear Force. As Mr. Ball pointed out in his January 11 speech to the NAC, however, we would not at this point wish to rule out the eventual possibility of establishing a NATO Strategic Force at the level of Supreme Commanders.

Following assignment of existing forces, we envisage as the second phase the development of the NATO Force by the inclusion of an integrated mixed-manned component. As the multilateral character of the force grows and the Alliance process of political consultation evolves further, we anticipate that

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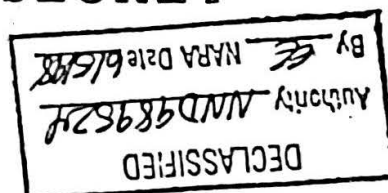
the question of withdrawing national elements would assume decreasing significance.

We also wish to make it clear that we are willing to consider any proposals desired by a consensus of the Alliance regarding political control of this force.

Because of the importance we attach to the development of a multilateral mixed-manned force as an essential component of the NATO Nuclear Force, the US wishes to move forward promptly in this direction. We would hope that Italy is prepared to join us in this significant endeavor. While there are many intricate problems to be worked out before such a force can become a reality, we believe that it is possible and essential to take certain initial steps, such as beginning personnel training, even before many details of the force are worked out.

III. We believe that the Nassau Accord provides the foundation for building a strong multilateral NATO Force by all members. We believe that it gives all of us an opportunity to work toward an ever-increasing sense of full partnership within the Alliance. We would regard Italy's full participation in this project as essential to its success.

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BACKGROUND PAPER

Meaning of the Nassau Accords to Italy

Italian reaction to the Nassau Accord has been sparse and cautious. They have welcomed the agreement as an important contribution toward the establishment of a multilateral NATO force but unofficially have expressed concern that the Nassau system would formalize the non-nuclear status for Italy. Italian interest lies in a fully multilateral, non-discriminatory arrangement such as the original US proposal for a multilateral force (The Smith-Lee presentation).

One possible reason for Italy's cautious approach is their desire to obtain Polaris missiles for the Cruiser Garibaldi and two other vessels presently under construction. They have indicated an interest in the Garibaldi being made part of the interim NATO nuclear force. (The problem of the Garibaldi is discussed in a separate position paper.)

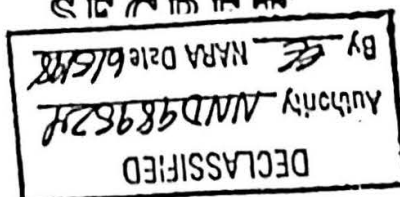
Attachment (D) contains twenty questions and answers compiled for Under Secretary of State Ball's discussions at the NAC and elsewhere, which provide guidance for the questions most frequently raised regarding the Nassau Accords.

Attachments:

- (A) Statement on Nuclear Defense Systems, 21 Dec 63
- (B) Memorandum for the Prime Minister, 21 Dec 63
- (C) Memorandum by the Prime Minister, 21 Dec 63
- (D) Questions and Answers re Meaning of Nassau Accords

Coordination:
State - Mr. J. Conroy

Prepared by: C. N. Shane
Capt, USN
Policy Planning Staff, ISA
29 Jan 63



SUGGESTED PLANS FOR US ASSISTANCE TO ITALY IN NUCLEAR SUBMARINE
DEVELOPMENT

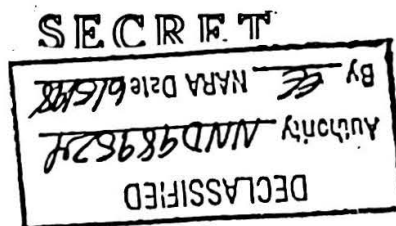
Plan One

1. Concept. This would be, with modifications, the plan utilized for the provision of the United Kingdom with a nuclear submarine capability. Italy would build the submarine in its own shipyards with the US supplying the nuclear propulsion plant. Immediately after the conclusion of the Agreement for Cooperation, the US would supply the plans and specifications for the major foundations for the propulsion plant and other necessary interface information (e.g., piping, cabling, necessary power, hydraulic, and other supplies, etc.) but would supply no other technical information of actual propulsion plant components. The nuclear propulsion plant would be built in the US as was done for the British, except that no technical information (other than interface) or equipment for the propulsion plant would be provided until four years after the government-to-government agreement was signed.

2. Constraints

(a) The agreement for cooperation should contain the requirement (as it did in the case of the British) that the effort being undertaken is not to interfere with the US nuclear submarine program.

Attachment



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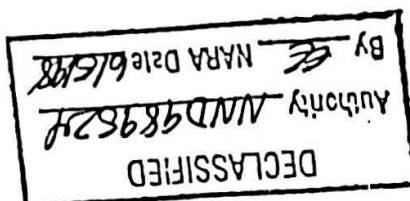
(b) Personnel of the receiving nation would not be permitted access to the US factories or shippers engaged in this work.

(c) A SKIP JACK-type propulsion plant (designated S5W Core 2) should be provided regardless of the precise type of submarine being constructed. The cost to the receiving government, including engineering and installation services, would be about \$30 million.

(d) Training of nuclear personnel.

(1) The theoretical portion (about 6 months) of the program is essentially unclassified and the US can provide at any time the unclassified information on which it is based. Italy would then train its own people on its own soil in the theoretical aspects. As in the case of the British, foreign nationals would not be permitted to visit our reactor prototypes, laboratories, or other shore facilities.

(2) Beginning four years after the signing of the Agreement for Cooperation, operational training would be provided on board United States nuclear submarines, where the trainees would be observers not actually standing watches. Again, this is what was provided the British. Experience with them indicated about nine months time was required.



Plan Two

1. Concept. The submarine would be constructed in the United States for sale to Italy. In order to prevent interferences with US programs, it will necessarily proceed on a 60-month schedule. After the completion of the shakedown operations and the post-shakedown alterations, the Italian crew would be brought on board for the first time (about 66 months after authorization of the ship). After an adequate turnover period, Italy would take over the ship.

2. Constraints.

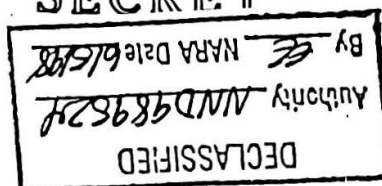
(a) The Agreement for Cooperation should contain the requirement that the effort being undertaken is not to interfere with the US nuclear submarine program.

(b) Italian personnel would not be permitted access to the US factories or shipyards engaged in this work.

(c) A SKIP JACK-type submarine with S5W (Core 2) propulsion plant will be provided. The cost to Italy, including the necessary services, will be about \$70 million.

(d) A US Navy crew with an Officer in Charge will be required for the ship during its building and testing period at the shipyard. The US crew will take the ship on its initial trials, on its shakedown cruise, through its post-shakedown overhaul and alterations, and will conduct the training period when both Italian and US crews are on board.

SECRET



(e) No technical information concerning the reactor plant can be made available to Italy until four years after the signing of the Agreement for Cooperation.

(f) The military equipment to be provided with the submarine must be approved by the US Chief of Naval Operations.

(g) Training of nuclear personnel would remain the same as that outlined under Plan One until the completion of operational training. In Plan Two the crew would have to wait until the completion of the post-shakedown shipyard work before coming on board because of the security requirement set forth above. After the Italian crew reported on board the US Officer in Charge could reduce the size of the US crew as necessary to provide reasonable living conditions while at the same time maintaining enough men for safe supervision of the learning crew. After a suitable overlap period, and on the recommendation of the US Officer in Charge, the ship would be delivered to Italy.

SECRET
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Authority AND 989524
By *EE* NARA Date 6/5/88

MR. GILPATRICK'S VISIT TO ROME
11-12 February 1963

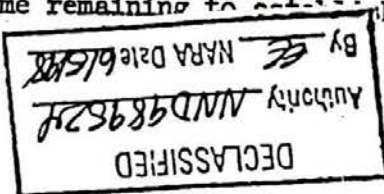
COOPERATIVE LOGISTICS ARRANGEMENTS WITH ITALY

TALKING PAPER

I am pleased to note that progress is being achieved in carrying out the provisions of the cooperative logistics agreement we consummated last year. Although only a short time has lapsed since the time of the agreement, it is apparent that the joint study groups have been making some headway in investigating specific logistics arrangements in which mutual support can take place to the benefit of both of our countries.

I understand that the planning has already been initiated in the identification of common items in the inventories of our Armies, Navies and Air Forces and that, in the near future, an analysis will be made of the possibility of cooperative logistics support arrangements for such common items. I think progress in these areas is commendable and that the work of these study groups should continue and expand and that, at some point of time in the future, ways and means can be found to consider increased Italian Defense support in those areas in Italy where substantial U.S. troop effort is currently being made.

Before I leave the subject of cooperative logistics support arrangements for common items, I would like to suggest that a special effort be made at this time to arrive at an early agreement for support of the one thousand M-113 Armored Personnel Carriers which are scheduled to be delivered by June of this year. As you know, mutual support arrangements were visualized for this and other items and, as a result, only a six months supply of spare parts was ordered for these carriers. In view of the short time remaining to establish a support

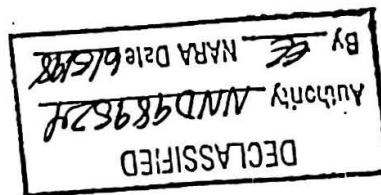


system, I believe that we should direct the study group on Army logistics to come to a quick solution on the supply of spare parts for these personnel carriers. Unless some action is taken soon, I fear that we may face a critical problem soon. In arriving at a cooperative logistics support arrangement for the armored personnel carriers, we would be setting a pattern which could be used for arrangements involving other items common to our military inventories.

I believe that the most significant result of our joint study groups has been the identification of the major weapons systems and equipment which are urgently needed to modernize the Italian Armed Forces in order that they may meet their NATO force objectives. Our estimate of this requirement exceeds \$1 billion. In view of the magnitude of these equipment requirements, I suggest that the joint study group now channel its efforts to a thorough weapon systems analysis of these requirements so as to permit the application of Italian funds to those areas where the highest priority needs are met while at the same time providing equipment which furnishes the maximum military effectiveness at the lowest cost. For such an effort, I would be willing to furnish groups of weapons systems experts to assist in these analyses. I cannot over-emphasize the importance of this type of joint planning exercise because it is only through such planning and analysis that the very large modernization requirements of the Italian Armed Forces can be met without overtaxing the Italian economy. (NOTE: A list of initial estimates of Italian equipment requirements is attached. Preliminary costing - \$1.4 billion)

Cleared:
OASD/I&L (Mr. Kremkau)

Prepared by: P.A. Gerardi
OASD/ISA/ILN
31 January 1963



LIST OF ESTIMATED ITALIAN MILITARY REQUIREMENTS
(as reported by MAAG Italy)

Extracted from DAIN 8949 of 17 January 1963, from CHMAAG Rome to OSD/ISA Number JPP 2-7015, CHMAAG Germany pass to Henry Kuss.

This date submitted in accordance agreement EUCOM Meeting 11 January. List of Materiel to meet NATO 66 Goals follows. Not verified by MAAG. Only screened to eliminate items certain to be procured in Italy. It represents magnitude of requirements:

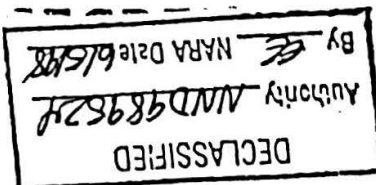
A. Air Force List:

| | |
|---------------------------------|-----|
| 1. Mach 2 Aircraft - F-104 type | 74 |
| " " " - V/STOL type | 148 |
| 2. Transport A/C - C-130 type | 40 |
| 3. ASW/MP A/C | 6 |
| 4. Rocket (HM-55 type) | 768 |

B. Navy List:

| | |
|----------------------------|-----|
| 1. Missile Terrier HT 3 | 328 |
| 2. Missile Terrier BT 3 | 256 |
| 3. Missile Tartar | 200 |
| 4. Complete Terrier System | 1 |
| 5. Reduced tartar system | 2 |
| 6. Guns 3/50 | 24 |
| 7. 40MM Gun | 18 |
| 8. Radar AN/SPS 12 | 7 |
| 9. Radar 3PQ 2 | 14 |
| 10. Data Handling Systems | 22 |

DOWNGRADED AT 3 YEAR INTERVALS:
DECLASSIFIED AFTER 12 YEARS.
DOD DIR 5200.10

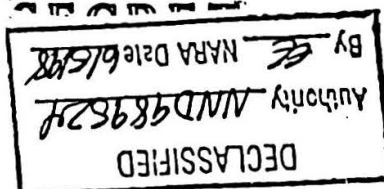


| | | |
|-------------|--------------------------------------|-----------|
| 11. | AN/SPA 8 Repeaters and Similar | 22 |
| 12. | IFF AN/UPX1 SIF Interrogators | 27 |
| 13. | IFF AN/UPX 12 SIF Repliers | 20 |
| 14. | Receivers for AEW | 7 |
| 15. | Radar Jammers | 7 |
| 16. | Anti-Missiles Jammers | 17 |
| 17. | DRA/DNT and Similar | 26 |
| 18. | SIF Modification for IFF | 35 |
| 19. | Radar Interceptors | 23 |
| 20. | AN/SPA-4 Radar Repeaters and Similar | 16 |
| 21. | Navigation radar | 11 |
| 22. | AN/SQS-23/B SONAR | 2 |
| 23. | AN/SQS-4 SONAR with RDT | 8 |
| 24. | AN/SQS-4 SONAR | 4 |
| 25. | PANORAMIC SONAR | 1 |
| 26. | Light SONAR for FPB | 4 |
| 27. | T MK 6 Noise Generators (FANFARE) | 8 |
| 28. | Launcher Rocket Tubes for Submarines | 15 |
| 29. | MK 32 Launcher Rocket | 18 |
| 30. | Anti-ship Launcher rocket tubes | 28 |
| 31. | A/S MK 44 MOD 1 Torpedos | 1,217 |
| 32. | ASAP | 12 |
| 33. | AN/UQJ-1 SUB-10-534 53)309 | |
| 34. | Range Recorder | 15 |
| 35. | VDT for SONAR | 2 |
| 36. | Launching Computer for FBP | 4 |
| 37. | SONAR Interceptor for SSK | 6 |
| 38. | SONAR Hydrophone system for SSK | 5 |
| 39. | SONOBUOY Receiver for FPB | 5 |
| 40. | Sonobuoys | 1,654 |
| 41. | Feeding Cables for AMK 6 Bell | 20 |
| 42. | AH MK 4 Bell | 9 |
| 43. | Helicopters HPS | 36 |
| 44. | CBR Defense Equipment | |
| Ammunition: | | |
| 45. | 5/38 | 7,200 |
| 46. | 3/50 | 87,000 |
| 47. | 3/50 | 800 |
| 48. | 40 MM | 221,100 |
| 49. | 105 Rocket Illuminator | 2,880 |
| 50. | MK 71 Proximity Fuzes | 3,340 |
| 51. | MK 72 Proximity Fuzes | 41,200 |
| 52. | 90/50 USA with MPS Q Fuzes | 18,600 |
| 53. | 90/50 USA Proximity Fuzes | 15,000 |
| 54. | 7/62 NATO Cartridges | 5,000,000 |
| 55. | Hand Grenades | 63,000 |
| 56. | Anti-man Mines | 7,500 |
| 57. | AMI Bombs | 70,000 |
| 58. | AMI Charges | 100,000 |

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 Authority: AND 989527
 By: NARA Date: 6/15/88

C. Army List:

| | |
|---|------------|
| 1. Parachutes (MP-55 | 12,334 |
| 2. Auxiliary Parachutes | 10,925 |
| 3. Parachute Open on Command | 930 |
| 4. Parachute for Light Equipment | 1,853 |
| 5. Parachute for Light Equipment E.I.G. 59 | 2,669 |
| 6. Parachute for medium Equipment G.12 | 1,294 |
| 7. Parachute for Hvy Equipment G.11A | 3,369 |
| 8. Single container type A | 1,669 |
| 9. Single container type C | 2,037 |
| 10. Universal Harness | 777 |
| 11. SAVIP Light Containers | 5,421 |
| 12. A/5 Light containers | 979 |
| 13. A/7/A light container | 935 |
| 14. A/10 light container | 855 |
| 15. A/21 light containers | 1,231 |
| 16. Floating container | 205 |
| 17. Container for Air Launching Motion | 338 |
| 18. A/22 medium container | 1,095 |
| 19. Platform parts AM/1 | 250 |
| 20. Braces (Monorail) | 24,000 |
| 21. Hydraulic Hooks (250) | 2,500 |
| 22. Hydraulic Hooks (1,000) | 3,900 |
| 23. Thru 27 not used. | |
| 28. 81 light mortars | 30 |
| 29. 4.2MM mortars | 130 |
| 30. 120 mortars | 28 |
| 31. 3.5 rocket launcher | 1,300 |
| 32. 155MM Hows (Towed) | 18 |
| 33. 155 MM Cannons Gun | 8 |
| 34. 8" Hows (towed) | 12 |
| 35. Command Posts for wire guided rockets SS 10 | 190 |
| (A.M.G.) | |
| 36. Medium range active rockets SS-10 | 90,000 |
| 37. Long Range active rockets SS-10 | 37,000 |
| Ammunition | |
| 38. Hand Grenades | 800,000 |
| 39. Heat rifle anti-tank bombs | 422,000 |
| 40. Rifle Grenades | 745,000 |
| 41. 7.62 NATO cartridge | 18,000,000 |
| 42. 50 Cal cartridges | 18,310,000 |
| 43. M-72 Anti-tank | 39,800 |
| 44. Anti-tank 57 recoilless H.E. | 32,970 |
| 45. Anti-tank 57 recoilless W.P. | 7,000 |
| 46. Anti-tank heat 88 rockets | 400,000 |
| 47. Anti-tank 90/62 HECAR HE | 18,800 |
| 48. Anti-tank 90/32 HECAR AP | 13,000 |



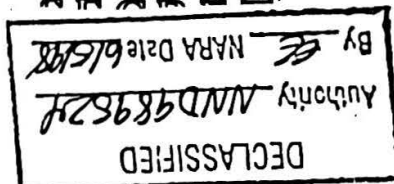
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|-----|----------------------------------|-----------|
| 49. | Anti-tank 90/50-HE Percussion | 197,000 |
| 50. | Anti-tank 90/50 HE "A.D.C." | 100,000 |
| 51. | Anti-tank 90/50 (A.P.C.) | 226,000 |
| 52. | Anti-tank 90/50 HV-AP | 130,000 |
| 53. | Anti-tank 90/50 WP | 33,000 |
| 54. | Anti-tank 106 recoilless HEP-T | 21,800 |
| 55. | Mortar Bombs 81, semi-steel | 610,000 |
| 56. | Mortar Bombs 81, W.P. | 88,000 |
| 57. | Mortar Bombs 107 H.E. | 658,000 |
| 58. | Mortar Bombs 107 W.P. | 162,400 |
| 59. | Mortar Bombs 107 illuminating | 12,900 |
| 60. | Mortar Bombs 120 light | 259,000 |
| 61. | Mortar Bombs 120, heavy | 36,000 |
| 62. | Anti-tank 40/70 HE-I.T. | 540,000 |
| 63. | Anti-tank 40/70 A.P. | 45,000 |
| 64. | Anti-tank 105/22 H.E. percussion | 1,500,000 |
| 65. | Anti-tank 105/22 H.E. "A.D.E." | 374,000 |
| 66. | Anti-tank 105/22 HE-AT | 163,000 |
| 67. | Anti-tank 105/22 WP | 240,000 |
| 67. | Anti-tank 105/22 illuminating | 13,600 |
| 68. | Anti-tank 155/23 Percussion | 500,000 |
| 69. | Anti-tank 155/23 H.E. "A.D.E." | 166,000 |
| 70. | Anti-tank 155/23 W.O. | 62,000 |
| 71. | Anti-tank 155/23 illuminating | 10,500 |
| 72. | Anti-tank 155/45 H.E. percussion | 20,800 |
| 73. | Anti-tank 155/45 H.E. "A.D.E." | 36,500 |
| 74. | Anti-tank 155/45 W.P. | 27,400 |
| 75. | 155/45 launching charges | 17,120 |
| 76. | Anti-tank 03/5 HE | 163,000 |

Engineer Equipment Service

| | | |
|-----|--|------------|
| 77. | Light Bulldozers | 94 |
| 78. | Pneumatic mechanical equipment with built-in motor on Wheeled cranes | 196 |
| 79. | Track cranes crawler type | 45 |
| 80. | Trucks with dump body | 764 |
| 81. | Crane, truck mounted 10-ton | 117 |
| 82. | Mines, AP | 15,500,000 |
| 83. | Outboard motors 25 HP | 191 |

Communication Services

| | | |
|-----|--|--------|
| 84. | Radio station, platoon company | 8,000 |
| 85. | Radio station, company-battalion | 12,000 |
| 86. | Radio station, battalion-regiment | 4,300 |
| 87. | Radio station, division | 142 |
| 88. | Radio station vehicular, low-power (P.P.) | 3,820 |
| 89. | Radio station vehicular, high-power (G.P.) | 98 |



| | |
|--|--------|
| 90. Telephone Central with 10-12 lines | 2,423 |
| 91. Field phones | 12,000 |
| 92. Field teletypewriters | 300 |
| 93. Radio relay | 533 |
| 94. Telephone terminal "F.V." | 340 |
| 95. Telegraphic equipment "F.V." | 788 |
| <u>Motorization Service</u> | |
| 96. Medium heavy tractors 25-ton | 530 |
| 97. Tracked tractors M-4 type | 2,400 |
| 98. S.P. Howitzer 105 MM | 250 |
| 99. S.P. Howitzer 155 MM | 21 |
| 100. Tank recovery vehicle | 296 |
| 101. Light aircraft | 124 |
| 102. Transport aircraft | 16 |
| 103. Recon helicopters | 92 |
| 104. Transport helicopters | 89 |

Estimated total cost\$1.4 billion

Cleared by:
OASD(I&L) (Mr. DeSilva)

Prepared BY: Mr. P.A. Gerardi
OASD/ISA/ILN
30 Jan 1963

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 Authority AND98952H
 By *EE* NARA Date 6/5/88

MR. GILPATRIC'S VISIT TO ROME
11-12 February 1963

M-113 Co-Production in Italy

General Summary

Italian industry is submitting to Italian MOD Andreotti, cost and delivery estimate for the co-production in Italy of an estimated 2,000 - 3,000 M-113 Armored Personnel Carriers.

The Italian firm, OTO-MELARA (a government-owned subsidiary), has already signed a co-production agreement with FMC Corporation (the U.S. producer of the M-113), subject to the approval of both governments.

It is anticipated that Mr. Andreotti will propose that the U.S. and Italy sign a co-production agreement.

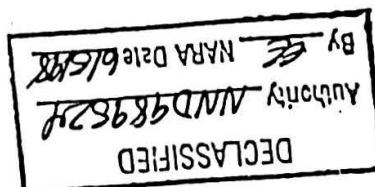
In anticipation of such a request, it is expected that a government-to-government agreement will have been coordinated with the U.S. and Italian Governments and will be ready for signature at the 12 February meeting.

Attached hereto, for your use, are:

1. A talking paper for use with Mr. Andreotti, requesting his decision as to whether a co-production program is considered economical and feasible and outlining your desire that such a program should be conducted primarily between the industrial firms involved, with appropriate Governmental monitorship.
2. A government-to-government agreement which will have already been coordinated with the Italian MOD and copies furnished to Mr. Andreotti. You will be given copies of the final agreement for consummation with Mr. Andreotti during the 12 February meeting.
3. A detailed background summary of the events related to the co-production program proposal.
4. A paper to be used should Mr. Andreotti raise the question as to the U.S. position of possible sales of M-113 Personnel Carriers or parts to both the U.S. and other countries from Italian production starting in CY 1965. NOTE: The question of U.S. parts support for the 1,000 M-113 Carriers to be supplied from U.S. production by June 1963 is covered in the paper on COOPERATIVE LOGISTICS.

Cleared by:
OASD/I&L (Mr. DeSilva)

Prepared by: Mr. P.A. Gerardi
OASD/ISA/ILN
30 January 1963

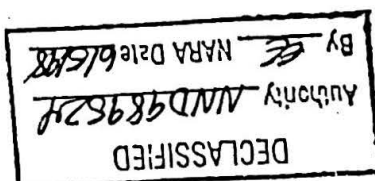


Statement by Mr. Roswell L. Gilpatric
Deputy Secretary of Defense, United States
In Rome, Italy on 11-12 Feb 63

M-113 CO-PRODUCTION IN ITALY

I am sure you remember that, during your visit to the United States in September of last year, you raised the question of a possible co-production program involving participation by Italian industry in the manufacture of M-113 Armored Personnel Carriers. I believe you had in mind that additional personnel carriers, over and above the 1,000 carriers to be delivered from U.S. production by June of this year, would be met by such a co-production program.

You will recall that at that time both Secretary McNamara and myself suggested that you consider the economics of the situation and the urgent need for an early delivery of personnel carriers to the Italian Army. I confirmed my suggestion in a letter to you in November in which I recommended that you seriously consider the purchase of all of your personnel carrier requirements from U.S. production and I assured you that we could deliver 3,000 carriers by the end of 1963 at an extremely low price from an established U.S. production capacity. In making this offer of early availability, I was reaffirming the U.S. policy that the requirements of the combat forces of our Allies will be given equal priority with those of U.S. military forces in the allocation of U.S. production capabilities. My offer of 3,000 carriers before the end of 1963 included the diversion of production which had already been scheduled for the U.S. Army.

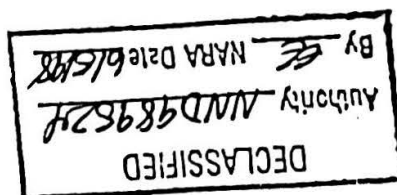


However, I understand that there are social, economic and political considerations which may require the participation of Italian industry in the meeting of Italian Army requirements for personnel carriers. Government and industry officials from both the U.S. and Italy have been conducting numerous discussions on ways and means to conduct a co-production program should our two governments agree that such a program is feasible and desirable. I understand that your industry officials have provided you with their estimates of what the M-113 Personnel Carrier would cost and in what time-frame it could be delivered under a co-production program. I would like to hear from you whether in the light of these costs and delivery estimates you have decided to press forward with a co-production program.

(At this point it is anticipated that Minister Andreotti, in the light of the fact that an industry-to-industry agreement has already been signed between FMC Corp. and Oto-Melara, subject to government approval, will indicate that for various reasons (which he may or may not specify), he desires that a co-production program be carried out. In this case, it is recommended that you continue as follows.)

In view of your decision, I recommend that we agree to the following general procedure on carrying out a co-production program.

A. First - a government-to-government agreement should be consummated between ourselves. This agreement would outline the scope of the program, the responsibilities of each government under the program and would provide for the program to be carried out primarily on an industry-to-industry basis, with such monitorship by our governments so as to insure that the co-production is carried out in the most efficient manner.



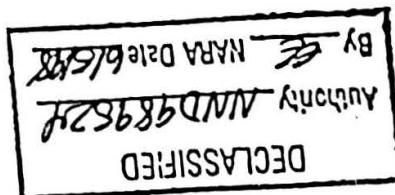
B. Secondly - industry-to-industry arrangements and contracts should be entered into by OTO-Melara and FMC Corporation and reviewed and approved by our governments. I understand that such an industry-to-industry agreement is consummated, pending Governmental approval.

C. Third - our governments should designate representatives to monitor the co-production program and establish appropriate governmental-industry relationships to insure that the program is successfully carried out.

A proposed government-to-government agreement has already been staffed between our governments and I believe we can both sign it now and permit the co-production program to move ahead as quickly as possible. NOTE: (Italian MOD will have already cleared the agreement and you and Mr. Andreotti should consummate the agreement which will be furnished you prior to your meeting).

Cleared by:
OASD/I&L (Mr. DeSilva)

Prepared by: Mr. P.A. Gerardi
OASD/ISA/ILN
30 January 1963



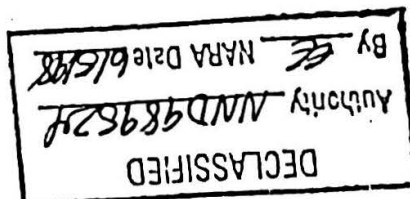
MEMORANDUM OF UNDERSTANDING

BETWEEN THE MINISTRY OF DEFENSE OF THE GOVERNMENT OF ITALY
AND THE DEPARTMENT OF DEFENSE OF THE UNITED STATES OF AMERICA
RELATING TO THE CO-ORDINATED PRODUCTION OF THE M-113 SERIES
OF ARMORED PERSONNEL CARRIER

This government to government agreement will be developed and coordinated within DOD and the Italian Ministry of Defense prior to your arrival in Rome and will be ready for your review on the morning of 11 February to be consummated on 12 February.

Cleared by:
OASD/I&L (Mr. DeSilva)
DA/AMC (Col. Abrino)

Prepared by: P.A. Gerardi
OASD/ISA/ILN



MR. GILPATRIC'S VISIT TO ROME

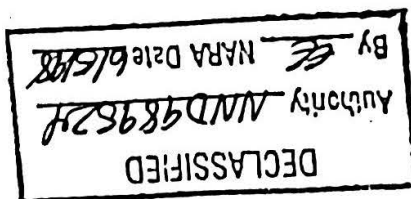
11-12 February 1963

M-113 Co-Production in Italy

Background Paper

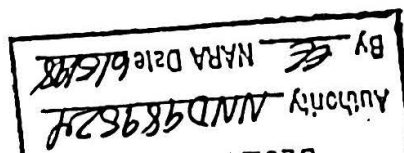
EVENTS TO DATE:

- A. During his visit to the U.S. in September 1962, Italian Minister of Defense Andreotti agreed in principle to a program of purchases of U.S. equipment which included M-113 Armored Personnel Carriers. At that time, Mr. Andreotti indicated that, while he could agree to an initial purchase of these Carriers from U.S. production to meet urgent Italian Army requirements, further Italian requirements would have to be met through a program which would include participation by Italian industry.
- B. The Italian Army had originally intended to meet its Armored Personnel Carrier requirements through a combined procurement and production program involving the French AMX Personnel Carrier. Involved in the proposed production program were the firms of OTO-MELARA (a government-owned subsidiary), FIAT and LANCIA. When the Italian Army chose the M-113 Carrier in lieu of the French AMX Carrier, some means had to be found to provide these three firms with the equivalent production which had been allotted to them under the proposed French AMX production program.
- C. At the time of his visit, Secretary McNamara and Deputy Secretary Gilpatric attempted to dissuade Mr. Andreotti from his proposal to meet further Italian Carrier requirements from a program of co-production. During this period, General Aloia, Italian Army Chief of Staff, visited the FMC production facilities in California for the M-113 Carrier, and advised the FMC president that the Italian Army requirements of about 4 to 5 thousand personnel carriers would be met through the initial purchase of about 1,000 carriers from U.S. production, with the remainder to be produced under a co-production program involving Italian industry.
- D. Almost immediately following the Andreotti visit, a team of Italian industry representatives visited the U.S. to investigate the possibility of a co-production program for the M-113 Carrier. This team consisted of representatives from OTO-MELARA (the government-owned subsidiary), FIAT and LANCIA, the same group which had been chosen to produce the French AMX Carrier. This team accompanied by Mr. Gerardi from OASD(ISA) visited the FMC production facilities in California for a general orientation of the production processes involved. The FMC Corporation was extremely reluctant to discuss its engineering know-how with the Italian representatives since there



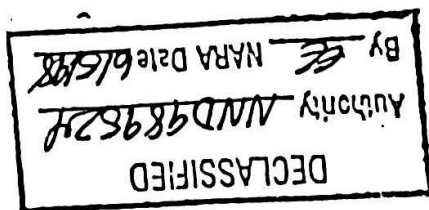
are few proprietary rights involved in the M-113 Carrier (most of the rights owned by the U.S. Army) and on the grounds that disclosure of this know-how jeopardized the company's ability to maintain its competitive position over other U.S. firms. (FMC Corporation has won every contract for the production of the M-113 Carrier, an incident which has incurred Congressional investigation). The visit was conducted and the Italian representatives expressed satisfaction over the results thereof. During their visit, a hypothetical program involving co-production was developed and presented to the Italian industry representatives, based on available knowledge of Italian industry capabilities for producing aluminum armor plate, magnesium castings, and other similar items involving a high degree of engineering technology. At the same time, the OASD(ISA) representative attempted to impress the Italian industry representatives with the necessity that a co-production program be undertaken only in those areas where the Italian Army requirements could be met promptly and without excessive cost differential. This concept appeared to meet with ready acceptance by the privately owned firms (FIAT and LANCIA) but was met with indifference by the government-owned firm of OTO-MELARA (represented by a retired Admiral, Bigliardi).

- E. In an attempt to discourage further Italian Government consideration of a co-production proposal, a letter from Deputy Secretary Gilpatrick to Italian MOD Andreotti was hand-carried to Italy in November 1962 in which the U.S. proposed that the entire Italian Army requirement of some 3,000 personnel carriers be met from U.S. production at extremely low prices and with complete delivery (including diversion from U.S. Army production contracts) within Calendar Year 1963. This attempt was apparently unsuccessful and met with no reaction.
- F. During their November 1962 visit to Italy in connection with the finalization of the \$136 million purchase program signed between Italy and the U.S. and the initiation of a cooperative logistics arrangement, Messrs. Kuss and Gerardi, OASD(ISA), visited the FIAT, LANCIA and OTO-MELARA facilities. Their general conclusions, as transmitted to General Aloia, Italian Army Chief of Staff, was that FIAT and LANCIA had the engineering and management resources to carry out a co-production program, even if the work, for social and economic reasons, had to be carried out at the OTO-MELARA facility in LaSpezia. It became readily apparent that OTO-MELARA intended to use the contract to rehabilitate certain large buildings (destroyed during WW II) through the Italian Army contract to produce M-113 Carriers.
- G. In a letter to Secretary McNamara in December 1962, Italian MOD Andreotti apparently confirmed his desires for a co-production program for the M-113 Carrier by formally designating OTO-MELARA as the Italian industry agency to carry out such co-production and



requested that the U.S. provide this firm with the drawings and specifications for the M-113 Carrier and to permit Italian technicians to visit the FMC production facility in California in order to obtain production and cost data for the preparation of an estimate of what the vehicle would cost if co-produced with Italian industry.

- H. Immediately following the letter to Secretary McNamara, Professor Magri (Director of FINMECCANICA which controls over forty Italian industrial firms for the Italian Government, including OTO-MELARA) visited Deputy Secretary Gilpatric for the purpose of acquiring the M-113 drawings and specifications and to visit FMC Corporation to begin initial preparations leading to a co-production program.
- I. The drawings and specifications were furnished to the Italian Government several days after the request was received and a letter sent from Deputy Secretary Gilpatric to the President of FMC Corp. outlining Professor Magri's mission and indicating the U.S. Government's interest in the proposed co-production program.
- J. During December 1962, a U.S. Army project manager was designated to implement the M-113 co-production program when and if it was consummated and to assist in the development of a government-to-government agreement and more detailed arrangements related to the program proposal.
- K. During January 1963, work proceeded on the development of a draft government-to-government agreement which would be consummated during the Gilpatric-Andreotti meeting in Rome in February 1963, should the Italian MOD conclude that a co-production program was desirable. This agreement was developed by representatives of the U.S. Army, OASD(ISA), Office of General Counsel (OSD) and coordinated with OASD(I&L). The draft agreement was hand-carried to Rome and agreement obtained from the Italian MOD representatives (Lt. Gen. S. Campa) designated to work on the agreement.
- L. During January 1963, FMC Corporation and OTO-MELARA reached agreement on industry-to-industry arrangements relative to a co-production arrangement, subject to the approval of both the U.S. and Italian Governments. It is understood that this agreement envisages complete technical assistance by FMC Corporation to the Italian firm with fees based on a sliding scale. The fees are based on the percentage of U.S. purchases made. For those carriers where manufacture by the Italian firm is 100% of all components, the fee is slightly over \$1400 per carrier. Where all items are ordered by the U.S., the fee is zero. It is understood that the Italian firm intends to order fifty carriers, disassembled, during the last half of Calendar Year 1963. This will permit the firm to make some token deliveries



to the Italian Army after delivery of the last of the 1,000 Carriers in June 1963 from U.S. production under the purchase program signed in November 1962. During this period, the Italian firm intends to tool up and be capable of producing 950 Carriers, partly with Italian components and partly from U.S. components, during CY 1964. Another 1,000 Carriers are intended to be produced during CY 1965 and possibly an additional 1,000 Carriers during CY 1966.

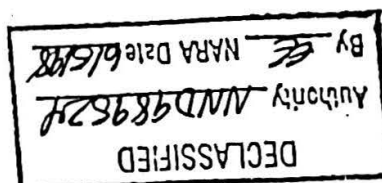
- M. Immediately following the industry-to-industry arrangement in January, 1963, an informal request was submitted to permit nine Italian technicians to visit FMC in California to obtain detailed production and cost data so that an over-all cost estimate could be provided to Italian MOD Andreotti for his February Meeting with Deputy Secretary Gilpatric. The President of FMC Corporation, despite his signed contract with OTO-MELARA, refused to permit the transfer of such information without formal approval of the U.S. Department of Defense. In response to his telegram to Mr. Gilpatric, such approval was granted. These technicians have gathered the necessary production and cost data and are submitting their cost estimates to Italian MOD Andreotti.

ANTICIPATED FUTURE EVENTS:

- A. It is anticipated that, regardless of any cost differentials contained in the cost estimates submitted to Mr. Andreotti by Italian industry, Mr. Andreotti will request that a co-production program for the furnishing of M-113 Carriers for the Italian Army be consummated.
- B. To the above end, a government-to-government agreement should be consummated, outlining the responsibilities of each government and the general terms under which such a program will be implemented. (It is expected that, despite last-minute changes, an agreement will be fully coordinated with the U.S. DOD and the Italian MOD and be ready for Mr. Gilpatric's signature when he arrives in Rome.)
- C. Following the government-to-government agreement, formal industry-to-industry arrangements should be submitted to each Government for review and approval to insure that the co-production program will be carried out in an equitable and expeditious manner.
- D. Each Government should then exercise such monitorship over the industry-to-industry arrangements as to insure the successful implementation of the program.

Cleared by:
OASD/I&L (Mr. DeSilva)

Prepared by: Mr. P. A. Gerardi
OASD/ISA/ILN
30 January 1963



Mr. Gilpatric's Visit to Rome
11-12 February 1962

Possible Sales of M-113 Carriers and Spare Parts From
Italian Production

During the discussions on the M-113 co-production program or on the general subject of cooperative logistics, Minister Andreotti may express an Italian desire to sell M-113 Armored Personnel Carriers or spare parts for such Carriers to the U.S. or other users starting in CY 1965. (Representatives of OTO-Melara, the government-owned firm selected by the Italian Government, have already broached this subject to OSD representatives and MAAG, Italy believes the question may arise.)

It is recommended that he be advised as follows:

"The United States has produced many thousands of these personnel carriers and will probably continue to produce them for some time to come. In view of the high inventory of Carriers and parts that we will have for many years and, since we now have in the United States, two production sources for the vehicle, it is unlikely that production capacity in the United States will be curtailed for many years. However, I would not want to discount the possibility that there may come a time when purchases might be made from Italian sources."

"With respect to the provision of spare parts for M-113 Carriers in the hands of other countries, the United States will of course continue to supply such parts from United States production in the case of countries receiving grant aid from my government. Where countries intend to purchase Carriers or spare parts, the question should be taken up on a case-by-case basis. In the final run, the selection as to where purchases are made will probably be determined on the basis of the lowest price and the quickest delivery times available from the several sources."

Cleared by:
OASD/I&L (Mr. DeSilva)

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By NARA Date 6/6/88

Prepared by: Mr. P. A. Gerardi
OASD/ISA/ILN
30 Jan 63

STATEMENT
BY
MR. ROSWELL L. GILPATRICK
DEPUTY SECRETARY OF DEFENSE
UNITED STATES
IN
ROME, ITALY
AND
BONN, GERMANY
11-12 AND 13-14 FEBRUARY 1963

F-104G LACK OF ALL-WEATHER CAPABILITY

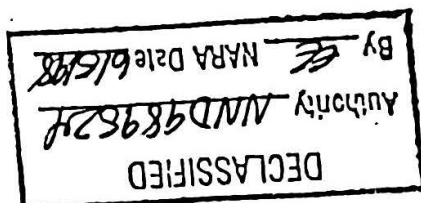
I. Introductory Statement.

The F-104G airplane, as currently configured, is not an all-weather interceptor. This arises from lack of compatibility between the present NASARR (North American Search and Ranging Radar) and any of the all-weather air-to-air missiles, coupled with the fact that the Consortium has not determined the all-weather missile that is to be employed in conjunction with the NASARR fire control system.

II. Discussion.

The production program in Europe is considered to have made excellent progress, especially when considering the number of nations producing the airplane.

The airplane will be effective in the strike, close support and reconnaissance roles. The airplane could be made effective as an all-weather interceptor. Expenditure of considerable additional development money is required to develop this capability. However, as now configured, the F-104G is an excellent clear air mass interceptor and has a limited all-weather capability similar to the F-86D/K with guns and 2.75" rockets.



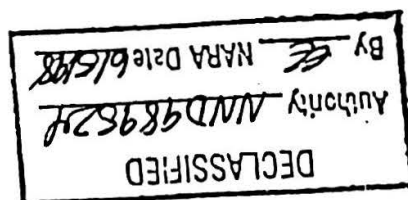
The most compelling problem before us, if it is decided to develop a fully integrated air to air all-weather capability for the air defense roles in NATO, is that of seeing that reliability of the electrical components is materially improved. There have been several improvements developed and incorporated into the NASARR during the last 18 months. Through these measures reliability and maintainability have been improved by 50%.

Increasing the performance and reliability of the NASARR will not provide full all-weather capability unless an all-weather missile is integrated into the weapon system.

It is my understanding the four Consortium staff representatives met last December and again in January to discuss the air defense role of the F-104G with the objective of reaching a joint four-country position on all-weather modifications to the airplane and subsequent to a meeting scheduled to be held in Rome on 26 February a joint position will be presented to SHAPE for consideration.

III. Conclusion.

I consider it essential that the Consortium develop, with U.S. assistance as required, reasonable performance specifications for the NASARR so that the Consortium will have a solid base from which to exact contractor compliance. Increasing the performance of the NASARR is needed regardless of forthcoming country decisions on the all-weather missiles and modifications to the airplane for this capability.



Technical arrangements between the USG and Consortium countries provide that the Consortium produced aircraft will have an all-weather strike and an all-weather interceptor capability. The fundamental requirement to provide the F-104G with an all-weather capability is an all-weather missile with associated modifications, the results of the Consortium air staff meetings and SHAPE's consideration of the four-country position will be the deciding factor on a course of action to provide or not provide the F-104G with an all-weather interceptor capability.

Based on the results of the Consortium meeting, joint country decisions, and SHAPE recommendations, the USG would consider a request to participate in an improvement program to provide an integrated all-weather system for U. S. MAP F-104G airplanes.

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By: [Signature] NARA Date: 6/5/88

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MR. GILPATRIC'S VISIT TO ROME

11-12 February 1963

F-104G LACK OF ALL-WEATHER CAPABILITY
(Background Paper)

The requirement for this paper stems from a conversation between the Minister of Defense of Italy, Mr. Andreotti; Secretary McNamara and Assistant Secretary Nitze on 13 December 1962 at the NATO Building, Paris, France, where "Mr. Andreotti then referred to a concern that the F-104G's would not be effective as all-weather fighters. Mr. McNamara said he would have to prepare himself on the question and would talk to Mr. Andreotti about it later."

The Air Defense posture of NATO Forces is presently being studied. Most recent information is contained in a Weapon System Evaluation Group (WSEG) study, "Aspects of NATO Air Defense", Report No. 67, 15 November 1962, TOP SECRET, prepared as a result of Sec/Def's memorandum of 2 October 1962.

Final evaluation of this study has not been completed by JCS. Nevertheless, it points up the fact, and is in consonance with the German position (see attached cable from Bonn) that the air defense posture in NATO and weapon system requirements are in need of reassessment.

Inasmuch as the major financial burden in the Consortium occurs to the FRG, the substance of the paper is also applicable to the FRG.

It would be helpful if Mr. Gilpatric could bring up the question of the F-104G AWX capability with the FRG. We need to know what their plans are in this regard. We have heard all kinds of figures.

- a. In Triennial Review FRG requested that AWX Squadrons be reduced from 8 to 4.
- b. They want to reduce numbers of FRG AWX aircraft from 225 to 191. They want to increase numbers of strike aircraft.

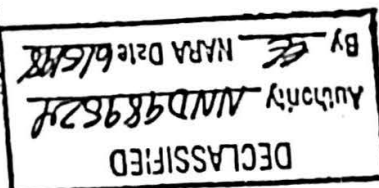
We have further heard that FRG AF is considering eliminating AWX entirely. This would be at variance with technical arrangements. Just what are their plans?

The technical arrangements between the USG and Consortium countries positions which are quoted in a cable from Mr. Levy, DEFREPNAME, to Secretary McNamara, prescribe the aircraft produced by the Consortium countries will be configured for the all-weather interceptor missions. (see attached DEFREPNAME cable)

Attachment: a/s

Prepared by: MA Planning Div.
Col C. R. Tankersley
29 January 1963

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COORDINATION:

Air Force - Brigadier General Kingsley

Joint Staff- Major General Callahan
Colonel Rasmussen

EurReg - Colonel Radtke
Lt Colonel Duff

DMA - General Wood (informed)
Brigadier General Steel (informed)

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By: [Signature] NARA Date: 6/15/88

NA 14070 (9-87)

SECRETMR. GILPATRIC'S VISIT TO ROME11-12 February 1963(Background Paper)ITALIAN DEFENSE EFFORT AND ECONOMIC CAPABILITIES

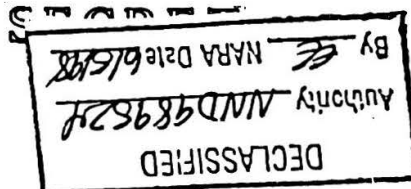
Estimated Italian defense expenditures for 1963 of \$1.4 billion will be about 4% greater than for 1962, thus continuing the trend established over the last several years and currently projected for the future. Expressed as a percentage of gross national product (GNP), however, 1963 expenditures will remain at about 3.6%, well below the high of 4.5% in 1951, which marked the beginning of the re-establishment of the Italian Armed Forces.

Currently planned defense budget increases of about 4% annually are little more than adequate to meet rising operation and maintenance costs over the years ahead. An estimated additional \$2 billion is required to bring Italy's 1966 forces up to established NATO equipping standards. To meet this modernization requirement, two significant steps have been taken, the financing of which has not yet been included in budget projections. First, late in 1961, the Italian Defense Ministry was authorized to incur obligations of up to \$275 million, over and above the basic budget, for procurement from Italian industry of critically needed materiel to be delivered over the succeeding three years, but for which payment would extend over a six-year period. Secondly, in November 1962, Italy entered into a credit arrangement with the U. S. whereby payment for \$125 million of U. S. defense articles and services plus about \$11 million in interest charges will be made over a five-year period.

Both of these measures are obvious steps in the right direction. They will, in fact, have the effect of forcing budget increases larger than those now planned. However, with remaining deficiencies in excess of \$1.5 billion and with the U. S. hopefully seeking continuing defense sales to Italy at an annual rate of about \$100 million, it is equally clear that even greater efforts on the part of Italy are both necessary and deserving of the strongest encouragement. The magnitude of the financial effort required is in the order of a 20% increase over the current defense budget and sustained annual defense expenditures at no less than 4% of GNP.

The significant yet modest increase in the defense effort now underway was generated initially as Italy's response to the threatening Berlin situation in 1961. This response was generally good; and consistent with U. S. views as to what was required under the circumstances. It served also to reawaken Italian authorities to the serious deficiencies already present within the defense establishment, and to the even greater problem of modernization that lay ahead. The momentum thus developed and a subsequent recognition by Italian authorities of the seriousness of the U. S. balance of payments problem were major factors leading to the \$125 million purchase from the U. S.

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Principal current and projected deficiencies in the Italian Armed Forces are: operational reserves of equipment and supplies, logistical support units, technically trained and trainable manpower, and an ever-increasing obsolescence in such basic major equipment categories as armored vehicles, artillery, aircraft and ships. These deficiencies are certainly apparent to Italian authorities; and there are indications that insofar as they are willing to do something about them, priority will be accorded to improvement in conventional forces. Thus, it would seem that a good foundation exists for further increases in the Italian defense effort; the fundamental problem remains one of developing the necessary political determination to proceed.

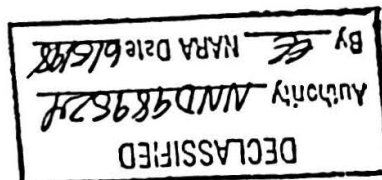
An indication of the capability of the Italian economy to sustain a defense effort of the magnitude required, together with some of the difficulties that may be encountered, is presented in the following paragraphs.

Since 1951, Italy's GNP has more than doubled to an estimated \$40 billion for 1963. This continuing advance reflects one of the highest growth rates in Europe, averaging 5 to 6 percent per year. The largest expansion has taken place in the industrial sector, which has shown an average annual increase of 7 to 8 percent. After reaching a spectacular rate of about 17% in 1961, industrial activity has somewhat slackened; but production still stands at more than twice the pre-World War II level of output, despite considerable war damage to plants and facilities.

The Italian Government has pursued careful trade and fiscal policies during the post-war years, making the lira one of the most stable currencies in Europe. Since 1949 the lira has not changed appreciably in value from the present rate of 625 to the dollar. At the moment, the net gold and foreign exchange reserves are well above three billion dollars, among the largest national reserves in the world.

Balancing these favorable aspects of the Italian economy are a number of chronic problems. Although great success has been achieved in recent years in reducing unemployment, it still hovers around the million mark, or about 5% of the total labor forces, with a much larger number estimated to be under-employed. The per capita gross national product is still among the lowest in Europe, averaging slightly less than seven hundred dollars. There is a continuing wide divergence between average income for northern and southern provinces, despite large government and government-sponsored investment and development in the south. Average incomes in northern provinces run about double those in the south and, in extreme cases, even five times as much.

There is also an enormous disparity between income levels within the population, and striking evidence everywhere of luxury and even opulence among the most-privileged classes. Moreover, resistance to payment of direct taxes, particularly income taxes, has tended to heighten government



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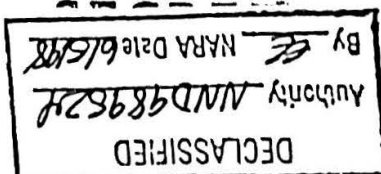
reliance on indirect taxes, which provide about three-quarters of state revenue. Although great improvement is being made and the percentage of revenue from income taxes is constantly increasing, the alleged inequity of the Italian tax system is the object of persistent criticism by progressives and leftist forces who demand structural reform of the economic system.

Italy should be able to allocate greater resources to defense when its GNP has doubled and its gold and short-term dollar reserves have risen from \$571 million in 1950 to \$3.3 billion today. This wealth should permit Italy to meet its essential defense requirements without outside assistance. However, the pressures on the government to use public funds for pressing socio-economic purposes are so great, and the importance of its doing so in order to maintain at least the degree of political stability it has today so vital, that it will be difficult to secure annual increases in defense funds sufficient to meet forecast needs. Such pressure, increasingly strong during the past several years, has become nearly irresistible since Premier Fanfani embarked upon the adventurous "opening to the left" in March 1962. While this uneasy arrangement with the Italian Socialists has not yet resulted in any disservice to Italy's Western orientation or to its ties to NATO, the many programs now competing for government expenditures may tempt some Italian politicians to revise the high priority formerly given to defense and to NATO.

Attached is a tabulation of pertinent economic data.

attachment:
as stated

Prepared by: Lt.Col. D.D. Duff
European Region
OASD/ISA
Revised: 28 January 1963



SECRETMR. GILPATRICK'S VISIT TO ROME, BONN AND MADRID

11 - 17 February 1963

DISARMAMENT AND ARMS CONTROL

(Background Paper)

General and Complete Disarmament (GCD). This remains the primary objective of the Geneva Conference. Since submission of the USSR and US proposals in March and April of 1962, there has been little tangible evidence of progress in this area. Thus far, the US and USSR co-chairmen have developed a draft of the first four articles of a joint GCD treaty. However, the bracketed (unresolved) treaty language in this draft still reflects some of the major points of disagreement which are: elimination of all foreign bases and nuclear delivery vehicles in Stage I; extent of personnel reductions in the Defense establishments; and the time required to carry out treaty provisions.

A change in the Soviet demand for elimination of all nuclear delivery vehicles, during the first stage of a GCD treaty, was indicated last fall when Gromyko told a UN audience that the USSR was willing to agree to the retention of a limited number of intercontinental missiles, surface-to-air missiles, and anti-aircraft missiles. Although the matter was not developed in the subsequent session of the Geneva Conference, it is possible that the post-Cuba atmosphere will provide a propitious atmosphere for a substantive arms control discussion. The US position, based on 30% across-the-board cuts, remains in force.

Nuclear Test Ban. Efforts have included US offers of a comprehensive agreement, involving on-site inspection of underground testing, as well as a limited agreement which prohibited testing in the atmosphere, in outer space and underwater, but did not involve on-site inspection. The Soviets have rejected both offers insisting on a comprehensive treaty without on-site inspection. Their proposal is, of course, unacceptable to the United States.

DOD works very closely with ACDA in evaluating test ban proposals. In this regard the Defense Department has been given the responsibility for implementing a program of study and experiment relating to our capability to detect nuclear tests despite efforts to conceal them by decoupling or shielding. Within DOD this program (Project VELA) has been carried out by the Advanced Research Projects Agency. AEC and NASA have coordinated with the Defense Department in supporting this program.

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Measures to Reduce the Risk of War: A brief on three measures (exchange of missions, direct communications, advance notification) has been circulated at Geneva on December 12 after consultation among the Western Four at Geneva and consideration by NAC, both of which were favorable. The Soviet delegation was advised that the US is interested in serious discussion on hot line communications, exchange of military missions, and advance notification. The Soviets have not given any definitive response. The position paper on advance notification of military movements and maneuvers is in abeyance since the JCS have basic objections to the concept. It is expected that an acceptable version of advance notification will be approved by the JCS before the end of January. The position papers on exchange of missions and direct communications are ready for formal discussion in NAC and will probably be forwarded prior to the resumption of the ENDC in February.

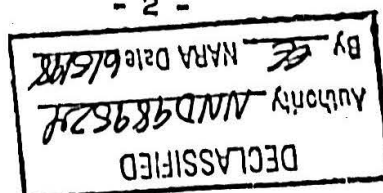
Future Developments. There is little hope that the discussion of the present GCD proposals offered by the US and the USSR will bring significant results in the near future. One reason is that both sides have taken positions of such a nature that any real movement would appear to involve a major concession. A more compelling reason is that the GCD proposals are so inclusive that progress is frustrated by the attempt to reach agreement on all issues. Even Stage I of the US treaty outline of 18 April 1962, were it in fact separable from the complete proposal, is itself too inclusive for fruitful negotiation. Accordingly, a limited proposal has been produced within DOD, with the purpose of facilitating rapid agreement by virtue of its essential simplicity.

It is expected that a USG position on the proposal will be forthcoming following the Principals Meeting now scheduled for 7 or 8 February.

On Nuclear Test Ban. It is understood that Mr. Foster (ACDA) will carry on private negotiations with the Soviets in New York beginning the week of 14 January 1963.

Prepared by: Cdr. E. Kline, Jr.
OASD/ISA
Arms Control
29 January 1963

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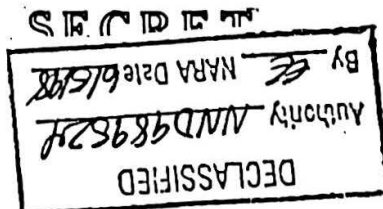


MR. GILPATRIC'S VISIT TO ROME
11-12 February 1963

LIST OF ADDITIONAL BACKGROUND MATERIAL
(Separately Available in Rome)

- A. Jupiter Back-up Material
 - 1. MemCon, Secretary McNamara-Minister Andreotti, Paris, December 1962
 - 2. Replacement of Jupiter, Sub-Group J Paper.
 - 3. MemCons, Prime Minister Fanfani visit, January 1963
 - 4. Jupiter and Related Actions, Sec Def Memorandum to JCS
 - 5. Jupiter Withdrawal Planning, Ass't Sec/Def(ISA) Memo to JCS
 - 6. Use of Jupiters in European Space Program
- B. Andreotti letters to Sec Def on Nuclear Propulsion and M-113 Co-Production
- C. Nuclear Cooperation with Allies, JCS Memo to Sec Def
- D. Nuclear Cooperation with Allies, Exchange of Correspondence between Deputy Secretary Gilpatric and Mr. Alex Johnson
- E. U.S. Cooperation with Italy in the Civil Uses of Atomic Energy
- F. Cost Data on Polaris for Garibaldi
- G. F-104G Briefing Brochure
- H. MemCon, Minister Andreotti Visit to Washington, October 1962
- I. MemCon, Admiral Giuriati Meeting with Mr. Gilpatric, November 1962
- J. Fanfani Visit Briefing Material

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2d DRAFT/Mr. Walstrom/mcm/6 Feb 63

Return to [unclear]

opportunity to participate, within their capabilities, in this effort of
NATO defense. We consider the **STATEMENT** realization of this effort to
be of paramount importance. **BY** *NOT FINAL*
MR. BOSWELL L. GILPATRICK only does it provide
DEPUTY SECRETARY OF DEFENSE
UNITED STATES
IN
ROME, ITALY
11-13 Feb 63

COOPERATION WITH ITALY IN NUCLEAR SUBMARINE PROPULSION

The foregoing considerations, among others, have required us
to re-I. **Introductory Statement** *lower* for nuclear propulsion cooperation
with Italy. As promised earlier, we have given careful consideration to the
Italian request for assistance in nuclear submarine propulsion development.
Prior to, and more specifically following, the receipt of Defense Minister
Andreotti's letter of December 4, 1962 to Secretary McNamara, we had been
seeking at least preliminary means of assuring our cooperation. As a
result of these efforts, ~~two alternative~~ plans for cooperation were

developed which we believed would have been as responsive as possible to
Italian aspirations. *Prior to the completion of Congressional and*
~~These plans had not received Congressional and other~~
Executive branch consultation, however
approval when it became necessary to formulate new, and, we believe,
cooperation
~~more forward looking nuclear assistance policies~~ *ie. flowing from the*
~~Nassau Agreements. These~~ *us that it was not appropriate to*
~~at the present time.~~ *for bilateral assistance in submarine propulsion*

NATO II. Discussion

to conventional development and improvement.
We are aware that US policy decisions underlying the Nassau Accords with the UK
were made with the other members of the Alliance very much in mind.
Consequently, the multilateral, mixed-manned component of the NATO Nuclear
Force is being created with a view to assisting

By *[Signature]* NARA Date *6/15/88*
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Reference also included to [unclear] merchant vessel and [unclear]

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III. Conclusion
 opportunity to participate, within their capabilities, in this aspect of Italy has an essential role to play in supporting the NATO defense. We consider the successful realization of this force to be of preeminent importance to the Alliance. Not only does it provide an immediate and significant role for Italy, but we believe that as the force evolves over the long term, it may well develop into the primary form of Italian and other European participation in strategic deterrence.

The foregoing considerations, among others, have required us to reassess the plans being developed for nuclear propulsion cooperation with Italy. These plans envisaged (1) Italian construction of a submarine with the US providing the nuclear power plant, or (2) US construction of the complete submarine. The basic cost to Italy for the US contribution would have been on the order of \$30 million or \$70 million, respectively, depending on the plan selected. ~~In no circumstances would~~ ^{The did not} ~~plans~~ ^{plans} contemplating Italian participation in constructing the submarine propulsion power plant.

It became immediately obvious that neither of these plans could ~~be~~ ^{be} expected to result in an early contribution to the development of the NATO Nuclear Force. Instead, there would be a sizeable drain on Italian efforts and resources which we believe should be applied to the NATO Force as well as to conventional force modernization and improvement. We are therefore persuaded that Italy would wish first to establish the amount and nature of ~~its~~ ^{its} participation in the NATO Force, and to reassess ~~its~~ ^{its} conventional requirements, before committing any personnel and funds to nuclear submarine propulsion development.

In this connection, it is pertinent to note that the undoubted heavy demand on Italian financial and technical resources would be a serious obstacle to the development of the NATO force.

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 NARA Date: 6/5/88

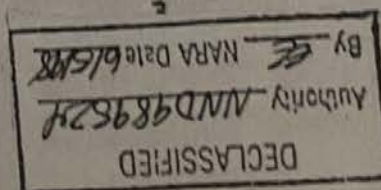
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III. Conclusion

Italy has an essential role to play in supporting the NATO Multilateral Nuclear Force, a role which we regard as a necessary preliminary to steadily increasing cooperation between the US and Italy in nuclear technology. At this juncture, therefore, we would hope that Italy would place all possible emphasis on its participation in the NATO Force and limit its national nuclear efforts to the rather extensive US-Italian industrial cooperation proceeding under the existing Agreement for Cooperation on the Peaceful Uses of Atomic Energy. At some future date, when it becomes possible to perceive more clearly the full range of implications the NATO Force has for all members of the Alliance, we will be prepared to reconsider the adequacy of US nuclear cooperation with Italy.

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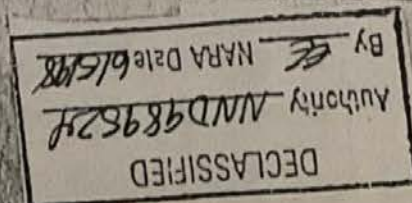
D B A F T/Mr. Malstrom/vh/2/5/63

BACKGROUND

The Italians have made clear their desire to participate actively in the development of a NATO Nuclear Force. At the same time plans for such a force have not deflected them from their immediate desire for US assistance in Italy's ~~submarine~~ ^{submarine} nuclear propulsion development. Prior to the Nassau Accords, the Italians had raised this issue on several occasions, finally embodying a specific official request for assistance in a letter dated December 4, 1962 from Defense Minister Andreotti to Secretary McNamara (On November 19, 1962 Mr. Gilpatric had suggested to Admiral Giuriatti that a US response to Italian aspirations and objectives might best be elicited by such a letter.).

Events culminating with the Nassau Accords have overtaken our earlier deliberate lack of progress on nuclear sharing with Italy and other Allies. Our present policy looking to the establishment of a NATO Nuclear Force, including a multilateral mixed-manned component, constitutes a significant though limited step in the direction of future US cooperation in nuclear technology.

We do not wish to give the Italians the impression that we are less responsive to their interests than to the French. Yet, our principal objective at this time should be to persuade the Italians that because of the changed circumstances following Nassau it has been necessary to reconsider the composite of policies and actions as these may enhance the strength and integrity of the changed Alliance. With respect to Italy, it is our view that those items having highest priority



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in this context are the application of Italian efforts and defense funds to conventional force modernization and improvement and the support of the NATO Multilateral Nuclear Force.

To offer Italy nuclear propulsion assistance for nationally manned and owned vessels could be expected to divert Italian energies and resources to the detriment of the NATO Force. Therefore, the thrust of discussions with the Italians should be that (1) at this juncture we wish to treat nuclear cooperation with Italy within the context of how such cooperation contributes to the support of the NATO Nuclear Force, and (2) the Italians should first establish the amount and nature of their participation in this Force before committing any personnel and funds to the submarine propulsion project. We believe there is a need at this time, however, to demonstrate clearly to the Italians that we have in fact been giving their request the careful consideration we had promised. The position paper therefore indicates that our thinking prior to Nassau had evolved to the point where we had developed two alternative approaches for cooperation. It also points out that we never contemplated collaborating in the construction of a nuclear power plant.

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In addition to seeking direct US assistance in nuclear propulsion,
 the Italians are also studying the possibility of tailoring US-Italian industrial nuclear cooperation to meet their military requirements. At the present time a Trieste firm is in the process of designing a nuclear powered tanker and the U.S. firm, Babcock and Wilcox, is negotiating for the sale of the propulsion reactor. A consortium including EURATOM, ANSALDO and FIAT plans to build a nuclear tanker and FIAT Motor Company has contracted to design a pressurized water reactor. There is also a report that Westinghouse is negotiating the sale of a ^{pressurized} water reactor to an Italian shipbuilding firm in Genoa.

It must be recognized that the sale of commercial reactors results in an increased technical/operational capability by the recipient nation. It is possible, therefore, for Italy in the course of time to translate the Peaceful Uses program of US cooperation into meaningful military application. It is highly unlikely, however, that Italy would seek to purchase a commercial reactor for military purposes owing to the precise legal arrangements governing such transactions. We should therefore encourage the Italians to pursue their present course of national nuclear development for the time being, while not ruling out a willingness to review our present attitude when the NATO Force picture becomes clearer.

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D R A F T
(Pending further clearances)

STATEMENT

BY

MR. ROSWELL L. GILPATRICK
DEPUTY SECRETARY OF DEFENSE
UNITED STATES

IN

Rome, Italy
11-12 Feb 63

US COOPERATION WITH ITALY IN
NUCLEAR SUBMARINE PROPULSION

A. Johnson letter

I. Introductory Statement.

Since receiving Minister of Defense Andreotti's letter of December 4, 1962, the US Department of Defense has been endeavoring to provide a response to his specific request for US assistance in Italy's nuclear propulsion development.

II. Discussion.

We have considered Minister Andreotti's request carefully and have now reached the point where it would be of value to elicit his informal reactions to two alternative plans for US nuclear propulsion cooperation with Italy (attached). It must be emphasized that these are preliminary plans which suggest two possible means of US assistance. They cannot be proposed formally until approved elsewhere in the US Government and following necessary amendments to the Agreement between the Government of USA and the Government of Italy for Cooperation on the Uses of Atomic Energy for Mutual Defense Purposes, executed December 3, 1960. Moreover, because of developments within the Alliance since beginning our study of the December 4 Italian request, it will be necessary to examine carefully in what way, either now or in the future, US cooperation

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with certain Allies in the field of nuclear propulsion might be related to NATO multilateral force concepts. Also we would wish to assess the effect implementation of either plan would have on Italy's ability to assure increased modernization of its conventional forces. The high costs of engaging even in the beginning stages of nuclear propulsion development are obvious and need to be weighed carefully against possibly only marginal benefits for Italy over the long term. This consideration may have become more pertinent because of the active role Italy will be expected to play in the NATO Nuclear Force.

III. Conclusion.

If Minister Andreotti could provide his reactions to the plans, it will be possible to continue consideration of US nuclear propulsion assistance in more specific terms. While no assurances can be given regarding the outcome of these preliminary talks, every effort will be made to respond definitively at an early date. However, Congressional and other approvals of either plan will be required before implementing action can be taken.

Attachment:

Suggested Plans for US Cooperation
with Italy in Nuclear Propulsion Development

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Part of Johnson letter Ref 1

Background paper to be added

STATEMENT
BY
MR. ROSWELL L. GILPATRICK
DEPUTY SECRETARY OF DEFENSE
UNITED STATES
IN
ROME
11-12 FEBRUARY 1963

POLARIS MISSILES FOR THE CRUISER GARIBALDI

I. Introduction

During his visit to Washington in January, Prime Minister Fanfani raised with President Kennedy and Secretary McNamara the question of equipping the cruiser Garibaldi with the Polaris missile for a possible role in the NATO Nuclear Force (NNF) envisaged in the Nassau Accords. It was agreed that serious consideration should be given to this matter.

II. Discussion

It is contemplated that detailed discussion on all aspects of the NNF will be initiated among NATO authorities in Paris about mid-February, with the objective of reaching the earliest possible agreement to proceed with the project.

It would seem entirely appropriate that the question of the Garibaldi's possible role in the NNF be fully explored during these discussions. There are certain pertinent considerations which will need to be dealt with in the course of these discussions. Among them are: the relative merits of surface and subsurface vessels in terms of cost/effectiveness, vulnerability, logistical and operational factors.

While recognizing that employment of Garibaldi in the NNF has certain attractive features, the U.S. notes such disadvantages as: its vulnerability in comparison with submarines, the relative inaccuracy of navigation with a

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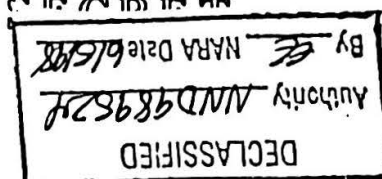
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consequent limitation of practical operating area, inadequate on-station endurance, small missile contribution, technical alteration required to accommodate and support the missiles, and the requirement for something in excess of one full crew, preferably duplicate crews. There would be the further disadvantage, common to any dual purpose ship with nuclear capability, of inability to function in one capacity without jeopardizing the effectiveness of the other.

For the information of Italian officials in considering the above and other factors, preliminary U.S. estimates of the cost of equipping the cruiser Garibaldi with Polaris missiles range from a low of about \$35 million to as much as \$95 million, depending upon the capabilities to be achieved.

III. Conclusion

Italian authorities should further explore, during the NATO discussions about to get underway in Paris and subsequently in Rome, the feasibility of accommodating Garibaldi in the NNF.



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MR. GILPATRIC'S VISIT TO ROME

11 - 12 FEBRUARY 1963

POLARIS MISSILES FOR THE CRUISER GARIBALDI
(Background Paper)

Summary

The U.S. position on this subject as adopted by Sub-Group IV (NATO Nuclear Force) is as follows:

"A relevant consideration in the submarine-surface ship choice is the probability that the Italians may desire to make some or all of their contribution in the form of the cruiser Garibaldi, and at least two other ships now planned with possible Polaris capabilities.

"Incorporation of this, and possibly other similar ships, into the integrated force would increase the sense, as well as the actuality, of Italian participation and would therefore bind Italy more securely to the venture. It would be essential, of course, that these ships be subject to the same multilateral ownership and manning as other elements of the mixed force; otherwise their use would give remaining members, particularly Germany, a feeling of fifth class citizenship which would probably be fatal to prospects for an integrated force.

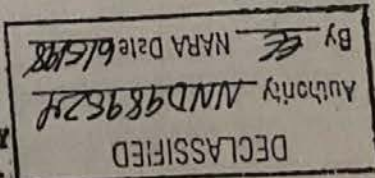
"Militarily, the disadvantages of Garibaldi over the short term, are appreciable. They include relative inaccuracy of navigation with a consequent limitation of practicable operating area, close tie-in of logistic support with the Italian logistic system, inadequate on-station endurance, small missile contribution, the technical alterations required to accommodate and support the missiles, and the requirement for something in excess of one full crew, preferably duplicate crews. There would be the further disadvantage, common to any dual purpose ship with nuclear capability, of inability to function in one capacity without jeopardizing the effectiveness of the other.

"On balance, it would seem that the problems requiring solution in order to make the Garibaldi quickly usable are too great to justify the necessary funds and effort. However, it will probably be necessary to agree to full study and consideration of the Garibaldi as part of the integrated force."

Discussion

From the Italian point of view, the acquisition of Polaris missiles for the Garibaldi is attractive not only as a relatively quick means of gaining Italian entry into the NATO Nuclear Force (NNF), but also as an excellent substitute for the Jupiters which would insure Italy's continued associate membership in the nuclear club. Certainly, Italy would be willing to place Garibaldi under NATO command by subscribing the vessel to the NNF, and to

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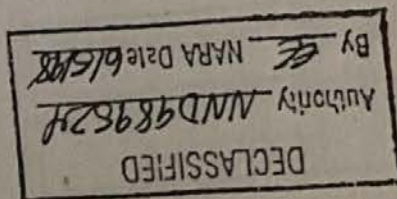
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accept a U.S. warhead custodial team. There could well be resistance, however, to both international ownership and mixed-manning; the former for reasons of national pride; the latter on practical considerations (the Italian CNO has expressed some skepticism as to the feasibility of mixed-manning). Moreover, in view of the substantial investment already made in providing the vessel with at least the rudimentary elements required to accommodate Polaris missiles, it is doubtful that arguments against the project based on cost/effectiveness will be too persuasive. Having come as far as they have, almost entirely on their own, the Italians could only view completion of the project as both reasonable and logical, even at considerable additional cost (U.S. estimate: \$35 million to \$95 million, depending largely on the degree of sophistication desired to be obtained).

While providing no direct assistance in configuring Garibaldi for Polaris, the U.S. Navy has shown continuing professional interest in the project even since its inception shortly after the U.S. offer of cooperation with Allies in the nuclear field made at the NATO Heads of Government meeting in December 1957. The installation was successfully demonstrated last fall to U.S. Navy authorities, who were particularly impressed with the relative simplicity and novelty of the steam-powered launch mechanism. It is also acknowledged that the Italian substitute for a really effective navigation system is by no means completely ineffective. Lacking the sophisticated system employed by U.S. submarines, the Italians have established a series of positions or fixes along the coast of Italy sufficiently numerous to keep the Garibaldi always within no more than two hours of a launching position. While obviously somewhat primitive by U.S. standards, such a system would permit Garibaldi to serve as a Polaris launching platform, more or less effectively, insofar as navigation is concerned.

Regarding on-station endurance, Garibaldi's inadequacy is relative: While the vessel cannot successfully compete with nuclear submarines on this factor of endurance, she can nevertheless operate for about 20 days at 20 knots or about 40 days at 15 knots. And as to crew requirements, the less rigorous conditions prevailing on a surface vessel in comparison with a submarine would permit something less than a full duplicate crew: perhaps no more than a 25% augmentation.

Aside from the question of cost/effectiveness, Polaris for the Garibaldi is most objectionable from the U.S. point of view because of its potentially harmful effects on establishment of the truly multilateral, mixed-manned force. More specifically, there is the problem of preventing such a project from giving Italy, in appearance if not in fact, some sort of preferred status over, for example, Germany. The project would also invite serious repercussions from the Turks who could well construe it as an unfair advantage to Italy over Turkey in the matter of adequacy of a replacement for Jupiter missiles. Unfortunately, these very features that make the venture objectionable to the U.S. are likely to be viewed in an entirely different light by the Italians and add considerably to its attractiveness to them.



Conclusion

Because of the peculiar attractiveness of this project to Italy, the U.S. must be particularly careful in resisting it, lest in so doing we dampen Italian enthusiasm for the NUF concept itself. Therefore, for the present at least, our positions should be that the question of Polaris for the Garibaldi merits complete airing in the forum of NUF discussions about to be initiated by the Merchant-Smith Lee Group. In these discussions it will be necessary to weigh carefully the potential impact of the Garibaldi project on German participation in the NUF and on possible Turkish reaction associating the project with removal of Jupiter missiles.

Clearances:

Pol. Plans - Capt Cotton and Col Burke
 Navy Capt Howell (01605D)
 State -

Prepared by: LtCol D.D. Duff
 European Region
 OASD/ICA
 7 February 1963

