

**July 1, 1975**  
**Notes and Agenda Related to Israel-South Africa  
Meeting in Lisbon**

**Citation:**

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**Summary:**

Meeting notes and accompanying documents on Israel-South Africa (ISSA) meeting.

**Credits:**

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**Original Language:**

English

**Contents:**

Original Scan

MEETING TO BE HELD AT ARMAMENTS BOARD BANK OF LISBON  
CENTRE, 16TH FLOOR, CONFERENCE ROOM, AT APPROXIMATELY 11h00  
ON TUESDAY 1ST JULY 1975, TO DISCUSS SECURITY MATTERS

PRESENT:

MR I Ironi  
MR J Shapiro

GEN H de V du Toit  
GEN I Lemmer  
BRIG D Bielich

PROF H J Samuels  
PROF P W Hoek  
MR J F H Jagoe

SECRETARY:

MR P C H Frylinck

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A G E N D A

SECURITY MATTERS

1. Schedule the writing of the procedures.
2. Determine participants by name.
3. Determine responsibilities and channels of communication.
4. Agree upon interim procedures.

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MEETING TO BE HELD AT ARMAMENTS BOARD, 16TH FLOOR,  
ROOM 1604, CONFERENCE ROOM, AT 15h30 ON WEDNESDAY,  
2ND JULY 1975, TO DISCUSS THE POSITION WITH RESPECT TO

1. The use of Yamco Personnel on studies to be made in R.S.A.  
on Log-Sup.
2. The problems in establish the Navy team in Israel.

PRESENT:

MR I Ironi  
MR J Shapiro

PROF H J Samuels  
MR F Bell  
MR P Smith  
MR W Venter  
MR J F H Jagoe

GEN H de V du Toit  
ADM Biermann  
GEN I Lemmer  
BRIG D Bielich

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Background information for discussion on the use of Yamco personnel:

1. Minute from 2nd ISSA-Meeting.
2. Letter by Mr W Venter to IAI
3. Extract of minute that can be misinterpreted.

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Background information for discussion of the problems encountered by the S.A. Navy team in establishing themselves in Israel.

Note by Mr W Venter.

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2. APPROVAL OF MINUTES

2.1 Ministerial Meeting held on 4.6.1975 *12/2m*

The meeting noted a statement by the Chairman that the minutes of the Ministerial meeting held in ~~Israel~~ *Zurich* on 4.6.1975 have been returned to Israel after perusal by Minister P W Botha.

Certain minor connections in language only were suggested.

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3. MATTERS ARISING FROM THE MINUTES3.1 FINANCIAL MATTERS3.1.1 Financial Agreement

The meeting noted a statement by the Chairman that a draft Financial Agreement had been prepared.

(Copies were made available to the Israeli representatives for study).

It was agreed that the matter be discussed further on Tuesday, 1st July 1975.

It was further agreed that Lt Gen Pienaar attend discussions in this regard.

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3.3 : Terms of Reference

The meeting noted a statement by the Chairman that certain minor alterations have been suggested.

The suggestions are contained in the paper before the Committee.

It was agreed that the matter be discussed further on Tuesday, 1 July 1975.

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3.4.2. : L.R.B.M. (already talking about it)

It was agreed that this matter stand over for discussion  
on Thursday, 3 July 1975.

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The meeting further noted -

- (i) that paragraph 10 was not clear to Israeli representatives, whereupon it was agreed that the matter be further discussed on Thursday, 3 July 1975, in order to await developments with regard to the Minister's letter;
- (ii) an explanation by Mr Shapiro, with regard to paragraph 13, that Cane is contemplating to embark on a very ambitious programme and that a proposal has been made to the RSA to participate, whereupon it was agreed to discuss the matter further on Thursday, 3 July 1975, when Armscor matters receive attention.

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The meeting closed at 17h30.

APPROVED

SECRETARY: .....

*R.H. Juylinde*

CHAIRMAN: .....

DATE: .....

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TOP SECRETRULES OF PROCEDUREANNEXURE B

In order to maintain control and co-ordination over all activities approved by ISSA, the following procedure will be established and adhered to:

1. Authorisation of new subjects

Requests originating from R.S.A. will be channeled through the Head of Technical Mission, Armaments Board to Defence Sales Office in the M.O.D. for approval, dissemination and action.

2. Purchases in Israel

Request by A.B. to purchase from Israeli Defence Industries, after being approved by M.O.D. will be transmitted to the Industries, with authorization to negotiate. The A.B. will be notified of such authorization for negotiations and execution may then commence by A.B. or other body (e.g. NIDR or Armscor or an Armscor subsidiary).

3. Financial consideration

All financial aspects will be governed by any existing umbrella agreement between A.B. and M.O.D.

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4. Purchases from other sources

Requests by A.B. for purchases from other sources (non Israeli) will be processed directly by the M.O.D./Defence Sales Office in response to A.B. specific request.

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5. Documentation

Copies of orders or contracts will be forwarded to

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6. Communication channels

All communications will be channeled through or with a copy to M.O.D. mission, Pretoria.

7. Approving and Co-ordinating visits to Israel

Requests for visits on new or unapproved subjects from R.S.A. to the Defence Establishment or Industries will be made to Defence Sales Office, for authorisation and co-ordination as applicable. (Excluding purely military visits which will be processed through the military channels.)

Visits on approved subjects will be negotiated direct with copy to Defence Sales for co-ordination and assistance as may be necessary (e.g. where I.D.F. may be involved).

8. Security arrangements

All activities between the R.S.A. and Israel Defence Establishments and Industries are automatically covered by the SECMET Agreement.

Note: The term "purchase" implies all activities which might result in a Contractual undertaking.

All communication to M.O.D. will be channeled through M.O.D. mission for dissemination.

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3.7.1 [REDACTED] JAPONICA

AB reports that [REDACTED] already ordered are all long range. Offer for short. [REDACTED] not received as yet.

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NOTE FOR ISSA MEETING

DISCUSSIONS IN CONNECTION WITH JAPONICA PROJECT

SUBJECT

1. Establishment of A.B. team in CANE.

Minister of Defence ISRAEL will represent A.B. for purposes of erection of the required building at ISL.

Minister of Defence will actually sign the agreement which will have been negotiated in full by A.B.

A back to back agreement will be entered into between A.B. and to guarantee M.O.D's committment.

Mr Ironi confirm that such an arrangement will apply to all such type of contracts. He confirmed that M.O.D. will firstly endeavour to arrange for IAI to fulfill this function if they do not find it possible M.O.D. will assist.

Col. Mar<sup>ee</sup>~~ais~~ mentioned the question of personal accommodation.

It is confirmed that no assistance is required from M.O.D in this connection.

The S.A. Consulates legal advisor has agreed to assist

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the negotiations and IAI have agreed to serve as guarantor  
A.B. will furnish a back up guarantee to IAI.

Mr P Smith will arrange a suitable back to back agreement  
with M.O.D. to cover their undertakings on A.B.'s behalf.

Adm. Biermann

The Admiral reaffirm that the same problem of legal status  
applies to the SAN team which is being established in Israel.

Mr Ironi confirms that the same arrangement as is offered for the  
A.B. team will be available for the SAN team.

Mr Smith proposes retaining the services of the legal advisor  
by means of an honorarium.

It is agreed that A.B. will retain the services of the legal  
advisor for the use of both parties. However the A.B. and  
SAN representatives will initiate and negotiate the various agree=  
ments.

Mr Smith will discuss this matter with Comptrol **DEFENCE INTELLIGENCE**  
Adm Biermann informed. **DECLASSIFIED**

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Admiral Biermann requests M.O.D. advice whether it may be ad=  
visable to erect a school for the S.A. personel. **F SMIT**  
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M.O.D. Mr Ironi approves of the idea and confirmed that there

Admiral Biermann raises the question about income tax for private individuals. Mr Ironi confirms that if necessary he would personally take up the matter with that treasury.

Mr Ironi suggest issuing diplomatic passports.

A.B. confirm that the men would not be allowed diplomatic passports.

Consideration would be given to the status of the official passport.

Gen Lemmer confirm that official passports are not issued because of security reasons.

He undertakes to investigate the possibility of issuing official passports.

Mr Ironi undertakes to investigate the matter of passports in Israel.

Gen Lemmer will liaise with the Israel officials on his next visit.

In reply to a question of transfer of goods Gen Lemmer informs the meeting that CSI will undertake all transfers to Israel.

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## 2) Use of Local consultants

It is agreed that the covering factor is the security aspect.

Mr Ironi confirm that if the people are employed in a temporary basis on time limited control if for example M.O.D. would prefer to have first refusal. There is however no principle objection to the entracting consultancy services, provide M.O.D. is informed and can exercise first refusal.

## 3) Procurement Policy

Mr Bell inform the meeting about the present procedure for procurement of ships equipment.

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## ESCALATION

Agreed that for all future contracts with the Israeli Military Industries price variation shall be arrived at on the following basis.

$$P_i = P_o + (P_x - P_o) \frac{R_o}{R_i}$$

$P_i$  = Adjusted Price

$P_o$  = Contract Price

$$P_x = (M + 5\%) + (L - 5\%) \frac{W_i}{W_o}$$

where  $M$  = Percent material of contract price.

$L$  = Percent labour of contract price.

$W_i$  = Weighted average of official published indices for labour in Israel applicable to each contract.

$W_o$  = Official index for labour on date of offer of contract price.

$R_o$  = Rate of Exchange (Selling) between the U.S.A. dollar and Israeli pound ruling on date of offer.

$R_i$  = Rate of Exchange (Selling) between the U.S.A. dollar and Israeli pound on date of payment by the Board against any contract.

Example:

$$P_o = \text{£ } 100$$

$$M = 30\%$$

$$L = 70\%$$

$$W_i = 145$$

$$W_o = 125$$

$$R_o = 4,25$$

$$R_i = 5,65$$

$$\begin{aligned} P_i &= 100 + \left[ (30\% + 5\%) + (70\% - 5\%) \frac{145}{125} - 100 \right] \frac{4,25}{5,25} \\ &= 100 + \left[ (35 + 65) \frac{145}{125} - 100 \right] \frac{4,25}{5,25} \\ &= 100 + \left( \frac{100}{1} \times \frac{145}{125} - 100 \right) \frac{4,25}{5,25} \\ &= 100 + \frac{16}{1} \times \frac{4,25}{5,25} \end{aligned}$$

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*Gen A. de V. du Toit*

MEETING TO BE HELD AT ARMAMENTS BOARD, BANK OF LISBON CENTRE  
16th FLOOR, CONFERENCE ROOM, ON TUESDAY 1ST JULY 1975, AT 09h00  
TO DISCUSS NOTES ON MEETING OF THE HONOURABLE MINISTERS OF DEFENCE  
ON 4 <sup>July</sup> JULY 1975

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PRESENT:

MR I Ironi  
MR J Shapiro

PROF H J Samuels  
PROF P W Hoek  
MR J F H Jagoe

GEN R F Armstrong  
GEN H de V Du Toit  
GEN I Lemmer  
BRIG D Bielich

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N O T E S

OF THE MINISTERS' MEETING PROPOSED FOR  
DISCUSSION BETWEEN THE DELEGATES TO  
THE ISSA COMMITTEE SCHEDULED FOR  
11h00, TUESDAY 1ST JULY.

DISTRIBUTION: Delegates only.

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1. BRIEFING ON THE PRESENT POLITICAL-MILITARY POSITION

The following reports are attached:

- Israel - Annexure A
- R S A - Annexure B

Maj Gen Shafir on behalf of Israel and Lt Gen Du Toit on behalf of the RSA elucidated the reports.

*Gen at game on a short session  
 And gen Shafir elucidated a  
 short  
 Gen Shafir gave a short session  
 of a longer report handed in  
 Gen at game a short session*

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MOD 2 : ACQUISITION OF POWER-PACKS FROM U S A - MINUTES  
OF 3rd ISSA MEETING

Order for 200 engines placed with MOD and confirmed. Model engine  
to be AVDS1790-2D confirmed. Delivery scheduled as follows:

May 1976	-	60
June 1976	-	100
July 1976	-	30
August 1976-		10
		<u>200</u>

*Handwritten:* \$42,000,000  
\$4,200,000

Advance payment made : U.S.A. \$842 000 00

*Handwritten:* [Boxed] Power pack  
950 PL engine

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MOD 6 : NEW TANK - MINUTES OF 3rd ISSA MEETING

Visit by Technical Team to Cane completed beginning September 1975. Team established feasibility and extent of local manufacture based on existing infra structure.

MOD cannot make tank as a weapons system available for evaluation by the SADF/AB for another 12 months and insists that a contract or heads of agreement be entered into before such an evaluation be conducted.

The S A Army is insisting on the ruling at 3rd Issa Meeting viz. that prior to a contract being entered into the tank be evaluated as a weapons system.

Therefore, whilst the S A Army finds the Feast tank acceptable in principle, in terms of the agreement reached at the 3rd ISSA Meeting, the conclusion of a licence and know-how agreement will depend on the successful verification of the tank performance and the negotiation of mutually acceptable terms and conditions.

*Handwritten notes:*  
Can Mr. Sh...  
Mr. ...  
of ...  
from ...  
to ...

*79*

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IMI 16 : GENERAL AMMUNITION CONTRACT WITH IMI - MINUTES  
OF THE 3rd ISSA MEETING (Par. 3.8.4)

Orders have been placed on IMI, the following is a summary in  
US \$ by Quarter.

<u>Quarter</u>	<u>Amount</u>	<u>Cumulative total</u>
1st 1974	10 239 700	10 239 700
2nd 1974	1 875	10 241 575
3rd 1974	220 300	10 461 875
4th 1974	NIL -	10 461 875
1st 1975	4 970 000	15 431 875
2nd 1975	40 523 500	55 955 375
3rd 1975	56 675 000	112 630 375

EXTRACT FROM THE MINUTES OF THE 3rd ISSA MEETING

3.8.4 General Ammunition Contract with IMI

M.O.D. Status Report Ref. IMI - 16

The meeting noted a statement by Mr Zeederberg that the problems with regard to escalation clauses have been resolved and that outstanding orders for 90 mm and 105 mm ammunition will now be processed.

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I A I 1 : CHALET - MINUTES OF THE 3rd ISSA MEETING

Held in abeyance.

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IAI 7 : ELECTRONIC FENCE - MINUTES OF 3rd ISSA MEETING  
(Par. 3.6.17) Revision No 1 dd 24/10/1975

Tenders have been received from UEC, offering equipment manufactured by MBT and Rehovoth, and Afitra, offering equipment manufactured by Yael, for an experimental fence.

The tenders are under evaluation and orders will be placed during November 1975.

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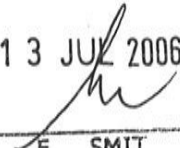
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6. School

All arrangements are in hand for establishing a South African school on the outskirts of Haifa.

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IAI 12 : COMMAND AND CONTROL SYSTEM FOR SHIPS - MINUTES  
OF 3rd ISSA MEETING (Par. 3.7.4.)

A presentation was made by IAI which was well received by SAN, SAAF and AB members. The final decision on co-operation and time scale will depend entirely on the allocation of funds on a priority basis. No provision is presently made for such a program up till 1977/78.

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