

**FOREIGN
RELATIONS
OF THE
UNITED
STATES**

1969–1976

VOLUME E-9

PART 2

**DOCUMENTS ON THE
MIDDLE EAST
REGION,
1973–1976**



**DEPARTMENT
OF
STATE**

Washington



**Foreign Relations of the
United States, 1969–1976**

Volume E–9

Part 2

**Documents on the
Middle East
Region,
1973–1976**

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Preface

The *Foreign Relations of the United States* series presents the official documentary historical record of major foreign policy decisions and significant diplomatic activity of the United States Government. The Historian of the Department of State is charged with the responsibility for the preparation of the *Foreign Relations* series. The staff of the Office of the Historian, Foreign Service Institute, under the direction of the General Editor, plans, researches, compiles, and edits the volumes in the series. Secretary of State Frank B. Kellogg first promulgated official regulations codifying specific standards for the selection and editing of documents for the series on March 26, 1925. Those regulations, with minor modifications, guided the series through 1991.

Public Law 102-138, the *Foreign Relations* Authorization Act, Fiscal Years 1992 and 1993, which was signed by President George H.W. Bush on October 28, 1991, established a new statutory charter for the preparation of the series. Section 198 of P.L. 102-138 added a new Title IV to the Department of State's Basic Authorities Act of 1956 (22 U.S.C. 4351, et seq.).

The statute requires that the *Foreign Relations* series be a thorough, accurate, and reliable record of major United States foreign policy decisions and significant United States diplomatic activity. The volumes of the series must include all records needed to provide comprehensive documentation of major foreign policy decisions and actions of the United States Government. The statute also confirms the editing principles established by Secretary Kellogg: the *Foreign Relations* series is guided by the principles of historical objectivity and accuracy; records should not be altered or deletions made without indicating in the published text that a deletion has been made; the published record should omit no facts that were of major importance in reaching a decision; and nothing should be omitted for the purpose of concealing a defect in policy. The statute also requires that the *Foreign Relations* series be published not more than 30 years after the events recorded.

Structure and Scope of the Foreign Relations Series

This electronic-only volume is part of a subseries of volumes of the *Foreign Relations* series that documents the most important issues in the foreign policy of Presidents Richard M. Nixon and Gerald R. Ford. The subseries presents in multiple volumes a comprehensive documentary record of major foreign policy decisions and actions of both administrations. This volume documents U.S. policy toward the Middle East re-

gion from February 15, 1973, until December 28, 1976, when Presidents Nixon and Ford and Secretary of State Henry Kissinger devoted much of their attention to the significant impact on U.S. relations with countries in the region following the 1973 October War between Israel and the Arab states.

This period in the Middle East and U.S. foreign policy in the region is complex and of sufficient importance that the related volumes have been broken up both chronologically and by area. Readers interested in bilateral relations with the smaller Arab states should consult *Foreign Relations, 1969–1976, Volume XXIV, Middle East Region and Arabian Peninsula, 1969–1972; Jordan, September 1970*. Readers seeking a more expansive record of bilateral U.S.-Saudi Arabia relations, in particular, should consult *Foreign Relations, Volume XXXVI, Energy Crisis, 1969–1974, and Volume XXXVII, Energy Crisis, 1974–1980*. Readers in search of records on the Middle East peace process will find additional information in *Foreign Relations, Volume XXIII, Arab-Israeli Dispute, 1969–1972, Volume XXV, Arab-Israeli Crisis and War, 1973, and Volume XXVI, Arab-Israeli Dispute, 1974–1976*. Further documentation on terrorism is available in *Foreign Relations, Volume E-1, Documents on Global Issues, 1969–1972, and Volume E-3, Documents on Global Issues, 1973–1976*. Finally, additional information on Iran and other topics related to the Middle East region is in *Foreign Relations, Volume XXVII, Iran; Iraq, 1973–1976; Volume E-9, Part 1, Documents on North Africa, 1973–1976; Volume E-6, Documents on Africa, 1973–1976; and Volume E-8, Documents on South Asia, 1973–1976*.

Focus of Research and Principles of Selection for Foreign Relations, 1969–1976, Volume E-9, Part 2

Following the 1973 Arab-Israeli War, Presidents Nixon and Ford and Secretary of State Kissinger devoted much attention to the Middle East region. Though the United States enjoyed cordial relations with every state on the Arabian Peninsula, with the exception of the People's Democratic Republic of Yemen, the U.S. Government was criticized for its relationship with and assistance to Israel during the war. As a result, the 1973–1974 oil embargo, led by Organization of the Petroleum Exporting Countries Arab member states against the United States and Western Europe, further complicated U.S. relations with the Middle East. First, growing governmental control over oil production and a rise in oil prices created a troubling financial and diplomatic situation for the United States. Second, the embargo diminished U.S. prestige in the region at the same time that Soviet aid for Iraq and the People's Democratic Republic of Yemen enhanced Soviet influence in the Middle East, the long-term effect of which developed into a central aspect of U.S. strategy in the region.

In response to the oil embargo, the United States strengthened diplomatic relations with wealthy Gulf states responsive to offers of U.S. development expertise, technical aid, and weaponry, particularly military systems battle-tested in the Vietnam conflict and in the 1973 Arab-Israeli War. The Nixon and Ford administrations courted Saudi Arabia as an economic and strategic U.S. partner, expanded regional Embassies in the Gulf, and defended the presence of MIDEASTFOR in Bahrain. In addition to a valuable new partnership with Egypt, U.S. policy toward the Arabian Peninsula relied heavily on the preservation of relations with Jordan and the development of new and stronger relationships with Oman, Yemen, and the Gulf states, greatly shaping the diplomatic landscape of the post-war period through a comprehensive strategic picture of the Middle East region's political and military future.

Despite progress in diplomatic relations and a growing U.S. presence in the Middle East, the Nixon and Ford administrations also faced domestic conflicts and challenges. Essential support for, and criticism of, Kissinger's policy came from U.S. Ambassador to Saudi Arabia James Akins. His differences with the administration, including Secretary of Defense James Schlesinger, over potential U.S. military action in response to a second oil embargo, led to his firing in 1975. A Senate Foreign Relations Subcommittee investigation into inappropriate contract payments to the Saudi Arabian Government as well as congressional scrutiny of arms sales to the Middle East on whole threatened to damage U.S.-Saudi Arabia bilateral relations. The National Security Council, Central Intelligence Agency, and Department of State's Bureau of Intelligence and Research continually developed and reworked studies and analyses to encompass the far-reaching range and complexity of the region, eventually including the Horn of Africa. Several National Security Study Memoranda reflected aspects of the changing, but still critical, economic and strategic situation in the Middle East, defining policy on the expansion of relations with Iran and Saudi Arabia and the countering of Soviet diplomatic efforts. Despite the complications in the region, U.S. foreign policy was clear and in fundamental agreement with that of Saudi Arabia.

Editorial Methodology

The documents are presented chronologically according to Washington time. Records of discussion are placed according to the time and date of the conversation rather than the date the memorandum was drafted.

Editorial treatment of the documents published in the *Foreign Relations* series follows Office style guidelines, supplemented by guidance from the General Editor and the Chief of the Editing and Publishing Division. The documents are reproduced as exactly as possible, including

marginalia or other notations, which are described in the footnotes. Texts are transcribed and printed according to accepted conventions for the publication of historical documents within the limitations of modern typography. A heading has been supplied by the editors for each document included in the volume. Spelling, capitalization, and punctuation are retained as found in the original text, except that obvious typographical errors are silently corrected. Other mistakes and omissions in the documents are corrected by bracketed insertions: a correction is set in italic type; an addition in roman type. Words or phrases underlined in the source text are printed in italics. Abbreviations and contractions are preserved as found in the original text, and a list of abbreviations is included in the front matter of each volume. In telegrams, the telegram number (including special designators such as Secto) is printed at the start of the text of the telegram.

Bracketed insertions are also used to indicate omitted text that deals with an unrelated subject (in roman type) or that remains classified after declassification review (in italic type). The amount and, where possible, the nature of the material not declassified has been noted by indicating the number of lines or pages of text that were omitted. Entire documents withheld for declassification purposes have been accounted for and are listed with headings, source notes, and number of pages not declassified in their chronological place. All brackets that appear in the original text are so identified in footnotes.

The first footnote to each document indicates the source of the document, original classification, distribution, and drafting information. This note also provides the background of important documents and policies and indicates whether the President or his major policy advisers read the document.

Editorial notes and additional annotation summarize pertinent material not printed in the volume, indicate the location of additional documentary sources, provide references to important related documents printed in other volumes, describe key events, and provide summaries of and citations to public statements that supplement and elucidate the printed documents. Information derived from memoirs and other first-hand accounts has been used when appropriate to supplement or explicate the official record.

Advisory Committee on Historical Diplomatic Documentation

The Advisory Committee on Historical Diplomatic Documentation, established under the Foreign Relations statute, reviews records, advises, and makes recommendations concerning the *Foreign Relations* series. The Advisory Committee monitors the overall compilation and editorial process of the series and advises on all aspects of the preparation and declassification of the series. The Advisory Committee does

not necessarily review the contents of individual volumes in the series, but it makes recommendations on issues that come to its attention and reviews volumes, as it deems necessary to fulfill its advisory and statutory obligations.

Presidential Recordings and Materials Preservation Act Review

Under the terms of the Presidential Recordings and Materials Preservation Act (PRMPA) of 1974 (44 USC 2111 note), the National Archives and Records Administration (NARA) has custody of the Nixon Presidential historical materials. The requirements of the PRMPA and implementing regulations govern access to the Nixon Presidential historical materials. The PRMPA and implementing public access regulations require NARA to review for additional restrictions in order to ensure the protection of the privacy rights of former Nixon White House officials, since these officials were not given the opportunity to separate their personal materials from public papers. Thus, the PRMPA and implementing public access regulations require NARA formally to notify the Nixon estate and former Nixon White House staff members that the agency is scheduling for public release Nixon White House historical materials. The Nixon estate and former White House staff members have 30 days to contest the release of Nixon historical materials in which they were a participant or are mentioned. Further, the PRMPA and implementing regulations require NARA to segregate and return to the creator of files private and personal materials. All *Foreign Relations* volumes that include materials from NARA's Nixon Presidential Materials Staff are processed and released in accordance with the PRMPA.

Nixon White House Tapes

Access to the Nixon White House tape recordings is governed by the terms of the PRMPA and an access agreement with the Office of Presidential Libraries of the National Archives and Records Administration and the Nixon estate. In February 1971, President Nixon initiated a voice-activated taping system in the Oval Office of the White House and, subsequently, in the President's Office in the Executive Office Building, Camp David, the Cabinet Room, and White House and Camp David telephones. The audiotapes include conversations of President Nixon with his Assistant for National Security Affairs, Henry Kissinger, other White House aides, Secretary of State Rogers, other Cabinet officers, members of Congress, and key foreign officials. The clarity of the voices on the tape recordings is often very poor, but the editor has made every effort to verify the accuracy of the transcripts produced here. Readers are advised that the tape recording is the official document; the transcript represents an interpretation of that document. Through the use of digital audio and other advances in tech-

nology, the Office of the Historian has been able to enhance the tape recordings and over time produce more accurate transcripts. The result is that some transcripts printed here may differ from transcripts of the same conversations printed in previous *Foreign Relations* volumes. The most accurate transcripts possible, however, cannot substitute for listening to the recordings. Readers are urged to consult the recordings themselves for a full appreciation of those aspects of the conversations that cannot be captured in a transcript, such as the speakers' inflections and emphases that may convey nuances of meaning, as well as the larger context of the discussion.

Declassification Review

The Office of Information Programs and Services, Bureau of Administration, conducted the declassification review for the Department of State of the documents published in this volume. The review was conducted in accordance with the standards set forth in Executive Order 13526, as amended, on Classified National Security Information and applicable laws.

The principle guiding declassification review is to release all information, subject only to the current requirements of national security as embodied in law and regulation. Declassification decisions entailed concurrence of the appropriate geographic and functional bureaus in the Department of State, other concerned agencies of the U.S. Government, and the appropriate foreign governments regarding specific documents of those governments. The declassification review of this volume, which began in 2007 and was completed in 2018 resulted in the decision to withhold 15 documents in full, excisions of a paragraph or more in 11 documents, and minor excisions of less than a paragraph in 25 documents.

The Office of the Historian is confident, on the basis of the research conducted in preparing this volume and as a result of the declassification review process described above, that the record presented in this volume provides an accurate and comprehensive account of U.S. foreign policy on the Middle East region.

Acknowledgments

The editors wish to acknowledge the assistance of officials at the Nixon Presidential Materials Project of the National Archives and Records Administration (Archives II) in College Park, Maryland, and at the Ford Presidential Library in Ann Arbor, Michigan. In addition, they are grateful to the Richard Nixon estate for allowing access to the Nixon Presidential recordings and the Richard Nixon Library and Birthplace for facilitating that access. Research in the Kissinger Papers, including transcripts of telephone conversations, could not have occurred without the kind permission of Henry A. Kissinger.

Paul Hibbeln collected the documents, made the selections, and annotated them under the direct supervision of three successive chiefs of the Middle East and Asia Division, Edward C. Keefer, Erin R. Mahan, and David Nickles, and under the general direction of three successive General Editors, David S. Patterson, Edward C. Keefer, and Adam M. Howard. Susan Weetman, Carl Ashley, Dean Weatherhead, and Chris Tudda coordinated the declassification review. Kristin Ahlberg, Stephanie Eckroth, Keri Lewis, and Heather McDaniel performed the copy and technical editing.

Adam M. Howard, Ph.D.
The Historian

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Sources

Sources for the Foreign Relations Series

The 1991 *Foreign Relations* statute requires that the published record in the *Foreign Relations* series include all records needed to provide comprehensive documentation on major U.S. foreign policy decisions and significant U.S. diplomatic activity. It further requires that government agencies, departments, and other entities of the U.S. Government engaged in foreign policy formulation, execution, or support cooperate with the Department of State Historian by providing full and complete access to records pertinent to foreign policy decisions and actions and by providing copies of selected records. Most of the sources consulted in the preparation of this volume have been declassified and are available for review at the National Archives and Records Administration.

The editors of the *Foreign Relations* series have complete access to all the retired records and papers of the Department of State: the central files of the Department; the special decentralized files (“lot files”) of the Department at the bureau, office, and division levels; the files of the Department’s Executive Secretariat, which contain the records of international conferences and high-level official visits, correspondence with foreign leaders by the President and Secretary of State, and memoranda of conversations between the President and Secretary of State and foreign officials; and the files of overseas diplomatic posts. All the Department’s indexed central files through 1976 have been permanently transferred to the National Archives and Records Administration at College Park, Maryland (Archives II). All of the Department’s decentralized office files covering the 1969–1976 period, which the National Archives deems worthy of permanent retention, have been transferred or are in the process of being transferred from the Department’s custody to Archives II.

The editors of the *Foreign Relations* series also have full access to the papers of Presidents Nixon and Ford as well as other White House foreign policy records. Presidential papers maintained and preserved at the Presidential libraries include some of the most significant foreign affairs-related documentation from the Department of State and other Federal agencies including the National Security Council, the Central Intelligence Agency, the Department of Defense, and the Joint Chiefs of Staff. Dr. Henry Kissinger has approved access to his papers at the Library of Congress. These papers are a key source for the Nixon-Ford subseries of the *Foreign Relations* series.

Research for this volume was completed through special access to restricted documents at the Nixon Presidential Materials Project, the Ford Presidential Library, the Library of Congress, and other agencies. While all the material printed in this volume has been declassified, some of it is extracted from still classified documents. In the time since the research for this volume was completed, the Nixon Presidential Materials have been transferred to the Nixon Presidential Library and Museum in Yorba Linda, California. The Nixon Presidential Library staff is processing and declassifying many of the documents used in this volume, but they may not be available in their entirety at the time of publication.

Sources for Foreign Relations, 1969–1976, Volume E–9, Part 2

The 1973–1976 period was, in large part, a continuation of the complicated pre-embargo period, as the United States attempted to manage and adapt to the changing relationships among oil corporations, newly wealthy Arab states, and a strategic situation fundamentally altered by the success of the 1973–1974 oil embargo. Coupled with these issues was Kissinger's desire to create a new, stable, strategic order in the Middle East and Indian Ocean region. Thus, nearly every department involved in the crafting of U.S. foreign policy was involved at the highest level, especially concerning the developing relationship between the United States and the Kingdom of Saudi Arabia. To a somewhat lesser extent, the Departments of State and Defense, and the NSC consulted in the formulation of policy concerning the British departure from its base at Masirah, the U.S. MIDEASTFOR deployment, and new military and diplomatic ties to Kuwait, the United Arab Emirates, and the Yemens. Documentation for this volume necessarily came from a variety of sources and all levels of the administration policy-making apparatus.

The holdings of the Nixon Presidential Materials Staff at Archives II, specifically the National Security Council Files, are the most valuable resource for Nixon administration foreign policy at the highest level. It is in these files that high-level memoranda and discussions may be found relevant to the countries of the Arabian Peninsula. For the larger strategic issues, the NSC Institutional Files, or H-Files, are central sources for NSSMs, NSDMs, and related materials. Box H–068 in particular holds much of the record for strategic and economic discussions of Saudi Arabia, and the copious materials related to the attempt to formulate a new regional strategy that occupied the WSAG and SRG in the aftermath of the October War and embargo. These materials are interspersed with those more directly concerned with the war and embargo, making them perhaps the single most important source on U.S. foreign military and financial policy for the entire 1969–1974 period.

In addition to the Institutional Files, within the same holdings are ancillary materials of great importance. The Saunders Files are notable, holding draft materials and a critical set of procedural memoranda tracing the path of policy through the departmental and NSC bureaucracy. The Kissinger Office Files, while less complete, are also useful in this regard. Additionally, the Agency Files and the Country Files are valuable, the latter especially so for Saudi Arabia. Much of the attendant supporting material is available in Record Group 59, the Department of State Central Files, although it is often clear from an examination of the NSC files that cable traffic of particular importance was copied and centralized for the use of principals and NSC Staff. Collections of Exdis and Nodis cables are far more prominent in the Nixon Presidential Materials than in the larger, more dilute RG 59 collection. Of markedly lesser importance for policy making are the Presidential Correspondence Files, Presidential Trip Files, and VIP Visits Files. These are also valuable for those researchers concerned with Kissinger's shuttles, oil, and the Middle East peace process. For U.S.-Saudi Arabia or U.S.-Gulf state relations, the memoranda of conversation and correspondence between Nixon and King Faisal are the documents of interest.

The Gerald R. Ford papers at the Ford Library are of equal importance to those of President Nixon. Ford implemented many of the policies in the Middle East formulated by the Nixon administration, particularly those related to the broader financial relationship with Saudi Arabia. Kissinger's concurrent tenure as National Security Adviser and Secretary of State also makes an examination of the Ford papers a necessity. The primary sources for the Middle East are the Presidential Country Files for Middle East and South Asia, and these are supplemented by the NSC Staff Convenience Files for the same area. The Trip Briefing Books and Cables for Henry Kissinger, the Backchannel Messages, and the Memoranda of Conversation files are all of great importance for establishing the details of Kissinger's repeated trips to the Middle East, especially when he frequently stopped in Jidda, Ta'if, or Riyadh to brief Saudi leaders on his negotiations with Syria, Egypt, and Israel, and discuss bilateral issues at the same time. As with the Nixon Presidential Materials, most of the material on NSSMs, SRG meetings, and WSAG are to be found in the NSC Institutional Files (H-Files).

The most complete record of Department of State actions is the aforementioned Record Group 59. For this volume, the files of the POL series related to the countries of the peninsula were of value. The FN Saudi Arabia files are also of importance for discussions of petrodollar and military contracting topics. Also in the same collection are the Lot Files, of which the Kissinger Lot File, containing memoranda of conversation and the records of the Regional Staff Meetings are extremely valuable and not reproduced elsewhere.

By the time of this volume's publication, many, if not all, of the Embassy and Desk records currently in the custody of the Department of State will have been transferred to Archives II and incorporated into Record Group 84. These Embassy files are of enormous value, and the Embassy files for Saudi Arabia, in particular, are meticulously kept and provide a critical set of parallel documentation supporting the high level discussions of policy in the NSC and Departments of Defense and State. The Embassy files of the smaller posts, while less complete, are still crucial sources for policy discussions on topics such as Masirah Island, arms sales to Yemen Arab Republic and Jordan, and the Dhofar conflict.

The Henry A. Kissinger Papers in the Manuscript Division of the Library of Congress were absolutely invaluable for this volume. These papers contain copies of telegrams and memoranda of conversation, along with copies of nearly every decision or action memorandum that concerned Kissinger during his tenure as National Security Adviser and Secretary of State. The Geopolitical Files and Subject Files were the most valuable sections, and the Saudi Arabia files of particular importance.

The Department of Defense was a key player during this period, and the records of that Department, Record Group 330, Records of the Office of the Secretary of Defense and the Deputy Secretary of Defense, are crucial and form a parallel record for decisions on military sales, the joint commissions with Saudi Arabia, the discussion of NSSMs, and the implementation of training programs, as well as an important source for the Northrop and Lockheed defense commissions scandal. This record group contains memoranda from Secretaries of Defense Elliot Richardson, James Schlesinger, and Donald Rumsfeld, Deputy Secretaries William Clements and Robert Ellsworth, and numerous other officials.

The records of the Central Intelligence Agency and the National Security Council Intelligence Files for the Nixon-Ford administrations were helpful for finished intelligence, intelligence memoranda on Saudi Arabia, and Soviet strategy.

Unpublished Sources

National Archives and Records Administration, College Park, Maryland

Record Group 59, Files of the Department of State

Central Files. Central files are the general subject files for Department of State materials. The 1969–1972 period includes two sets of materials (1967–1969 and 1970–1973) organized by a subject-numeric system. This system consists of seven broad categories: Administration, Consular, Culture and Information, Economic, Political and Defense, Science, and Social. In particular, the Political (POL) and Defense (DEF) related files are important to this *Foreign Relations* volume. Within each of these divisions are subject subcategories. For example, Political and Defense contains four subtopics: POL (Politics), DEF (Defense), CSM (Communism) and INT (Intelligence). Numerical subdivisions further define the subtopics.

The following represent the most important central files utilized for this volume:

- FN 9 Saudi Arabia
- PET 17 U.S.-Saudi Arabia
- POL 2 Saudi Arabia
- POL 7 Saudi Arabia
- POL 23 Oman
- POL 27 Arab-Israeli
- POL 30 South Yemen
- POL Iran-Saudi Arabia
- POL Kuwait

Lot Files. These files have been or will be transferred to the National Archives and Records Administration, Record Group 59.

Secretary of State Kissinger's Staff Meetings, 1973–1977, Entry 5177

Post Files. These are the papers of the regional embassies, and are at the time of compilation part of Record Group 84, under the control of the Department of State. At publication time they have been or will be transferred to the National Archives and Records Administration, Record Group 84.

Abu Dhabi Embassy Files

Lot 79F121, DEF, STADIS (Various), 1976

Doha Embassy Files

Lot 79F187, POL 1–2, Gulf

Lot 79F187, POL 1–3, Qatar

Lot 79F187, POL 7, Visits

Lot 79F187, POL, Political Affairs and Relations 1975

Lot 79F187, POL, Political Affairs and Relations 1976

Jidda Embassy Files

Lot 79F79, POL

Lot 79F80, DEF 12–5 Agent's Fees

Lot 79F80, DEF 12–5 Jordan

Lot 79F80, DEF 12–5 Jordan January–April

Lot 79F80, DEF 12–5 Northrop/F–5

Lot 79F80, DEF 12–5, Bahrain

Lot 79F80, DEF 12–5, Lockheed

Lot 79F80, DEF 7 Visits, Abdullah

Lot 79F80, POL 15–4, Denmark File (corruption)

Lot 79F80, POL Northrop & Lockheed

Lot 79F80, POL Northrop & Lockheed 1975

Lot 79F80, DEF 12–5.13, Northrop

Manama Embassy Files:

Lot 78F118, POL 15, Government (Saudi Arabia), Classified

Lot 79F118, 1976 Subject Files, DEF 21–5, Armaments/Procurement & Sales

Lot 79F118, DEF 15, COMIDEASTFOR

Lot 79F118, POL 15, Bahrain Government

Sanaa Embassy Files:

Lot 70F206, DEF 19, Military Assistance/YAR Arms

Lot 79F206, POL 7, Visits, Prince Sultan

Gerald R. Ford Presidential Library, Ann Arbor, Michigan

National Security Adviser

Backchannel Messages

Kissinger Reports on U.S.S.R., China, and Middle East Discussions, 1974–76

Memoranda of Conversations

NSC Institutional Files (H-Files)

NSC Staff for Middle East and South Asian Affairs, Convenience Files, 1974–77

Presidential Agency File

Presidential Country Files for Middle East and South Asia, 1974–77

Trip Briefing Books and Cables for Henry Kissinger, 1974–76

Nixon Presidential Materials Project, National Archives and Records Administration, College Park, Maryland (Now at Nixon Presidential Library and Museum, Yorba Linda, California)

Agency Files

CIA

Country Files

Kuwait

Middle East

Middle East, General

Saudi Arabia

Trucial States

Yemen

Harold H. Saunders Files

Chronological Files

Middle East Negotiations Files

Saudi Arabia

Kissinger Office Files

Country Files

Middle East

Kissinger Trip to Middle East, November 5–10, 1973

Middle East, Kurdish Problem

Middle East, Saudi Arabia

Kissinger Telephone Conversation Transcripts

Chronological Files

Presidential/HAK Memcons
National Security Council Institutional Files (H-Files)
 Meeting Files
 National Security Study Memorandum Files
 Policy Papers
 Senior Review Group Minutes Files
 Washington Special Action Group Meeting Files
 Washington Special Action Group Meeting Minutes
Presidential Correspondence.
 Saudi Arabia, King Faisal, 1972–75
President's Daily Brief
President's Trip Files
Subject Files
 NIEs
VIP Visits
 Visit of Prince Fahd

White House Central Files
 President's Office Files
 President's Handwriting File

White House, Council on International Economic Policy

Library of Congress, Manuscripts Division, Washington, D.C.

Henry A. Kissinger Papers
 National Security Council, Committees and Panels
 Senior Review Group
Geopolitical Files
 Middle East Chronological File
 Saudi Arabia
 U.A.E.

Central Intelligence Agency, Langley, Virginia

Files of the Office of the Director of Intelligence

Office of Current Intelligence Files (DI/OCI)

 Job 79T00866A
 Job 79T00889A
 Job 79T01022A
 Job 85T00353R

Office of Economic Research

 Job 80T01315A

Executive Registry Files

 Job 79M00467A
 Job 80M01009A
 Job 80M01048A

XX Sources

Job 80M01066A

Files of the National Intelligence Council

79R01012A

79R0102A

79R01099A

Washington National Records Center, Suitland, Maryland

Record Group 330, Records of the Office of the Secretary of Defense (OSD)

330-79-0049

330-82-0274

Record Group 330, Records of the Office of the Assistant Secretary of Defense for
International Security Affairs (OASD/ISA)

330-76-117

330-77-0054

330-78-0001

330-78-0002

330-78-0011

330-78-0038

330-79-0037

330-79-0040

Published Sources

U.S. Department of State. Department of State *Bulletin*, 1969-1976. Washington: U.S. Government Printing Office, 1969-1972.

Abbreviations and Terms

- ACDA**, United States Arms Control and Disarmament Agency
ACDA/IR/AT, Arms Transfer Division, Bureau for International Relations, Arms Control and Disarmament Agency
AD, Abu Dhabi
ADDF, Abu Dhabi Defense Force
ADG, Abu Dhabi Government
AF, Bureau of African Affairs, Department of State
AF/E, Office of East African Affairs, Bureau of African Affairs, Department of State
AID, Agency for International Development
AID/NESA (AA/NESA), Bureau for Near East and South Asia, Agency for International Development
AID/OPS, Office of Public Safety, Agency for International Development
AIM-9, “Sidewinder” air-to-air missile
Amb, Ambassador
AmEmb, U.S. Embassy
AP, Associated Press
APC, armored personnel carrier
ARAMCO, Arabian American Oil Company
ARP, see **NEA/ARP**
ASAP, as soon as possible
ASD, Assistant Secretary of Defense
ASD/ISA, Assistant Secretary of Defense for International Security Affairs
Asst, Assistant
ASW, anti-submarine warfare
AWACS, Airborne Warning and Control System
- BBC**, British Broadcasting Company
BDF, Bahrain Defense Force
BG, Brigadier General
BMP, Soviet armored personnel carrier (*Boevaya Mashina Pekhoty*)
BP, British Petroleum
BPC, British Petroleum Company
BSO, Black September Organization
- C**, Counselor, Department of State
CDR, Commander
CENTO, Central Treaty Organization (Pakistan, Iran, Turkey, the United Kingdom, and the United States)
Church Subcommittee, Senate Select Committee to Study Governmental Operations with Respect to Intelligence Activities chaired by Frank Church
CHUSMTM, Commander of the United States Military Training Mission to Saudi Arabia, headquartered at Dharan
CIA, Central Intelligence Agency
CINCEUR, Commander in Chief, U.S. Forces, Europe
CINCPAC, Commander in Chief, U.S. Forces, Pacific
CINCUSNAVEUR, Commander in Chief, U.S. Navy, Europe
CJCS, Chairman of the Joint Chiefs of Staff

XXII Abbreviations and Terms

CNO, Chief of Naval Operations, U.S. Navy
COB, close of business
COE, U.S. Army Corps of Engineers
COMIDEASTFOR, Commander, Middle East Force
COML, Commercial/Military Section (U.S. Embassy)
CONUS, continental United States
CPO, Central Planning Organization (Saudi Arabia)
CS Army, Chief of Staff, U.S. Army
CV; CVA, Fleet Aircraft Carrier (U.S. Navy)
CY, calendar year

D, Office of the Deputy Secretary of State
DAEN, U.S. Army Corps of Engineers
DAO, Defense Affairs Officer
DASD, Deputy Assistant Secretary of Defense
DATT, Defense Attaché
DCI, Director of Central Intelligence
DCM, Deputy Chief of Mission
DDCI, Deputy Director of Central Intelligence
DEA, Drug Enforcement Agency
DepSec, Deputy Secretary
DepSecDef, Deputy Secretary of Defense
Dept., Department of State
DG, Diego Garcia
DI/OCI, Director of Intelligence, Office of Current Intelligence, Central Intelligence Agency
DIA, Defense Intelligence Agency
dissem, dissemination
DIVENGR, Division Engineer, U.S. Army Corps of Engineers
DOD, Department of Defense
DOD/ISA, Office of the Assistant Secretary of Defense for International Security Affairs
DOD/ISA/NESA, Office of the Deputy Assistant Secretary of Defense for Near Eastern and South Asian Affairs
DOD/JCS, Joint Chiefs of Staff, Department of Defense
DOD/OSD, Office of the Secretary of Defense
DOD/OSD/COMP, Comptroller, Office of the Assistant Secretary of Defense
DOD/OSD/GC, General Counsel, Office of the Secretary of Defense
DOD/OSD/ISA (DOD/ISA), Office of the Assistant Secretary of Defense for International Security Affairs
DSAA, Defense Security Assistance Agency

E, Office of the Under Secretary of State for Economic Affairs
E/P, Political-Economic Affairs Section, U.S. Embassy
EB, Bureau of Economic and Business Affairs, Department of State
EB/FSE, Office of Fuels and Energy, Bureau of Economic and Business Affairs, Department of State
EC, European Community
ECON, Economic Affairs Section (U.S. Embassy)
Emb, Embassy
EUR, Bureau of European Affairs, Department of State
EUR/SOV, Office of Soviet Union Affairs, Bureau of European Affairs, Department of State
Exdis, exclusive distribution only
EXIM, Export/Import Bank of the United States

- FAA**, Federal Aviation Administration
Fatah, Yassir Arafat-led faction of the Palestine Liberation Organization; Palestine Homeland Liberation Movement (*Harekat at-Takrir al-Wataniyyeh al-Falastiniyyeh*)
FBI, Federal Bureau of Investigation
FCO, Foreign and Commonwealth Office (United Kingdom)
FEO, Far East Office
FLO, Foreign Liaison Office (Saudi Arabia)
FMC, Food Machinery Corporation
FMS, Foreign Military Sales Program
FNMA, Federal National Mortgage Association (Fannie Mae)
FonMin, Foreign Minister
FonOff, Foreign Office (United Kingdom); Ministry of Foreign Affairs
FRB, Federal Reserve Board
FRG, Federal Republic of Germany
FY, fiscal year
FYI, for your information
- GDP**, gross domestic product
GMT, Greenwich mean time
GNP, gross national product
GOB, Government of Bahrain
GOI, Government of Israel; Government of Iran; Government of India; Government of Iraq
GOJ, Government of Jordan
GOK, Government of Kuwait
GOO, Government of Oman
GOQ, Government of Qatar
GSA, Government of Saudi Arabia
- H**, Office of Congressional Relations, Department of State
HAK, Henry Kissinger
HMG, Her Majesty's Government (United Kingdom)
HRH, His Royal Highness
- IAEA**, International Atomic Energy Agency
IBRD, International Bank for Reconstruction and Development
IDF, Israeli Defense Forces
IEA, International Energy Agency
IG (IRG), Interdepartmental Review Group
IMF, International Monetary Fund
INR, Bureau of Intelligence and Research, Department of State
INR/DRR/RNA/ME, Office of Research and Analysis for Near East and South Asia, Middle East Division, Directorate for Regional Research, Bureau of Intelligence and Research, Department of State
IO, Bureau of International Organization Affairs, Department of State
IO/UNP, Office of United Nations Political Affairs, Bureau of International Organization Affairs, Department of State
IRN, see **NEA/IRN**
ISA, see **DOD/OSD/ISA**
- JAA**, Jordanian Arab Army
JCS, see **DOD/JCS**
- L**, Office of the Legal Adviser, Department of State

XXIV Abbreviations and Terms

L/NEA, Assistant Legal Adviser for Near Eastern Affairs, Office of the Legal Adviser, Department of State

L/PM, Assistant Legal Adviser for Politico-Military Affairs, Office of the Legal Adviser, Department of State

LAW, M72 light anti-tank/anti-armor weapon

LCU, landing craft utility

LDC, lesser developed country

Limdis, limited distribution only

LOA, Letter of Offer & Acceptance

LOS, Law of the Sea

LOU, limited official use

LTC, Lieutenant Colonel

LTG, Lieutenant General

MAAG, Military Assistance Advisory Group

MAP, Military Assistance Program

ME, Middle East

MED, Mediterranean region

MEF, see **MIDEASTFOR**

MemCon, memorandum of conversation

MFA, Ministry of Foreign Affairs; Minister of Foreign Affairs

MG (MGen), Major General

MICV, mechanized infantry combat vehicle

MIDEASTFOR, Middle East Force, U.S. Navy, stationed at Bahrain

MiG, *Mikoyan-Gurevich* (Soviet Aircraft Design Bureau); Soviet aircraft designation

MinDef, Minister of Defense

MinPet, Minister for Petroleum

MinState, Minister of State

MODA, Ministry of Defense & Aviation (Saudi Arabia)

MOU, Memorandum of Understanding

MTG, meeting

NATO, North Atlantic Treaty Organization

NEA, Bureau of Near Eastern and South Asian Affairs, Department of State

NEA/ARN, Office of Lebanon, Jordan, Syrian Arab Republic, and Iraq Affairs, Bureau of Near Eastern and South Asian Affairs, Department of State

NEA/ARP, Office of Arabian Peninsula Affairs, Bureau of Near Eastern and South Asian Affairs, Department of State

NEA/EX, Executive Office, Bureau of Near Eastern and South Asian Affairs, Department of State

NEA/IAI, Office of Arab-Israel Affairs, Bureau of Near Eastern and South Asian Affairs, Department of State

NEA/INS, Office of India, Maldives, Nepal, and Sri Lanka Affairs, Bureau of Near Eastern and South Asian Affairs, Department of State

NEA/IRN, Office of Iran Affairs, Bureau of Near Eastern and South Asian Affairs, Department of State

NEA/RA, Office of Regional Affairs, Bureau of Near Eastern and South Asian Affairs, Department of State

NEASA, Near Eastern Area/South Asia, Department of Defense

Niact, night action

NIC, National Intelligence Council

NIE, National Intelligence Estimate

Nodis, no distribution

Noforn, no foreign distribution

NPT, Nuclear Non-Proliferation Treaty
NSA, National Security Agency
NSC, National Security Council
NSDM, National Security Decision Memorandum
NSSM, National Security Study Memorandum
NUF, National Union Front (PDRY)

OAPEC, Organization of Arab Petroleum Exporting Countries
OASD, Office of the Assistant Secretary of Defense
OBE, overtaken by events
OCI, Office of Current Intelligence, Central Intelligence Agency
ODDI, Office of the Deputy Director of Intelligence, Central Intelligence Agency
ODI, Office of the Director of Intelligence, Central Intelligence Agency
OECD, Organization for Economic Cooperation and Development
OER, Office of Economic Research, Central Intelligence Agency
OPEC, Organization of Petroleum Exporting Countries
OPR, Office of Political Research, Central Intelligence Agency
OPS, Office of Public Safety, Agency for International Development
ORCON, dissemination and extraction of information controlled by originator
OSD, see **DOD/OSD**

P, Under Secretary of State for Political Affairs
PARA, Office of Program Analysis and Resource Allocation
PDASD, Principal Deputy Assistant Secretary of Defense
PDRY, People's Democratic Republic of Yemen
PermRep, Permanent Representative (United Nations)
PetroMin, Minister of Petroleum
PFLO, Popular Front for the Liberation of Oman
PFLOAG, Popular Front for the Liberation of Oman and the Arab Gulf
PLO, Palestine Liberation Organization
PM, Bureau of Politico-Military Affairs, Department of State
PM, Prime Minister
PM/ISA, Office of International Security Affairs, Bureau of Politico-Military Affairs, Department of State
PM/MC, Office of Munitions Control, Bureau of Politico-Military Affairs, Department of State
PM/SAS, Office of Security Assistance and Sales, Bureau of Politico-Military Affairs, Department of State
POL, Political Section (U.S. Embassy)
POL/MIL, Political, Military Affairs Section (U.S. Embassy)
PRC, People's Republic of China

Qte, quote

RA, see **NEA/RA**
RADM, Rear Admiral
RAF, Royal Air Force
reftel, reference telegram
RG, Record Group
ROC, Republic of China
ROK, Republic of Korea
rpt, repeat; report
RSAF, Royal Saudi Air Force
RSNF, Royal Saudi Naval Force

XXVI Abbreviations and Terms

S, Secret; Office of the Secretary of State
S/S, Executive Secretariat, Office of the Secretary of State
SA, Saudi Arabia
SAA, Saudi Arabia Army
SAAF, Saudi Arabia Air Force
SAG, Government of Saudi Arabia
SAM, surface-to-air missile
SAMP, Saudi Arabia Mobility Program
SANG, Saudi Arabia National Guard
SAVAK, National Bureau of Security and Intelligence (Iran)
SEC, Securities and Exchange Commission
SecDef, Secretary of Defense
SecState, Secretary of State
SECNAV, Secretary of the Navy
Secto, series indicator for telegrams from the Secretary of State to the Department of State
septel, separate telegram
SFRC, Senate Foreign Relations Committee
SitRep, situation report
SNEP, Saudi Naval Expansion Program
SNIE, Special National Intelligence Estimate
SRG, Senior Review Group
Stadis, Department of State distribution only
SYG, Secretary General (United Nations)

T, Office of the Under Secretary of State for Security Assistance
telcon, telephone conversation
ToHAK, series indicator for telegrams to Secretary of State Kissinger
Tosec, series indicator for telegrams from the Department of State to the Secretary of State
TOW, tube-launched, optically tracked, wire-guided missile
TS, Top Secret

U, Unclassified
U.K., United Kingdom
U.S., United States
UAE, United Arab Emirates
UAEG, United Arab Emirates Government
UK, United Kingdom
UN, United Nations
UNFDAC, United Nations Fund for Drug Abuse Control
UNGA, United Nations General Assembly
Unqte, unquote
UNRWA, United Nations Relief and Works Agency
USAF, United States Air Force
USAID, see **AID**
USC, Under Secretaries Committee
USCINCEUR, United States Commander in Chief, Europe
USEUCOM, United States European Command
USG, United States Government
USIB, United States Intelligence Board
USIS, United States Information Service
USLOK, United States Liaison Office, Kuwait
USMTM, United States Military Training Mission; see also **CHUSMTM**
USN, United States Navy

USSR, Union of Soviet Socialist Republics or Soviet Union
USUN, United States Mission to the United Nations

VCNO, Vice-Chief, Naval Operations, U.S. Navy
VPWG, Verification Panel Working Group

WH, White House
WSAG, Washington Special Actions Group

YAR, Yemen Arab Republic
YARG, Yemen Arab Republic Government

Z, Zulu time (Greenwich mean time)

Persons

Abdullah ibn Abd al-Aziz Al Sa'ud, Second Deputy Prime Minister of Saudi Arabia from 1975; Commander of the Saudi National Guard

Adham, Kamal, Adviser to King Faisal; Chief of the General Intelligence Directorate of Saudi Arabia

Ahmann, James H., Brigadier General, USAF; Chief, U.S. Military Training Mission, Saudi Arabia, from 1975 until 1977

Akins, James, U.S. Ambassador to Saudi Arabia from 1973 until 1975

Ali, Ahmad Ismail, Minister of Defense of Egypt from 1972 until 1974

Allon, Yigal, Minister of Foreign Affairs of Israel from 1974

Arafat, Yassir, Chairman, Central Committee, Palestine Liberation Organization

al-Asnaj (Asnag), Abdallah, Foreign Minister of the Yemen Arab Republic

Assad (Asad), Hafez, President of Syria

Atherton, Alfred L., Jr., Deputy Assistant Secretary of State for Near Eastern and South Asian Affairs until 1974; thereafter Assistant Secretary of State for Near Eastern and South Asian Affairs

al-Awadi, Muhammed, Minister of Commerce and Industry of Saudi Arabia

Barger, Thomas, member of the Northrop Corporation Board of Directors

Bennett, Jack, Deputy Under Secretary of the Treasury for Monetary Affairs until 1974; Under Secretary of the Treasury for Monetary Affairs from 1974 until 1975

Bhutto, Zulfikar, Prime Minister of Pakistan

Billier, Joel, Deputy Assistant Secretary of State for Economic and Business Affairs

Bird, Eugene H., Political-Economic Section, U.S. Embassy in Jidda

Bourguiba, Habib, President of Tunisia

Brown, George S., Lieutenant General, USAF; Chairman of the Joint Chiefs of Staff from 1974

Brzezinski, Zbigniew, Assistant to the President for National Security Affairs from 1977 until 1981

Butcher, Duane C., Economic-Commercial Section, U.S. Embassy in Jidda

Carter, James E., Democratic Presidential nominee in 1976; President of the United States from 1977 until 1981

Case, Clifford P., Senator (R-New Jersey)

Casey, William, Under Secretary of State for Economic Affairs until 1974

Cecil, Charles O., Political Officer, U.S. Embassy in Jidda; Country Director for Saudi Arabia

Church, Frank, Senator (D-Idaho)

Clements, William, Deputy Secretary of Defense

Cluverius, Wat Tyler, IV, U.S. Ambassador to Bahrain from 1976

Colby, William, Director of the Central Intelligence Agency

Cooper, Charles A., member, National Security Council Staff, until 1974; Assistant Secretary of the Treasury for International Affairs from 1974 until 1975

Crawford, William R., U.S. Ambassador to the Yemen Arab Republic until 1974

Crosland, Anthony, Foreign Secretary of United Kingdom from 1976

Davies, Rodger P., Deputy Assistant Secretary of State for Near Eastern and South Asian Affairs, Department of State

- Davis, Jeanne W.**, Administrative Staff Director of the National Security Council
- Dickman, François M.**, Director, Office of Saudi Arabia, Kuwait, Yemen, Aden, and Gulf States Affairs, Bureau of Near Eastern and South Asian Affairs, Department of State; U.S. Ambassador to the United Arab Emirates from 1976
- Dinitz, Simcha**, Israeli Ambassador to the United States
- Draper, Morris**, Director, Office of Lebanon, Jordan, Syrian Arab Republic, and Iraq Affairs, Bureau of Near Eastern and South Asian Affairs, Department of State, from 1976
- Dunlop, John T.**, Director of the Cost of Living Council until 1974; Secretary of Labor from March 1975 until January 1976
- Eagleburger, Lawrence S.**, Acting Assistant Secretary of Defense for International Security Affairs; National Security Council Staff member from June until October 1973; Executive Assistant to the Secretary of State until 1975
- Eban, Abba**, Minister of Foreign Affairs of Israel until 1974
- Eilts, Hermann F.**, U.S. Ambassador to Egypt
- Eliot, Theodore**, Executive Secretary to the Secretary of State until 1973
- Ellsworth, Robert**, Assistant Deputy Secretary of Defense for International Security Affairs in 1975; Deputy Secretary of Defense in 1976
- Fahd ibn Abd al-Aziz Al Sa'ud**, Crown Prince of Saudi Arabia from 1975; First Deputy Prime Minister until 1975; Prime Minister from 1975
- Fahmy, Ismail**, Minister of Foreign Affairs of Egypt
- Faisal ibn Abd al-Aziz Al Sa'ud**, King of Saudi Arabia until 1975
- Feldman, Mark**, Deputy Legal Adviser, Department of State, from 1973
- Fifer, William A.**, Lieutenant Colonel; Defense Attaché, U.S. Embassy in Jidda, until 1973
- Fish, Howard M.**, Lieutenant General, USAF; Director, Defense Security Assistance Agency; Deputy Assistant Secretary of Defense for International Security Affairs from 1974
- Flanigan, Peter**, Assistant to the President for International Economic Policy until 1974
- Ford, Gerald R.**, President of the United States
- Friedersdorf, Max L.**, Assistant to the President for Legislative Affairs
- al-Ghani, Abdal Aziz Abd**, Prime Minister of the Yemen Arab Republic from 1975
- al-Ghashmi (Gashmi), Ahmed**, Lieutenant Colonel; Deputy Commander in Chief of the Yemeni Armed Forces
- Habib, Philip**, Under Secretary of State for Political Affairs from 1976
- al-Hamdi, Ibrahim Muhammad**, President of the Yemen Arab Republic from 1974
- Hassan bin al Talal**, Crown Prince of Jordan
- Helms, Richard M.**, Director of Central Intelligence until 1973; U.S. Ambassador to Iran
- Holloway, James L., III**, Admiral, USN; Chief of Naval Operations
- Horan, Hume**, Deputy Chief of Mission, U.S. Embassy in Jidda
- Hoskinson, Samuel**, National Intelligence Officer for the Middle East and Islamic World, Central Intelligence Agency
- Huffman, B. Keith**, Assistant Legal Adviser for Near Eastern and South Asian Affairs, Department of State
- Humphrey, Hubert**, Senator (D-Minnesota)
- Hussein (Husayn) I bin Talal**, King of Jordan
- Hyland, William P.**, Director of the Bureau of Intelligence and Research, Department of State, until 1975; thereafter Deputy Assistant to the President for National Security Affairs
- Ingersoll, Robert S**, Deputy Secretary of State

al-Iryani, 'Abd al-Rahman, President of the Yemen Arab Republic until 1974
Iklé, Fred, Director of the Arms Control and Disarmament Agency

Janka, Les, member, National Security Council Staff
Javits, Jacob, Senator (R-New York)
Jungers, Frank, President of Arabian American Oil Company

Kennedy, Richard T., Colonel, USA; member, National Security Council Staff, until 1974
Khalatbari, Abas Ali, Minister of Foreign Affairs of Iran
Khalid ibn Abd al-Aziz Al Sa'ud, Crown Prince of Saudi Arabia until 1975; thereafter King of Saudi Arabia
al-Khalifa, Khalifa ibn Salman, Prime Minister of Bahrain
al-Khalifa, Shaikh 'Isa ibn Salman, Amir of Bahrain
al-Khalifa, Shaikh Hamad ibn Isa, Minister of Defense of Bahrain; Chief of the Bahrain Defense Force
al-Khalifa, Shaikh Mohammad ibn Mubarak, Minister of Foreign Affairs of Bahrain
Khashoggi, Adnan, Saudi financier; owner of Triad Financial Establishment
Kissinger, Henry A., Assistant to the President for National Security Affairs until 1975; Secretary of State from 1973
Knoche, E. Henry, Deputy Director of Central Intelligence from 1976

Leigh, Monroe, Legal Adviser, Department of State, from 1974 until 1975
Lewis, William, Special Assistant to the Under Secretary of State for Security Assistance
Lowrie, Arthur L., Principal Officer, U.S. Interests Section in Iraq, until 1975

Maestroni, Frank E., U.S. Ambassador to Kuwait from 1976
Mansouri, Abdal Rahman, Deputy Minister for Foreign Affairs of Saudi Arabia
Maw, Carlyle, Under Secretary of State for Security Assistance from 1974
McNamara, Robert, President of the International Bank for Reconstruction and Development
Meir, Golda, Prime Minister of Israel until 1974
Moorer, Thomas, Admiral, USN; Chairman of the Joint Chiefs of Staff until 1974
Murphy, Nicholas M., Political Section, U.S. Embassy in Jidda, from 1974

Nazir, Hisham, President of the Central Planning Organization of Saudi Arabia
Nixon, Richard M., President of the United States from 1969 until 1974
Noyes, James H., Deputy Assistant Secretary of Defense for International Security Affairs

Oakley, Robert, member, National Security Council Staff, from 1974
Odeen, Philip, member, National Security Council Staff, until 1973

Paganelli, Robert, U.S. Ambassador to Qatar from 1974
Pahlevi, Mohammad Reza, Shah of Iran
Palmer, Stephen, Jr., Director, Office of Regional Affairs, Bureau of Near Eastern and South Asian Affairs, Department of State; Staff Director, National Security Council Interdepartmental Group for Near Eastern and South Asian Affairs from 1974
Parsky, Gerald, Assistant Secretary of the Treasury for Trade, Energy, and Financial Resources Policy from 1974 until 1975; thereafter Assistant Secretary of the Treasury for International Affairs
Pendleton, Miles, Special Assistant to the Deputy Secretary of State
Percy, Charles, Senator (R-Illinois) and member of the Senate Foreign Relations Committee
Pharon, Rashad, Adviser to King Faisal of Saudi Arabia

Pickering, Thomas R., Executive Secretary, Department of State, until 1974; thereafter U.S. Ambassador to Jordan

Plowden, Robert, member, National Security Council Staff, from 1976

Porter, William, Under Secretary of State for Political Affairs until 1973; U.S. Ambassador to Saudi Arabia from 1976

Proxmire, William, U.S. Senator (D-Wisconsin)

Qaboos (Qabūs, Qabus) ibn Sa'īd Al 'Bu Sa'īd, Sultan of Oman

al-Qadafi, Mu'ammar, Chairman of the Libyan Revolutionary Command Council; Commander in Chief of the Libyan Armed Forces

Quandt, William B., member, National Security Council Staff, until 1974

Ransom, David, Chargé d'Affaires, U.S. Embassy in Sana'a, from 1975

Richardson, Elliot, Secretary of Defense until May 1973

al-Rifai, Zayd, Prime Minister of Jordan

Robinson, Charles W., Under Secretary of State for Economic Affairs from 1974; thereafter Deputy Secretary of State

Rockefeller, David, Vice Chairman, Rockefeller Brothers Fund; Chief Executive Officer, Chase Manhattan Bank

Rockefeller, Nelson, Vice President of the United States

Rogers, William P., Secretary of State until 1973

Rumsfeld, Donald, Secretary of Defense from 1975 until 1976

Rush, Kenneth, Deputy Secretary of State until 1973

al-Sabah, Sa'ad al-'Abdallah, Minister of Defense of Kuwait

al-Sabah, Sabah al-Ahmad al Jabir, Minister of Foreign Affairs of Kuwait

al-Sabah, Sabah al-Salim, Amir of Kuwait

al-Sabah, Shaikh Salim Sabah al-Salim, Kuwaiti Ambassador to the United States

Sadat, Anwar, President of Egypt

al-Saqqaf, Sayyid 'Umar (Omar), Minister of State for Foreign Affairs of Saudi Arabia until 1975

Sa'ud ibn Faisal ibn Abd al-Aziz Al Sa'ud, Minister of State for Foreign Affairs of Saudi Arabia from 1975; thereafter Minister of Foreign Affairs of Saudi Arabia

Saunders, Harold H., member, National Security Council Staff, until 1973; Deputy Assistant Secretary of State for Near Eastern and South Asian Affairs

Schlesinger, James, Secretary of Defense from 1973 until 1975

Scotes, Thomas J., U.S. Ambassador to Yemen from 1974

Scowcroft, Brent, Deputy Assistant to the President for National Security Affairs until 1974; Assistant to the President for National Security Affairs from 1975

Shaker, Sharif Zeid Bin, Commander in Chief, Jordanian Armed Forces

Shultz, George, Secretary of the Treasury until 1974

Sick, Gary, Comander, USN; Country Director for Oman, Department of Defense, until 1975; member, National Security Council Staff from 1976

Simon, William, Deputy Secretary of the Treasury until 1974; Secretary of the Treasury from 1974

Sisco, Joseph, Assistant Secretary of State for Near Eastern and South Asian Affairs until 1974; Under Secretary of State for Political Affairs from 1974

Sober, Sidney, Deputy Assistant Secretary of State for Near Eastern and South Asian Affairs from 1974 until 1975

al-Sowayel, Ibrahim Abdallah, Saudi Ambassador to the United States

Spiers, Ronald I., Director, Bureau for Politico-Military Affairs, Department of State, until 1973

Stein, Robert A., Deputy Chief of Mission, U.S. Embassy in Sana'a, until 1973; Chargé d'Affaires, U.S. Embassy in Bahrain, from 1973

- Sterner, Michael E.**, U.S. Ambassador to the United Arab Emirates from 1974
- Stoltzfus, William**, U.S. Ambassador to Kuwait; Non-resident Ambassador to Bahrain, Oman, Qatar, and the United Arab Emirates until 1974
- Sultan ibn Abd al-Aziz Al Sa'ud**, Minister of Defense & Aviation of Saudi Arabia
- al-Suwaydi, Ahmad Khalifa**, Minister of Foreign Affairs of the United Arab Emirates
- Tarr, Curtis W.**, Under Secretary of State for Security Assistance of the United Arab Emirates until 1973
- Thacher, Nicholas**, U.S. Ambassador to Saudi Arabia until 1973
- Turki bin Abd al-Aziz Al Sa'ud**, Deputy Minister of Defense and Aviation of Saudi Arabia
- Turki bin Faisal Al Saud**, Deputy Director General of the Saudi General Intelligence Directorate
- Twinam, Joseph**, U.S. Ambassador to Bahrain from 1974 until 1976
- al-U'Utayba (Otaiba), Mani' Sa'id**, Minister of Oil and Mineral Wealth of the United Arab Emirates
- Vest, George S.**, Director, Bureau of Politico-Military Affairs, Department of State, from 1974
- Walters, Vernon A.**, Deputy Director, Central Intelligence Agency; Acting Director from July until September 1973
- Warner, John**, Secretary of the Navy
- Wickham, John**, Major General, USA; Military Assistant to the Secretary of Defense until 1974; Military Assistant to the Deputy Secretary of Defense from 1975
- Wolle, William D.**, U.S. Ambassador to Oman from 1974 until 1976
- Yamani, Ahmad Zaki**, Minister of Petroleum and Mineral Wealth of Saudi Arabia
- Zayid ibn Sultan al-Nuhayan, Shaikh**, President of State of the United Arab Emirates; Amir of Abu Dhabi

Documents on the Middle East Region, 1973–1976

Middle East Region

1. Memorandum From the Acting Assistant Secretary of Defense for International Security Affairs (Eagleburger) to Secretary of Defense Richardson¹

Washington, February 15, 1973.

SUBJECT

U.S. Policy in the Persian Gulf

(U) You expressed an interest in U.S. Persian Gulf policy during your recent meeting with King Hussein. The purpose of this memorandum is to bring you up to date on the subject and to note, in particular, the role DoD plays in supporting our Gulf policy.

(U) As you are aware, three events have focused increasing attention on the Gulf since 1968:

—the January 1968 UK decision to withdraw its military forces from east of Suez by the end of 1971

—the entry of the Soviet Navy into the Indian Ocean for the first time on a sustained basis in March 1968

—the growing awareness, beginning in 1970, of a probable future U.S. dependence on Persian Gulf oil.

¹ Summary: Eagleburger briefed Richardson on current Department of Defense arms and training policies toward the Middle East, in the context of NSC decisions on the subject.

Source: Washington National Records Center, OASD/ISA Files: FRC 330-76-117, Box 19, Persian Gulf, 1973, 000.1. Secret. Drafted by Jason Timberlake (OSD/ISA/NESA). NSSM 66 and NSDMs 92 and 186 are in *Foreign Relations, 1969-1976*, vol. XXIV, Middle East Region and Arabian Peninsula, 1969-1972; Jordan, September 1970, Documents 73, 91, and 120.

Background

(S) NSSM 66, dated 12 July 1969, directed a study be made of U.S. policy toward the Persian Gulf. The study was required to address two specific Defense issues: the future of the U.S. Navy's Middle East Force (MIDEASTFOR), and U.S. arms policy in the area. The initial draft of the study discussed but did not give the pros and cons of these two issues. At ISA suggestion, pros and cons were added, though not as fully as we desired. The final study, together with a paper describing the principle elements of a U.S. presence in the Gulf and their budgetary implications, was forwarded to the President on 30 July 1970.

(S) The President in NSDM 92 of 7 November 1970, approved a general strategy for the near term of promoting cooperation between Saudi Arabia and Iran as the desirable basis for maintaining stability in the Gulf, while recognizing the preponderance of Iranian power and developing direct relations with other Gulf states. The President approved expansion of U.S. diplomatic representation in the Lower Gulf and directed that plans be developed for such representation. He also directed that plans be developed for technical and educational assistance and cultural exchange through private as well as public programs. Plans were subsequently submitted on both subjects in late 1971. In the area of diplomatic representation, the U.S. has accredited our Ambassador resident in Kuwait as non-resident Ambassador to Bahrain, Qatar, the United Arab Emirates, and Oman. A small mission has been opened in each of these countries except Qatar, and one is expected to be opened there shortly. We are responsive to requests from the lower Gulf states and Oman for reimbursable technical assistance and have asked for authority to provide "topping off" of salaries for U.S. personnel in certain cases.

Naval Presence

(S) In NSDM 92, the President decided in principle not to reduce the U.S. naval presence in the Persian Gulf at this time. In a decision relating to the Indian Ocean, the NSC Senior Review Group a year later approved a recommendation to improve the quality of MIDEASTFOR ships (a flagship homeported at Bahrain and two destroyers rotated on temporary assignment from the Atlantic Fleet). In August 1972, we replaced the flagship (a 26-year old converted seaplane tender) by a larger and more modern ship (amphibious transport dock), and we have now begun to assign better destroyers as occasion permits.

(C) The independence of Bahrain on 14 August 1971 and the British military withdrawal in December meant that MIDEASTFOR, which had previously been supported at the British base on Bahrain, would have to make direct arrangements with the Government of Bahrain (GOB). On 23 December 1971, the USG and the GOB concluded a

stationing agreement. This agreement, which came under Senate scrutiny and some criticism last year, contains no military or political commitment, either explicit or implied, to the GOB or any other state. It merely provides for the continued use of support facilities formerly made available by the British. A leasing agreement, fixing the first year's rent at \$600,000, was concluded on 1 January 1972. As a result of the assumption of shore facilities (10% of the former British base) and the assignment of a larger flagship, MIDEASTFOR personnel homeported at Bahrain have had to be increased from 261 to 527.

(U) The primary mission of MIDEASTFOR is to demonstrate, by visiting friendly countries in the Persian Gulf, Red Sea, and western Indian Ocean, the continuing interest of the U.S. in those countries and our desire to maintain good relations with them. By being homeported in the Gulf, MIDEASTFOR gives special emphasis to our interest in that strategically important area. MIDEASTFOR, unlike the former British forces in the Gulf, has no protective mission to perform; U.S. officials have repeatedly said that we do not plan to take over the former British role in the Gulf.

Arms Policy

(S) The President on 17 January 1971 declared Kuwait eligible for arms under the Foreign Military Sales Act. In April 1972, the NSC Under Secretaries Committee forwarded a report to the President on U.S. arms policy toward the lower Persian Gulf States and Oman. This study drew a distinction between our arms supply policy toward Iran, Saudi Arabia and Kuwait on the one hand, and the lower Gulf States and Oman on the other. With respect to the former states, we look to them to bear the main responsibility for peace and stability in the Gulf and to deter Iraq, which borders them and is considered to be the main external threat. We are, therefore, willing to help these states modernize and expand their armed forces and are already deeply involved in major arms, advisory, and training programs with Saudi Arabia and Iran. Kuwait, with our help, is studying its defense requirements and may turn to the U.S. for some of its arms. In the case of the Lower Gulf States and Oman, we consider the main threat to be internal and to come from Arab revolutionary elements hostile to U.S. interests. The only likely external threat to these states would come from Saudi Arabia or Iran, which might intervene for limited territorial objectives or to restore order and stability of the sort we might also desire.

(S) In NSDM 186 of 18 August 1972, the President accepted the major recommendations of the NSC study. U.S. arms policy will be based on the principles that primary responsibility for stability in the Gulf falls upon the states of the region, that the U.S. should encourage cooperation among them for this purpose, that a continuing British

role should be encouraged, and that the U.S. should play an active and imaginative direct role. The U.S. will sell defense articles to the lower Gulf States and Oman that will enhance their internal security. It will refuse articles that are offensive or sophisticated in nature, that could undermine area stability, or that could divert economic resources from pressing civil needs. The U.S. will provide arms on a sales basis and will avoid transactions that require the presence of U.S. military personnel on other than a temporary basis for advice or maintenance. Although the U.S. encourages the British to play a continuing role in the Gulf, the U.S. will respond sympathetically to reasonable requests for arms from the lower Gulf States and Oman, which may prefer U.S. to British equipment or may wish to diversify their source of arms.

(C) On 2 January 1973, the President found the lower Gulf States and Oman eligible under the Foreign Military Sales Act. To date, U.S. arms sales to Kuwait and to the lower Gulf States and Oman have been negligible. They are expected to remain modest, especially when compared to those to Saudi Arabia and Iran.

Other Defense Activities

(U) We expect to provide some training in the U.S. for Gulf military personnel. We have already trained the Crown Prince of Bahrain at the Command and General Staff College, Ft. Leavenworth. An increasing number of high-ranking DoD civilian and military officials are visiting the Gulf, especially Kuwait and Bahrain. Each year we join the UK and Iran in a CENTO naval exercise in the Gulf.

U.K. Role

(U) The UK, with more experience than any other outside power, continues to play an important role in the Gulf, especially in financial and commercial matters. Although the UK retains no operational forces in the Gulf for peacekeeping purposes, it continues to pursue an active military diplomacy. It maintains an RAF staging base Masirah off the southern coast of Oman, plans to conduct periodic exercises with Gulf military forces, and makes flag showing visits to the area. The UK will endeavor to maintain its arms market in the Gulf, its advisory role with Gulf armed forces, and the training of Gulf military personnel in the UK. It will also, through seconded and contract personnel, continue to play an active operational role in Gulf armed forces and in the police and intelligence services of Gulf states.

Jordanian and Pakistani Role

(C) We welcome efforts by Jordan and Pakistan to play an active and constructive role in the Gulf. Jordan and Pakistan can provide much-needed skilled manpower and contribute to Gulf stability at a time when the lower Gulf states and Oman are under pressure to lessen

their dependence on historic British sponsorship of their armed forces. Jordan has military advisers in Bahrain, Abu Dhabi, Dubai, and Oman, while Pakistan has advisors in Abu Dhabi and Oman and plans to assign some to Qatar.

Areas of Concern

(S) On the whole, political-military developments in the Gulf have gone very well this past year. There are, however, some areas of concern to us.

Iran

The Shah's ambition to play a dominant role in the Gulf and the build-up of his armed forces, with U.S. help, is causing some uneasiness on the Arab side of the Gulf. Were Iran to act against Arab interests, the U.S. could find itself identified once again, as in the case of Israel, as an enemy of the Arabs. Iran's overwhelming military strength could tempt her to resort too readily to military action in response to some real or perceived threat to her interests.

Saudi Arabia

Progress toward political and social reform in Saudi Arabia continues to be miniscule. While there are no signs of internal opposition to the regime, dissatisfaction is bound to increase over time in the steadily growing numbers of educated armed services officers and civilian technicians.

Iraq

Iraq and Iran are major antagonists. The greatly superior military strength of Iran is causing Iraq to turn increasingly to the USSR for arms. This, in turn, will result in greater Soviet influence in the Gulf, and could stimulate a regional arms race, fueled by the two external superpowers. In its own quest for greater influence in the Gulf, Iraq will continue to support dissident groups that seek to overthrow traditionalist governments of the smaller Gulf states, although these efforts have not had much success thus far.

Oman

The Sultan's campaign to suppress the Dhofari rebellion has met with marked success this past year, but the effort is absorbing roughly one half of Oman's oil revenues. This heavy defense burden is hindering efforts at much-needed domestic reform and development.

Jordan

The efforts of Jordan to play a more active role in the Gulf could create problems with other powers active in the area. Reports have

already been received of friction between Jordanian and British officers in Oman and Abu Dhabi. There is also some question of the extent to which Jordan, burdened by financial difficulties and heavily dependent on foreign powers, including the U.S., for financial assistance, can or should play a significantly greater role in Gulf affairs. If Jordan's activities are carefully monitored and coordinated with those of the British, the Iranians, and the Saudis, the overall net result for Gulf stability, however, should be positive.

Lawrence S. Eagleburger

2. National Security Study Memorandum 181¹

Washington, May 10, 1973.

TO

The Secretary of State
The Secretary of Defense
The Secretary of Central Intelligence

SUBJECT

U.S. Policy in the Arabian Peninsula and the Persian Gulf

The President has directed a review of U.S. policy in the Arabian Peninsula and the Persian Gulf. NSDM 92 and NSDM 186 have already established a framework for U.S. policy in this region based on Saudi-Iranian cooperation and an indirect U.S. role in arms supply. The purpose of this new review is to evaluate our present policy in light of recent developments in this area.

The study should identify U.S. interests and objectives in the area. As to U.S. interests and objectives deriving from U.S. energy requirements, the study should draw on the work done in response to NSSM 174.

¹ Summary: The President directed a review of policies toward the Arabian Peninsula and the Gulf.

Source: National Archives, Nixon Presidential Materials, NSC Files, Box 365, Subject Files, National Security Study Memoranda (NSSMs) 104–206, NSSM 181. Secret. A copy was sent to Admiral Moorer. NSSM 174 is in *Foreign Relations, 1969–1976*, vol. XXXVI, Energy Crisis, 1969–1974, Document 171.

The study then should specifically address the following questions:

—What is the state of regional cooperation and in particular Saudi-Iranian cooperation? What steps can the U.S. take to strengthen it?

—What role would the United States like to see Kuwait play and what can the U.S. do to encourage it? In the light of Kuwait's current defense needs, what is an appropriate relationship between Kuwait and other nations of the area? What are possible U.S. roles in responding to Kuwait's defense needs?

—What measures can be taken to strengthen the U.S.–Saudi and U.S.–Iranian bilateral relationships? In particular, how can a sense of cooperation toward common strategic objectives be developed? How can commercial and financial ties be strengthened, including consideration of steps the U.S. could take to encourage oil producing countries to use oil revenues to increase production?

—What are the prospects for stability in the UAE, Qatar and Bahrain?

—How can Saudi Arabia and Iran contribute most effectively to the security of the area and in particular of Kuwait, Oman and the Yemen Arab Republic? What is the appropriate role for Jordan? What are the options for the U.S. in relation to the cooperation among these governments?

—Is U.S. arms supply policy in this area appropriate?

—Is the U.S. official presence in the area appropriate as to numbers and level?

In discussing these issues, reference should be made as appropriate to Iran's and Saudi Arabia's growing economic and military power; sources of instability in the area including the role of Iraq and the PDRY; and the policies of states outside the region (Europeans, Japan, USSR) as they affect U.S. interests. In each section of the study, options for U.S. policy should be presented and analyzed.

This study should be conducted by the NSC Interdepartmental Group for the Near East and South Asia. This study should be submitted to the NSC Senior Review Group by June 22, 1973.

Henry A. Kissinger

3. National Security Study Memorandum 182¹

Washington, May 10, 1973.

TO

The Secretary of State
The Secretary of Defense
The Director of Central Intelligence

SUBJECT

Implication for U.S. Policy of Probable Lines of Soviet Strategy and Policy in the Eastern Mediterranean, Near East, Arabian Peninsula, and South Asia

The President has noted that a number of leaders of friendly countries in the Near East and South Asia have the view that the Soviet Union is intensifying its diplomatic, economic and military activity throughout these areas. He has directed a study of the implications for U.S. policy of probable lines of Soviet strategy, policy and actions in the Eastern Mediterranean, the Near East, the Arabian Peninsula and the Persian Gulf, and South Asia.

The study should include:

—Definition and assessment of basic U.S. interests and objectives in these areas identifying how they may be affected by Soviet interests, objectives, policies and actions.

—Identification and assessment of Soviet strategic interests and objectives in these areas and the ensuing lines of policy and actions which the Soviets are likely to pursue over the next five years.

- Interests, objectives and policies which may be common to more than one of the specific areas included in this study or which may reflect strategic concerns extending beyond these areas should be identified and assessed.

- The extent to which Soviet policies and actions in any or all of these areas may be designed to support its policies toward or posture vis-a-vis the People's Republic of China or Western Europe should be assessed.

- The extent to which Soviet policies are influenced by U.S. actions (e.g., the USSR naval reaction to TF 74) should be assessed.

¹ Summary: The President directed a study of the implications of Soviet strategy toward the Middle East and South Asia.

Source: National Archives, Nixon Presidential Materials, National Security Council Institutional Files (H-Files), Box H-200, NSSM 182. Top Secret. A copy was sent to Admiral Moorer.

—Identification of policies or actions that are common to the interests of the U.S. and USSR (e.g., non-nuclear India, freedom of the seas, etc.).

—Assessment of the implications of political, economic and security factors and trends in these areas as they may affect the interests, objectives, and policies of either the United States or the USSR or both.

In assessing Soviet lines of policy and actions, the study should consider but not be limited to the following:

—Continued economic and military assistance and political support for Egypt.

—Military assistance to and political support for Iraq, Syria, and South Yemen.

—Military presence, including basing arrangements, in the areas of the study.

—Support for subversive and radical groups and movements throughout the areas of the study.

—Economic and political support for India.

—Economic and political relations with Iran, Kuwait and other states in the Persian Gulf.

Based upon these assessments, the study should discuss the strategy and policy options open to the U.S. to protect and advance U.S. interests.

This study should be conducted by an NSC Ad Hoc Group to be chaired by the representative of the Secretary of State and to include representatives of the addressees and the NSC Staff. The study should be submitted by July 1, 1973, for consideration by the NSC Senior Review Group.

Henry A. Kissinger

4. Summary of Conclusions of a Washington Special Actions Group Meeting¹

Washington, May 15, 1973, 3:20–4:09 p.m.

SUBJECT

Lebanon and Middle East Hostilities

PARTICIPANTS

Chairman

Henry A. Kissinger

State

William Porter

Joseph Sisco

David Korn

Defense

William P. Clements, Jr.

James H. Noyes

JCS

Vice Adm. John P. Weinell

CIA

James Schlesinger

John Waller

Samuel Hoskinson

NSC Staff

Brig. Gen. Brent Scowcroft

Richard T. Kennedy

Harold H. Saunders

Jeanne W. Davis

SUMMARY OF CONCLUSIONS

It was agreed that:

1) A Working Group would prepare some plans based on various contingencies;

2) State and Defense would prepare an options paper on Libyan nationalization of American oil companies;

3) the overall strategy paper on the Middle East will be updated and submitted.

Mr. Kissinger: (to Schlesinger) Can you give us a run-down?

(Mr. Schlesinger briefed from the attached text.)

Mr. Sisco: I agree with this evaluation. It accords with State's analysis.

Mr. Kissinger: What I want to get out of this meeting is to get a Working Group started on three contingencies: (1) a plan for an out-

¹ Summary: WSAG considered new arms sales to Saudi Arabia as part of a broader bilateral relationship.

Source: Library of Congress, Manuscript Division, Kissinger Papers, Box SCI 21, National Security Council, Committees and Panels, WSAG, April 1972–August 1973. Top Secret; Sensitive; [handling restriction not declassified]. The meeting took place in the White House Situation Room. King Faisal's meeting with the President of Aramco is reported in telegram 1891 from Jidda, May 8, 1973. (National Archives, RG 59, Central Foreign Policy File, [no film number]).

break of fighting in Lebanon that might involve Syria—an approximation of what we should do if a situation similar to that in Jordan in 1970 occurs. What might the Israelis do? What would we want them to do? How would we react to a Syrian invasion of Lebanon?

Mr. Porter: Would you include an Israeli invasion to push the Syrians out?

Mr. Kissinger: That's right.

Mr. Sisco: Eban told us that when the Israelis last got together with the Lebanese in their Military Armistice Commission contacts, the Lebanese said they assumed Israel would be there if the Syrians should intervene.

Mr. Kissinger: In 1970 Jordan wanted the Israelis to come in at the right moment. Let's focus on our diplomatic posture, our military posture, and our attitude toward the Soviet Union and any moves they might make in such a situation.

Mr. Porter: Including the evacuation of American citizens?

Mr. Kissinger: I have assumed that was a State Department responsibility.

Mr. Porter: This could put you ashore momentarily if you wanted.

Mr. Kissinger: I don't know whether we will want to go ashore, but we had damned well better have the option and know how to do it. I would like to know with some precision the various ways in which we might become involved. For example: (1) if the Israelis go in and the Soviets threaten; (2) if the Israelis go in and we want to get them out; (3) if we want to keep the Israelis out while we evacuate American citizens. We're certainly not looking for an excuse to go into Lebanon; we want to stay out. But in 1970 the planning we did in this room enabled us to move with great speed if we had had to.

I also want to know the contingencies in which US intervention might be contemplated. We shouldn't focus initially on military movements, but on [illegible] diplomatic moves and what military moves we might have to make to back them up.

The second contingency relates to the kinds of things the Egyptians might do, the various ways in which the Israelis might react and the diplomatic issues that might ensue. Short of actual Soviet intervention, it's hard to envisage any direct US action. But we should consider what to do to keep the Soviets out; the ways in which we might use the crisis to get diplomatic movement, if that is what we want, or to return to the status quo ante if it is decided that is desirable.

Mr. Schlesinger: [1 line not declassified] Egypt has moved no equipment up to the Canal. This means that their military options are limited to an air attack on Israel which would be extremely ill-advised.

Mr. Kissinger: That's all they could do?

Mr. Schlesinger: Yes; they're extremely limited.

Mr. Kissinger: Didn't I see a report that they were dropping a parachute brigade into Sinai?

Mr. Sisco: That was one isolated report.

Mr. Schlesinger: If Egypt should start something, it would be part of a diplomatic move to elicit sympathy when they were whipped by the Israelis.

Mr. Sisco: They're trying to follow the Vietnamese pattern. They need a little fighting to attract attention. I think the reason Egypt played a major role in mediating the situation in Lebanon was that they are afraid the balloon might go up in Lebanon, Syria might invade, and Egypt might be shown up as a paper tiger.

Mr. Clements: (to Schlesinger) [*less than 1 line not declassified*]

Mr. Schlesinger: [*less than 1 line not declassified*]. All indicators were that things were calming down.

Mr. Porter: Do you think there's any connection with the Security Council review?

Mr. Schlesinger: Possibly, if it is considered a prelude to a diplomatic or military move for sympathy.

Mr. Kissinger: What form of military move? If they bomb Israel, they would [illegible] sympathy if they should get a tremendous Israeli counterblow. It would be all over. There would be no war going on. They have to start something that they could continue.

Mr. Schlesinger: I agree it would be unrealistic. Even if they are talking about only getting a toehold on Sinai, the best estimate is that they could hold it only for a week. It wouldn't give them the kind of war they need to get negotiations started.

Mr. Clements: I take a different view. The area to watch is Syria. They're volatile as hell.

Mr. Kissinger: The thing might develop a momentum of its own. Let's do a contingency plan for that. Dick (Kennedy), will you help them, based on our Jordan experience.

Mr. Porter: What about the draft cable that has been circulated authorizing an approach that is meant to be reassuring to the Lebanese?

Mr. Kissinger: If there is no great urgency, could we wait on that until we have a chance to develop some of these contingency plans?

Mr. Sisco: We can hold it another week. We have two problems: (1) no answer we can conceivably give will provide the kind of blank check the Lebanese want, so any reply will be disappointing; (2) on the other hand, they asked for this last September and no reply at all will have a worse effect.

Mr. Kissinger: I'm in favor of an answer. In fact, we think we can be a bit more forthcoming than your draft.

Mr. Porter: It would be better to wait then.

Mr. Schlesinger: With regard to the telegram, I'd like to raise a question about pressuring them on Black September. Let's be careful we don't jump from the frying pan into the fire. If we force Black September headquarters out of Lebanon, they will go to Syria. [2 lines not declassified]

Mr. Kissinger: Why are they not in Damascus?

Mr. Porter: They like it in Lebanon.

Mr. Sisco: If they were operating out of Syria, the counterblow would come from Israel on Syria, not Lebanon.

Mr. Porter: And the banks that pay them are in Lebanon. No responsible bank will operate in Syria.

Mr. Clements: How much of the pressure on the fedayeen is really coming from Israel?

Mr. Sisco: There are two kinds of pressure. The Israeli pressure is operating on a worldwide scale to route them out wherever they are. But the more important pressure is coming from the Lebanese Army and Government. They're not trying to kick the fedayeen out of Lebanon. That would buy Syrian intervention. They're just trying to make the situation more manageable, by restricting them to light arms, concentrating them in camps, etc.

Mr. Clements: Isn't there Israel-Lebanon government-to-government pressure?

Mr. Noyes: Dayan has been making strong statements against Lebanon, not Syria.

Mr. Sisco: We have called that to their attention. We think they should continue to do what they're doing, but should keep quiet about it.

Mr. Noyes: Do we accept the Israeli thesis that Jordan can be equated with Lebanon?

Mr. Sisco: We have to acknowledge that Israeli military pressure has forced the hand of the Lebanese Government and Army. And they have been more forceful than we thought they would be.

Mr. Kissinger: I have reluctantly come to that conclusion.

Mr. Sisco: We would be concerned if we thought the Lebanese Government objective was to drive the fedayeen out. But they have no such intention.

Mr. Kissinger: I understand Defense wants to take up the question of Libyan nationalization.

Mr. Clements: Representatives of the international oil companies are meeting with (Deputy Secretary of State) Ken Rush tomorrow to talk about Libya. We hear the Libyan Government is going to nationalize American oil interests.

Mr. Porter: They've already started.

Mr. Clements: There is \$3 billion plus in US investment there. And we estimate there are 3000 Americans there. There's a question of their safety. We think we should have some response ready if they take this action. It's about to happen and we should be prepared.

Mr. Kissinger: What do they mean 'nationalization'? Do they mean expropriation with compensation?

Mr. Clements: They are taking the assets—the production, property, pipelines, gathering and loading systems. They will take the depreciated value then sign an agreement that they must market and sell at the world price. Out of Libya's profits, they will pay back the depreciated value.

Mr. Porter: We've been playing it very softly with Libya in the hope that we can hang on to the oil property until September 1 when the federation with Egypt is supposed to take place. This might bring a change of direction. In the new situation it might be possible to protect our interests better. Of course, it could be worse if the Egyptians want to push us around. The issue should be discussed. In the first place, the Libyans don't have the people to run things. The Assistant Secretary for Africa should be here for a discussion of Libya.

Mr. Kissinger: You mean Newsom?

Mr. Sisco: Yes. We should consider what we could do. Break diplomatic relations? Take counter-measures? Sit on our haunches?

Mr. Clements: We have to make some move to protect the Americans.

Mr. Sisco: We need an options paper.

Mr. Kissinger: Okay.

Mr. Clements: There's a nuance here. Contrary to the situation in other parts of the world, you have a combined company, Oasis, which doesn't have extensive overseas holdings. This is their only major endeavor. It's different for Texaco, Esso or Mobil, so the oil companies don't all have the same position.

Mr. Sisco: The majors are in a better position to resist.

Mr. Clements: We have a long cable in on the meeting between the President of Aramco and Saudi Arabian King Faisal. Faisal is feeling the pressure. We need to think how we can reinforce our position and hold Faisal's hand.

Mr. Sisco: I agree, and we are working with the Defense people on this. We think the answer is to deepen our relations and provide economic assistance to Faisal.

Mr. Clements: That avoids the central question which is that he wants visible US pressure on Israel.

Mr. Kissinger: We can always solve the problem for half a year by giving him what he wants and avoiding the real problem. When the French were selling Mirages to Libya we were told that this was the only way to prevent the horror of the Communist countries invading this market, etc. Baloney! We need a strategy for the Middle East. If we give F-4s to Saudi Arabia they will show up in the central conflict sooner or later. This will just stimulate demands on the Israeli side. If every country comes in with a list of demands we just try to keep them happy. We need a strategy over the next three to five years. I agree that Saudi Arabia will keep the pressure on us because of the overall Middle East situation.

Mr. Porter: If we don't give them planes for dollars, they will start selling dollars in Europe which will present us with a new problem.

Mr. Clements: I agree. But in the meantime, someone of stature needs to go over and hold Faisal's hand.

Mr. Sisco: We have in mind (Under Secretary for Economic Affairs) Casey.

Mr. Porter: The economic thing is superficial.

Mr. Sisco: We're talking about mutual economic relationships, not economic assistance.

Mr. Kissinger: Could we get a strategy paper?

Mr. Kennedy: We have the NSSM in work.

Mr. Sisco: We have a paper on the Saudi thing that we have been discussing with Defense which takes the Israelis into account. In the next ten days, the French may well get in and sell aircraft to the Saudis. We would lose the kudos and the balance of payments advantage as well as the possible help in the oil situation. I stand by our recommendation to sell them F-4s. It's possible they will end in the combat zone. But we're only talking about one squadron for the Kuwaitis and two squadrons for Saudi Arabia—36 planes—with delivery between 1975 and 1980. If we get in rather than the French, we can control their training and education and can impose a third-party caveat. We can't guarantee that they won't end up in a battle against Israel, but our ability to control them would certainly be better than the French.

Mr. Noyes: There's a good case to be made that the Israeli military might be better served by F-4s in Saudi Arabia and Kuwait rather than Mirages.

Mr. Kissinger: Why?

Mr. Noyes: Because US involvement means implicit control. US technicians would act as a hedge against Saudi Arabia's doing something foolish.

Mr. Schlesinger: I agree. The only thing we have to build on there is Saudi Arabia. It's the only country able to provide any basis of

stability. Unless we extend some sign that we are willing to meet them part way, they will drift into the camp supporting Egypt against Israel. Deepening economic relations may be superficial, but the Saudis are deeply concerned about down-stream investment.

Adm. Weinel: In getting a handle on their military the best thing to do is to control their spare parts.

Mr. Sisco: Right. We're also interested in the political impact the first provision of F-4s to the Arab world will have. It can be explained to the Israelis. The signal would be that the Americans are not afraid to provide aircraft to their friends. It would enhance our capability as a peace-maker.

Mr. Clements: I agree; this is not just cosmetics. The Saudis are our friends.

Mr. Kissinger: I want a strategic definition of friendship in this area. I agree that I have never met an unattractive Arab. But how do we see the situation developing in the next 3–5 years?

Mr. Porter: By our being able to restrain the Saudis as we could not do if they go the French route.

Mr. Kissinger: If I may be the devil's advocate, if they go the French route, we must assume they are going because of some objective necessity or desire. That they want to participate in the anti-Israel effort. If they buy Mirages, they will not be under control. If they buy F-4s, they will be. But if they want to follow the Egyptian line, they will.

Mr. Clements: The Saudis don't look at Egypt the way you think they do. What about South Yemen?

Mr. Kissinger: I've been trying to get State to turn loose our friends on South Yemen. We wanted to do something in Oman?

Mr. Sisco: Yes, we got them some helicopters.

Mr. Clements: And the Army is going in with some mechanized equipment to modernize their National Guard. But we can't consider Saudi Arabia in the sole perspective of how it affects Israel.

Mr. Kissinger: I agree. But we have to consider Saudi Arabia in the overall context of American purposes.

Mr. Sisco: We will send you a copy of the overall strategy paper that was cleared at the White House. We're trying to update it. We're not operating on day-to-day seat-of-the-pants tactical decisions.

Mr. Kissinger: Okay. We'll get you a decision fairly soon.

Mr. Clements: I'm sorry, but I have to leave for a talk with the Emperor (Haile Selassie).

Mr. Porter: Don't take Kagnev back.

Mr. Clements: We should.

Mr. Kissinger: Now the Departments cannot gang up and come over here with a recommendation and think the President will rubber-stamp it.

Mr. Porter: But we can argue up to the point of decision. The Emperor wants us to stay. Can't we at least think up some other things we can do.

Mr. Clements: Oh yes, we're thinking of other things, but we don't have to keep on doing the same things when they are hurting us.

5. National Intelligence Estimate Prepared in the Central Intelligence Agency¹

30-1-73

Washington, June 7, 1973.

[Omitted here is the table of contents.]

PROBLEMS IN THE PERSIAN GULF PRÉCIS

Much of the old political framework in the Persian Gulf area, site of two-thirds of the world's oil reserves, has gone, opening the way for new patterns of development.

—The end of British political and military responsibility for the smaller states, whose leaders and institutions will be hard pressed to cope with demands for change, leaves them vulnerable to external subversion, internal discord, and the vicissitudes of regional politics.

—The Soviet Union, having established an important political influence in the Arab world and a significant military presence in the Mediterranean area, shows a growing interest in the Indian Ocean and the Gulf—on its own and as patron of the radical regimes in Iraq and South Yemen.

—The increasing importance of Gulf oil, coupled with Arab frustration over the impasse with Israel, raises the specter of oil being used

¹ Summary: The CIA assessed potential security threats to U.S. interests in the wake of British withdrawal from the region, concentrating on radical threats to new and moderate Gulf regimes.

Source: Central Intelligence Agency, NIC Files, Job 79R01012A, Box 464, Folder 5, Problems in the Persian Gulf. Secret. The CIA, the intelligence organizations of the Departments of Defense, State, and the Treasury, and the NSA participated in the preparation of this estimate. It was submitted with the concurrence of all USIB members, except for the representative of the FBI, who abstained on the grounds that the subject was outside his jurisdiction.

for political purposes—something occasionally threatened but not attempted on a large scale before.

The relationship of Saudi Arabia and Iran is of key importance to the Western position in the Gulf. Relations between the two are good, but not likely to become close. Both seek to resist the spread of revolutionary forces. The Shah, with a large and growing oil income to pay for an expanding military establishment, has embarked on an activist, forward policy in the Gulf—reflecting Iranian apprehensions about radical Arab power and the Shah's ambitions in the Gulf. This bothers Saudi Arabia, which aspires to a position of leadership among the smaller Arab states of the Gulf.

Given the fragility of the smaller states, the crosscurrents of rivalry between the regional powers, and external support for radical subversion, important change appears inevitable.

Certain developments would be of little consequence either for oil or political relations in the area, e.g., the replacement of one ruler in a smaller state by another. Even a radical regime replacing an incumbent conservative in one or another of the lesser states would not *necessarily* interfere with oil, though dealing with radical regimes on access to oil is marked by special difficulties and political complications.

Other developments could endanger US interests.

—Turmoil in one of the lesser states could lead to Iranian intervention, which in turn would set the Arabs, including Saudi Arabia, against Iran. This could badly erode US relations with both Saudi Arabia and Iran.

—The unlikely contingency of an upheaval led by revolutionary forces in the larger oil-producing states would be difficult or impossible to reverse and would threaten the US position in the Gulf as a whole.

—A recrudescence of Arab-Israeli hostilities would be likely to lead some Gulf states to embargo oil shipments to the US for a time and perhaps to nationalize or otherwise hit at American firms. It would not be as easy for the US to ride out this kind of storm as in the past.²

1. The already great importance of the Persian Gulf region as a source of oil for the industrial world is certain to grow. Gulf states control nearly two-thirds of the world's proved oil reserves and currently produce about one-third of the oil consumed in the non-communist world. This paper assesses local pressures for change, the interests and actions of forces from outside the Gulf, the aims and policies of the USSR, the consequences of the large Gulf states' efforts to fill the vacancy left by the end of the British protectorate, and likely develop-

² The likelihood of hostilities in the near term is discussed in NIE 30–73, "Possible Egyptian-Israeli Hostilities: Determinants and Implications," dated 17 May 1973, SECRET, [handling restriction not declassified] [Footnote is in the original.]

ments over the next few years flowing from the interaction of these elements. Finally, it assesses the implications for the US.

I. RADICAL CHALLENGE IN THE GULF

2. Almost all the Gulf states are conservative societies governed by traditional monarchical regimes. Only Iraq has succumbed (15 years ago) to revolution. After several violent changes of regime, Iraq is now ruled by the socialist Baath Party.³ In some of the other states of the Gulf, the growth of the oil industry has provided vast financial resources. Foreign workers, administrators, and teachers—including many Palestinians—have brought in social and political ideas at odds with traditional attitudes. Generally speaking, the leadership and institutions of these states will be hard pressed to cope with demands for change.

3. The rulers use varying means to keep frustrations and hostility under control.⁴ The Shah of Iran has sought with some success to deflect political pressures by leading a so-called “White Revolution”. But at the same time he vigorously represses dissent. The Amir of Kuwait has established a parliament and permits a relatively free press. King Faisal has not permitted such free expression of ideas in Saudi Arabia’s very conservative society, but makes cooperation with the regime advantageous in many ways. Moreover, the oil boom has provided such extensive social services and opportunities for personal gain that few have thus far been inclined to risk dangerous or radical means of expressing dissatisfaction. But in time, discontent seems likely to grow, especially where regimes do not satisfy the demands of the increasingly educated and politically aware elements of the population.

4. Antiregime revolutionary forces are active in the smaller Gulf states⁵ and are supported by the radical regimes in Iraq and in the People’s Democratic Republic of Yemen (PDRY)—also called South Yemen. Both aid the Popular Front for the Liberation of Oman and the Arab Gulf (PFLOAG), an umbrella group dedicated to the overthrow of all monarchies in the region. Iraq also supports branches of its faction of the Baath Party in Bahrain, Qatar, and the UAE and backs a variety of other dissidents. Syria does something along these lines, but has

³ The Baath Party of Iraq—in power since July 1968—is part of a pan-Arab ideological movement founded over a quarter century ago in Syria. Baath means resurrection or rebirth in Arabic. [Footnote is in the original.]

⁴ At annex is a more detailed description of revolutionary and subversive elements in the Persian Gulf area and a discussion of security conditions in certain individual countries. [Footnote is in the original.]

⁵ These states include Bahrain, Qatar, Oman, and the United Arab Emirates (UAE)—itself composed of Abu Dhabi, Dubai, Sharjah, Ras al-Khaimah, Umm al-Qaiwain, Ajman, and Fujairah. [Footnote is in the original.]

few supporters. Socialist splinter factions which are even smaller and which are not backed by any Arab state (e.g., the Arab Nationalists Movement and the National Liberation Front of Bahrain) are also active.

5. The radical regime in South Yemen has concentrated its subversive activity on the adjacent Dhofar Province of Oman. It is offering materiel, financial assistance, and a safe-haven to the rebels, now under PFLOAG, who have been fighting the Sultan's forces in the hinterland for 10 years. The leaders of the PDRY regime are also encouraging PFLOAG dissidents in Bahrain and elsewhere along the Gulf in hopes of facilitating the establishment of revolutionary governments in the Gulf proper.

6. Most Palestinian fedayeen groups have representatives in the Gulf states. Although they are there primarily to raise money, the sheikhdoms, as a sign of support for the Arab cause, accord the fedayeen a degree of freedom which has increased the latter's influence. The fedayeen have some potential for terrorist activity against Western interests, including American oil installations, and also against conservative regimes. In the event of an outbreak of major Arab-Israeli hostilities, their presence would increase pressure on the Gulf states to act against US interests.

II. EXTERNAL FORCES

The Oil Consumers

7. Britain abandoned its historic role as protector of the smaller Gulf states at the end of 1971, but it has not disengaged entirely. British seconded and contract officers remain the backbone of the security services and defense forces in Oman and the former protected states. The Royal Air Force (RAF) maintains a detachment at Salalah in accordance with an agreement imposed by Oman in exchange for the right to maintain the RAF station on the island of Masirah. In 1972, sales of UK military and civilian goods and services to the Gulf states amounted to \$820 million, while the US sold them \$1.1 billion worth of goods. Together this comprised over a third of the imports of the Gulf regimes. British companies retain a large share of oil production in the Gulf and US oil companies produce and market somewhat over half of production from this region. The US and UK are the principal sources of arms for the Gulf states (except for Iraq, which relies on the USSR). The small US Navy presence (MIDEASTFOR) in the Gulf symbolizes US interest in the area. Japan and some large West European states consume sizable quantities of Gulf oil and are expanding commercial activity to pay for it. None of these countries plays an important political or security role in the Gulf, but government level contacts with oil producers are growing. France, however, is becoming increasingly active in efforts to sell arms in the Gulf.

The USSR

8. The USSR in recent years has shown a growing interest in Gulf affairs. Soviet moves have been probing and exploratory. Despite their efforts, diplomatic relations have yet to be established with some states. Moscow sees the Gulf as part of its overall policy in the Mediterranean and the Indian Ocean areas, and seeks to expand its influence there. Not only do the Soviets wish to buttress their relations with radical Arab states, but they want access to shore facilities to extend the deployment duration of their naval forces.⁶ Western dependence on Gulf oil resources and the growing importance of the Gulf to the US further attract Soviet attention to the region. If one or more area state on its own should undertake to limit or stop production, the USSR would be in a position to lend political and propaganda support, perhaps even using naval ships to make a demonstration. But the USSR will not, for many years to come, have the financial resources, the transport, or the marketing mechanism to broker any large quantity of oil.⁷

9. In seeking to establish themselves in the Gulf, the Soviets frequently find their interests and objectives in conflict. The objectives of good relations with Iran, continuing military support to Iraq, and establishing a presence in the lesser Gulf states are pursued, although they are not always compatible. The USSR gives political support to national liberation movements both directly and through Iraq and PDRY. The Soviet position is also complicated by divisions and antagonisms among Arab revolutionary groups who seek Moscow's aid, by lack of control over such groups, and by rivalry with the People's Republic of China. The Soviets are providing weapons, and the Chinese provide arms and training directly to the rebel movement in Oman.

10. Beyond this, the national interests of the Persian Gulf states impose limits on what the Soviet Union is likely to seek or to be able

⁶ The Director of Naval Intelligence, Department of the Navy, and the Assistant Chief of Staff, Intelligence, USAF, believe that the ability to influence, control, deny, or disrupt Western and Japanese access to energy resources of the Persian Gulf—especially in time of crisis—or for diplomatic-economic leverage—is fundamental to Soviet long-term strategic goals in that part of the world. The Soviet Union will likely continue to exploit every feasible, low-risk opportunity to attain the above goals. While it is doubtful that an accurate assessment of Soviet techniques of subversion, bribery, and clandestine support to radical elements can be projected, there can be little doubt that such means will continue to be employed in concert with rapid delivery of arms and profferings of limited economic assistance. While Soviet success to date has been limited, the USSR has nevertheless contributed much to the region's growing instability, to uncertainty about futures, and to conditions which make for miscalculation. It is believed that the current estimate understates the increasing threat to Western interests represented by Soviet efforts in the Persian Gulf and its periphery. [Footnote is in the original.]

⁷ This matter is addressed in greater detail in NIAM 3-73, "International Petroleum Prospects," dated 11 May 1973, CONFIDENTIAL. [Footnote is in the original.]

to accomplish in coming years. The Soviets are unlikely to gain much influence in Saudi Arabia, Iran, or the lesser Gulf states, at least so long as the present anticommunist regimes remain in power. For the moment, Moscow's progress in establishing diplomatic relations with the smaller states is blocked by the latter's deference to Saudi and Iranian objections. Moscow is likely to make slow headway at best in increasing its influence in Iraq. It will probably get rights to greater usage of port facilities at Umm Qasr, which it now uses intermittently. The Soviets have now established an almost continuous naval presence on the Arabian Sea and the Gulf of Aden, and they could attempt to do the same in the Gulf. On balance, despite limitations and possible temporary setbacks, the overall Soviet position in the Gulf area can be expected gradually to improve.

11. Knowing how critical the resources of the area are to the West and Japan, the Soviets would no doubt like one day to be in a position to be able to control or deny the flow of these resources. Were they able to do this, the balance of power in the world would be drastically changed in their favor. But they are a long way from achieving such a position, and the self-interest of the states in the region will remain a considerable obstacle. Moreover, the Soviets know that an attempt to affront the vital interests of all the advanced industrial states in this manner would entail the highest risks.

Regional States

12. Some of the larger and richer states in the Middle East and South Asia view the Gulf as an arena in which to exercise their nationalist ambitions. Egypt, which once had pretensions to leadership in the Gulf, is no longer particularly active there. President Qadhafi of Libya aspires to take part in the defense of Arab interests against Iran. Qadhafi used British acquiescence in the Shah's 1971 occupation of three small islands in the lower Gulf as the occasion for nationalizing the British Petroleum Company in Libya. He strongly supports the fedayeen and encourages them to act against US interests in the Gulf. At the same time, his strong anticommunist convictions led him to promise Sultan Qabus of Oman \$30 million in military aid to assist in the fight against the PFLOAG guerrillas.

13. Syria, Jordan, Egypt, Yemen (Sana), and Sudan have all sought and received financial aid from the smaller Gulf states. Jordan, which is also seeking political allies, is providing military supplies and technicians, security advisors, and some technical assistance to economic projects. Less directly concerned with money, but worried by the potential for turbulence in the area, the Pakistani regime is providing similar services to Saudi Arabia and Kuwait and, on a smaller scale, to various Gulf states. India is concerned about oil supplies and countering Paki-

stani maneuvering in the Gulf. It is establishing closer relations with Gulf states, especially Iraq. India has recently signed a 12-year oil agreement with Iraq and is supplying advisors and training to the Iraqi Air Force. However, this association has created strains on India's relations with Iran due to Iranian hostility to Iraq and its closeness with Pakistan.

III. PROSPECTS FOR THE GULF

14. The Gulf states have weathered the 18 months since the withdrawal of British forces rather better than was generally expected. Iran has drawn Arab criticism of its self-declared mission as guardian power, but it got away with the occupation of three islands near the Strait of Hormuz with little more than verbal abuse. Bahrain held its first general election in an orderly fashion. The UAE has hung together. But there remain many problems and uncertainties in the Gulf situation, and disquieting and potentially destabilizing events continue to occur. The rebellion in Dhofar Province of Oman persists; an extensive network of antiregime elements has been turned up in Bahrain; Iraq attacked a Kuwaiti border post to reinforce a territorial claim. Over the next four or five years, the key questions in the Gulf system are the durability and adaptiveness of the several regimes and whether conflict and difference among the larger ones upsets—or only modifies—the present pattern of relationships.

The Individual States

15. The Shah of *Iran*, a strong and effective ruler, has coopted or suppressed internal political opposition. Even if succession arrangements do not prove lasting, a coalition of forces based on the military and the Shah's loyal subordinates is a good bet to run Iran for some time after he leaves the scene. There almost certainly will be changes in the distribution of power. But the chances of a radically different successor taking over are not great, given the wariness of the Shah and the effectiveness of his security service, SAVAK. Although nationalist feeling is on the rise, the dependence of any successor government on oil revenue, which has become central to Iranian hopes for development, would temper the desire to act rashly. If a more violently nationalist regime took charge, it might justify its takeover by loosening presently close political ties to the West. But its view of Iran's national interest and role in the region would probably not differ much from the Shah's.

16. The *Saudi Arabian* regime is more conservative and less efficient than that of the Shah. Moreover, Faisal is almost 70 and has some health problems. Arrangements for succession in the event of his death have been made and are likely to be carried out, although factional conflict within the royal family remains a possibility. If he should

undergo an extended decline in health and mental capacity, there would be increasing prospect for intrafamily dispute over a successor. The large Saudi royal family has a number of capable individuals and probably would unite against outside threats. Princes serve in the army, and the national guard is closely controlled by the royal family. For the next several years, therefore, the chances seem reasonably good that the Saudi monarchy will survive.

17. The Baathi regime in *Iraq* has a firm grip on the reins of government. It faces continued opposition from the Kurds who have maintained effective autonomy for more than 10 years in the north, although they cannot operate successfully outside their mountain fastness. Other dissidents have been ruthlessly suppressed. While military factions have the power to overthrow the present ruling group, the main facets of Iraqi foreign policy would probably be basically unchanged under new leadership. Any Iraqi regime would persist in antipathy to Iran, maintain designs on Kuwaiti territory, and attempt to influence Gulf affairs. Infighting, however, might distract the Iraqi Government from disruptive activity in the Gulf.

18. The durability of the regimes in the smaller states is less assured. *Kuwait* has managed to avoid revolutionary dissidence by a generous system of social welfare, high wages, and deportation of anyone who attempts to agitate against the regime. The loyalty of the immigrant population (about half the total) is suspect to many Kuwaitis, who solidly support the government policy of not granting citizenship or political status to immigrants, even to Arabs. Although there are some 200,000 Palestinian residents, most are there for the money and are politically passive; nonetheless, there is a small but growing number of fedayeen who present a potential hazard. Kuwaiti attempts to increase its security by buying friends abroad through loans and development have not secured the strong backing it sought among Arab states against such ever-present dangers as Iraqi territorial demands. The Kuwaitis keep tight control of all military and security services. They will have internal security problems, but dissidents are unlikely to find the means to overthrow the government.

19. *Oman* is the sole state in the area experiencing active rebellion. The war stretches the regime's financial and manpower resources, taking more than half the budget. Thanks to continuing British assistance and aid from Saudi Arabia, Jordan, Pakistan, and Iran (which has sent a military contingent to Oman), Sultan Qabus has been able to contain the rebellion in Dhofar Province, far from the capital and from the oil producing areas of the Gulf. The promised Libyan aid, if it materializes, will also help. Yet the recent series of arrests in northern Oman indicate that a subversive threat persists there as well, and it will be difficult in any case to eliminate small guerrilla bands from

Dhofar's rugged terrain. The war is likely to continue as long as the rebels find safehaven in neighboring South Yemen. In this situation, the prognosis for the Oman regime remains uncertain.

20. *Bahrain* is also potentially unstable, but at the same time its more educated, sophisticated population has perhaps the best chance of the smaller Gulf states of developing political and economic institutions that can meet its needs. Oil production is slowly declining and jobs and money are growing tighter. The population is also divided between Sunni and Shia Muslims, many of the latter of Iranian origin. The presence of British officers in charge of its security service is important to the regime's chances of survival.

21. The other sheikhdoms are challenged more by traditional tribal factionalism than by dissidents seeking to change the orientation of the regimes. The UAE remains a collection of small, traditional communities largely lacking central governmental institutions. With a total population of 225,000 and area roughly the size of West Virginia, there are still two ministries of defense, five armies, eight police forces, one navy, one helicopter force, and one air force. While the states of the UAE are slowly learning to work together, it will be a long time—if ever—before they speak with one voice.

22. Replacement of any one of the UAE's rulers by a tribal or dynastic rival would probably have little effect upon either the larger alignment in the Gulf or upon US interests. The UAE could probably cope with a small band of revolutionaries if it has some warning. Nonetheless, these regimes are fragile and could be overthrown suddenly by relatively small forces.

23. While the chances that the smaller Gulf regimes will survive appear fair, there are always unforeseeable events—the accidental death or assassination of a key figure, the carefully hidden coup plot—which could bring a revolutionary regime to power in one state or another. Even if such a government were short-lived it would have great potential for making trouble among the Gulf states.

Regional Conflicts

24. Enmity between Iraq and the principal monarchies—Iran and Saudi Arabia—is not likely to moderate as long as the Baath regime in Baghdad survives. Each side frames its policies in response to the success or failure of the other in expanding influence in the area. Iraq continues to receive Soviet arms, but Iran is the stronger power, and, with its program of purchasing the most modern weapons, primarily from the US, is almost certain to remain so for many years to come. Despite their arms buildups, both sides are reluctant to engage in all-out hostilities. The Shah would respond to Iraqi thrusts if he saw them as a major threat to Iran. Otherwise he would be inhibited from

responding forcefully, as in the case of the recent Kuwaiti border incursion, by fears for Iran's oil installations and by concern at arousing a strong negative reaction among Arabs generally. And the Iraqis would probably draw back if they felt they were provoking a major confrontation with the Shah.

25. Although they have a common interest in opposing the spread of revolutionary forces in the region, Saudi Arabia and Iran are uneasy associates. The Shah is using Iran's rising oil revenues to expand Iranian military power and will continue to exploit American (and Western Europe's) need for oil to assure support for Iran's ambitions. King Faisal is disturbed by the Shah's pretensions to dominate the Gulf and also by Iran's ties to Israel. Faisal looks to the US to discourage the Shah from actions that would embarrass Saudi Arabia in the Arab world or challenge its leadership. The Saudis believe that they should be not only the pacesetters for oil matters, but spokesman for the Arab interest and the country to which the smaller Arab states of the region look for guidance.

26. Relations between Iran and Saudi Arabia appear good on the surface, but are not likely to become close. While Faisal and the Shah both seek to cooperate in maintaining stability in the Gulf, their capacity for cooperation is limited. The pervasive suspicions raised by the deep incompatibilities of Iranian and Arab nationalism will not be easily overcome and neither ruler has confidence in the long-term stability of the other's regime. And the Saudis' effectiveness in dealing with Iranians is not high; they resent being pushed toward action by the latter. The Shah and Faisal generally act independently in opposing radical threats, e.g., in providing assistance to Sultan Qabus of Oman. Some improvements in consultation between the two governments may nevertheless be effected.

27. In this atmosphere the ouster—or threat of imminent ouster—of a ruler in a smaller Gulf state by revolutionary forces would strain the present tentative cooperation between Iran and Saudi Arabia. Iran has the military force and command structure to intervene rapidly. The Shah is not spoiling for a fight, but would probably react quickly if he judged that only urgent action could foil revolutionaries. Such action would raise serious problems for Faisal, who tends to respond more cautiously to external events. Saudi Arabia, whose military forces would require longer reaction time than Iran's, would prefer that only Arab troops be used on the western side of the Gulf. Hence, the prospect of Saudi-Iranian misunderstanding or even confrontation would be high if Iran should unilaterally send troops to an Arab state. Indeed, all Arab states of the region would be concerned in face of a serious confrontation; pressures of Arab nationalism might compel even Gulf states directly threatened by the prospect of another revolutionary regime in the area to oppose Iran.

28. Relations between Saudi Arabia and the smaller Arab states of the Gulf also are uneasy, largely because of Saudi Arabia's paternalist approach and certain unsettled territorial claims. Faisal will probably not renounce his demands to Abu Dhabi territory, though he is unlikely to press them vigorously. Similarly, while Saudi Arabia's dispute with Oman is now in abeyance, it has, at least until recently, been a constraint against closer Saudi-Omani relations. At the same time, other small states will seek to enlist Saudi support in their own petty dynastic rivalries; such involvement will make an effective Saudi role in the Gulf more difficult.

IV. ALTERNATIVE PATTERNS OF DEVELOPMENT: IMPLICATIONS FOR THE UNITED STATES

29. The present situation in the Gulf is relatively favorable to the US. The traditional regimes there provide oil, mostly through US and other Western companies, offer rapidly expanding markets, and provide important communications and transit facilities. There will continue to be mutual interest between the producers of oil, who want to sell it, and consumers, who want to buy it. Likewise, the states of the Gulf want the military and commercial goods that the industrialized oil consumers produce. The outlook in the near term is not for political upheaval, but there are uncertainties in the situation and over time these could evolve in several different ways.

[Omitted here is a map of the Gulf region.]

30. It is, of course, possible that something like the *status quo* will continue in the Gulf for some time. This is not to say that there would not be change, but that overall it would not be sufficiently great to alter the general alignment of forces or affect major US interests. For example, one dynastic rival might replace another in one of the smaller states without changing its political complexion. The UAE might even split in two or more parts. The Amir of Bahrain might delegate more authority to elected institutions. But the sum and substance of such changes would not cause wide reverberations in the Gulf.

31. A second possible line of development would be the overthrow of one of the smaller states by revolutionary forces. This would not necessarily have serious consequences for the US, though dealing with radical regimes on access to oil is marked by special difficulties and political complications. But as long as neighboring states could agree either to intervene to expel the revolutionary regime or to tolerate it, the ouster of the government in one of the minor sheikhdoms would have little significance.

32. A more serious challenge to US interests would arise from the confrontation of Iran and Saudi Arabia over ways to handle a revolution—or the threat of revolution—in the smaller monarchies of

the Gulf. Iran enjoys such a commanding military advantage over Saudi Arabia that King Faisal would be unlikely to initiate military action to assert his position. But each party would press the US to support its stand. The US probably has considerable power to restrain both contenders, though it might have little ability to restore the *status quo*. But this would be a painful process and could badly erode US relations with both Saudi Arabia and Iran.

33. The unlikely contingency of an upheaval which brought revolutionary forces to power in Iran or Saudi Arabia would have serious consequences for the US position in the Gulf as a whole. It probably could not be reversed and would inevitably entail a major shift in power away from conservative forces.

34. A serious setback to the US position in the Gulf could also come from a major intensification of the crisis in Arab-Israeli affairs and particularly if another Arab military defeat ensued. Except for the Shah, who maintains friendly relations with Israel, the other Gulf states, including Saudi Arabia and Bahrain, would all feel compelled to take actions against the US, which they regard as Tel Aviv's principal ally. In this situation some Gulf states would likely embargo oil shipments to the US for a time and perhaps would nationalize or otherwise hit at American firms. (US requirements for Persian Gulf oil are growing and the Arabs know it.) It would not be as easy for the US to ride out this storm as it was in the past.

35. In any event, the US will be far more intimately involved in Gulf affairs than in the past. Given the fragility of the smaller states, the crosscurrents of rivalry among the regional powers, growing Western dependence on Gulf oil, and external support for radical subversion, important change appears inevitable.

THE PERSIAN GULF STATES

		Proved Oil Reserves (Million Barrels)		Oil Revenue (\$ Millions)		GNP (\$ Millions)		Armed Forces		
	Ruler (And Date of Accession)	Area (Square Miles)	Approximate Population (Thousands)	1970	1972	1970	1972	Army	Air	Navy
<u>MAJOR STATES</u>										
Iran	Muhammad Reza Shah (September 1941)	636,000	31,000	65,000	1,093	2,400	14,200	165,000	50,000	13,000
Iraq	General Ahmad Hasan al-Bakr (July 1968)	172,000	10,000	29,000	521	1,000	3,800	90,000	10,000	2,000
Saudi Arabia	King Faisal (November 1964)	618,000	5,000	146,000	1,200	2,900	4,000	37,000 ^a	5,800	500
<u>MINOR STATES</u>										
Kuwait	Amir Sabah (November 1965)	6,200	1,000	73,000	895	1,700	3,200	8,000	375	35

THE PERSIAN GULF STATES

		Area (Square Miles)	Approxi- mate Population (Thousands)	Proved Oil Reserves (Million Barrels)	Oil Revenue (\$ Millions) 1970	Oil Revenue (\$ Millions) 1972	GNP (\$ Millions)	Army	Armed Forces Air	Navy
Bahrain	Amir 'Isa (November 1961)	213	200	375	27	37	120	1,200	..	..
Qatar	Amir Khalifah (February 1972)	4,000	120	7,000	122	200	275	1,200	50	50
United Arab Emirates	President: Sheikh Zayd of Abu Dhabi	36,000	225	..	..	..	..	2,000	..	..
Abu Dhabi	Sheikh Zayd (1966)	32,000	65	21,000	233	600	..	10,000	200	375
Dubai	Sheikh Rashid (1958)	1,500	75	2,000	19	50	..	300 ^b	..	..
Sharjah	Sheikh Sultan (January 1972)	1,000	35	..	..	..	..	230 ^c	..	..
Ajman	Sheikh Rashid (1928)	100	5	..	..	..	..	c	..	..

6. **Memorandum From Harold H. Saunders and Richard T. Kennedy of the National Security Council Staff to the President's Assistant for National Security Affairs (Kissinger)¹**

Washington, July 12, 1973.

SUBJECT

SRG Meeting on NSSM 182—"Implications for US Policy of Probable Lines of Soviet Strategy and Policy in the Eastern Mediterranean, Near East, Arabian Peninsula, and South Asia"

The paper for discussion at this meeting is the one you asked for to focus on the issue of Soviet intentions and efforts in the arc extending from the eastern Mediterranean through South Asia. In the development of the paper, it became clear that the tendency in the bureaucracy is to dismiss the notion that there is a new and persistent Soviet thrust into this area.

The purpose of this meeting, therefore, is to accomplish two objectives:

1. To *examine the thesis* that there is a Soviet effort in this area by assessing the degree of Soviet activity there and discussing possible responses to it. In the next several weeks—with the visits of Bhutto and the Shah, your trip to Peking and a possible mission to Saudi Arabia—we shall hear a great deal about this thesis. A simple objective of the meeting is to put those who will be participating in those events in a position to respond with a sensible position of our own.

2. The other objective is *to begin to articulate a US strategy for this area*. At present, much of our policy is a collection of responses in the context of bilateral relationships. While it may be artificial to try to construct a detailed concept for an area as diverse as this, it should be possible to give greater coherence to our activities there.

The fact is that our friends who live in and near this area see a concerted Soviet effort to achieve hegemony there for the dual purpose of containing China and dominating a major center for supply of the world's energy.

¹ Summary: Saunders and Kennedy briefed Kissinger on the upcoming SRG meeting to discuss NSSM 182, and provided him with an analytical summary of the response.

Source: National Archives, Nixon Presidential Materials, National Security Council Institutional Files (H-Files), Box H-068, Meeting Files, 1969–74, Senior Review Group Meeting, Soviet Strategy in Near East/South Asia, NSSM 182, 7/13/73. Top Secret. Sent for information. Brackets are in the original. Quandt drafted the attached analytical summary on July 12. Attached but not published are the undated talking points and the Department's draft response to NSSM 182, which is published as Document 3.

—President Bhutto believes the Soviets are working through India and Afghanistan as well as in Baluchistan to encourage the further dissolution of Pakistan and to achieve a position on the Indian Ocean.

—The Shah sees a Soviet pincers movement, with bases in India and Iraq, aimed at Pakistan, the Indian Ocean and the Persian Gulf.

—The PRC, deeply worried about Soviet “encirclement,” must be concerned about an apparent Soviet thrust toward its southern borders. The PRC Foreign Minister’s recent endorsement in Tehran of Iranian policy in the Persian Gulf is one recent indication.

—King Faisal, while predominantly preoccupied with the consequences of the continued Arab-Israeli impasse, is also worried by the increase of Soviet military aid to Iraq and to South Yemen, which he sees as a threat to stability in the Arabian Peninsula.

—Other friends like Bourguiba and Hussein talk increasingly about the passivity of the US in the face of an “obvious” Soviet thrust into the Persian Gulf.

In developing a sensible *US strategy* that protects our direct interests and limits Soviet influence, our *choices* are not mutually exclusive but are rather a matter of emphasis. The general elements of a strategy include these possible approaches:

1. We can continue to pursue *bilateral relationships* throughout this area in a routine way. If we operated primarily on the basis of the judgments in the paper prepared for this meeting, this would probably be the result.

2. We could concentrate not just on strengthening our bilateral relationships but on (a) *giving new emphasis to our programs* in this area in order to create an impression of a reinvigorated American position and (b) *actively promoting the relationships evolving among countries friendly to us in the area*. There is a trend toward a set of inter-relationships there which can serve our interests. There is an evolving back-channel relationship between the Shah and Faisal and between the Shah and Hussein. Complementing this is a very close relationship between Faisal and his chief of intelligence and Sadat. Hussein is working increasingly closely with the Saudis and in Oman and the Persian Gulf, where the Shah is also heavily involved. In an unusual way, the Israelis are tied into this network through their relationship with the Shah and their unique position *vis-a-vis* Jordan. Lebanon and Turkey also have their relationships with some of these countries. Pakistan developed an even closer tie with Iran and has military assistance relationships with Saudi Arabia, Abu Dhabi and Jordan. Ethiopia has its tie with Israel and may become more involved with affairs of the Arabian Peninsula. A US strategy which consciously promotes these relationships and works with them would provide a broader dimension to our policy. It would also leave the US sufficient flexibility not only to develop a close relationship with these friends but also to compete for position in countries somewhat less friendly like India and Egypt. In contrast to the policy of *containment*, this would be a policy of *diffusion*—nurturing enough local resistance so that Soviet thrusts are absorbed without damage.

3. A third possible strategy, often recommended by Israeli leaders and the Shah, is *to concentrate principally on the points of strength within*

this area. The points most commonly mentioned are Iran, Israel and Ethiopia. One could also add Saudi Arabia because of its potential economic power and perhaps even Pakistan, though less for its own power than for the importance of its stability for Iran and the subcontinent. This strategy differs from the second mainly in degree. The more the US depends openly on these points of power and cooperation, less on regional, the more we risk alienating other nations in the area, especially in the Arab world, but also India. The alienation of India and Egypt is obvious if we were to concentrate on Pakistan and Israel. It is less obvious, but possible, that we would alienate Saudi Arabia by focusing on Israel and Iran.

4. A complement to any of the above would be *to seek US-Soviet understandings on issues in the region*, drawing on our global relationship to limit the potentially dangerous aspects of rivalry there. *What you want from the meeting* is to lay a foundation for acceptance of an approach between the second and third possible strategies outlined above. One objective is awareness that a regional strategy would enhance US interests and at the same time meet the concerns of our friends in the area.

In conducting the meeting, we recommend that you:

—ask the CIA to assess the pattern of Soviet activity throughout this area;

—then lead discussion through a series of questions toward some judgments on whether or not a concept for US policy is possible that would cover this whole region. A progression of such questions is in your talking points at the next tab.

The problem you will face in this discussion will be that most of the people around the table will be tempted immediately to slide into consideration of problems in one sub-region or another, for example the Arab-Israeli conflict or Persian Gulf issues. Constant effort will have to be made to keep the focus on the plane of higher strategy. One way of doing this would be to say that separate discussion of the Arabian Peninsula and Persian Gulf problem is scheduled a little later when the NSSM 181 paper will come up for discussion.

To bring this meeting to a point, we would suggest that at the end of the session you *ask that the present paper be refined in the light of the discussion and that a series of actions be drawn up that would be particularly directed at strengthening the impression of significant US attention to this area and encouraging the development of inter-relationships within the region that help us to pursue our interests.*

The papers in this book include:

—*Talking points* which could lead discussion toward articulation of a regional concept are at the next tab.

—The *Analytical Summary* describes what is in the State paper and then poses issues for discussion. The issues portion of the analytical summary will give you a sense of the issues that can provide the basis for discussion.

—The *NSSM 182* paper prepared in the State Department. This has been discussed in an inter-agency group, but there are still changes to be made. However, it can serve as a reasonable basis for discussion.

Attachment

Paper Prepared by William B. Quandt of the National Security Council Staff

Washington, July 12, 1973.

Analytical Summary and Issues Paper—NSSM 182

I. *The Paper in Brief*

The study prepared by the State Department in response to NSSM 182, "*Implications for U.S. Policy of Probable Lines of Soviet Strategy and Policy in the Eastern Mediterranean, Near East, Arabian Peninsula, and South Asia,*" is primarily a catalogue of US and Soviet interests in this broad region, plus a brief assessment of trends and their implications for the United States. Options for US policy in the Middle East, Persian Gulf, and South Asia conclude the study.

What is lacking in this paper is a convincing portrayal of the region from the eastern Mediterranean through South Asia as it must appear to Soviet leaders as they consider their global strategy. Similarly, there is little portrayal of the network of inter-relationships among friends of the US that tends to draw together diverse nations across this broad area and thereby limits Soviet influence. Nowhere does one find a description, for instance, of how Soviet designs in this area relate to the US breakthrough with China or of the strategic importance that may be attached to this area by the Soviet military. For example, the Sixth Fleet, Polaris and Poseidon, with their associated nuclear capability, are absent from the study.

Instead the emphasis is on Soviet efforts to extend influence, to exploit tensions, and to improve bilateral relations, all within a context of limited competition with the United States. This is not so much an inaccurate view as it is incomplete. Defense and CIA have not yet formally contributed to the study, and their spokesmen can be expected to stress the need for including these added dimensions. Mr. Clements will probably suggest the need to devote more attention to Soviet policy in the Persian Gulf and to Soviet interests in oil. CIA will propose that constraints on Soviet policy in this region be discussed, in particular the impact of global US-Soviet relations, China and Europe.

II. *Summary of the Study*

A. *US Interests and Objectives*

In the broad area from the Eastern Mediterranean to South Asia, the paper describes the United States as primarily concerned with the following issues:

- Avoidance of nuclear war resulting from regional crises.
- Maintenance of US influence.
- Access to Persian Gulf oil for ourselves and our allies, and associated commercial and monetary interests.
- Use of facilities and transportation routes in the region.
- Independence and security of US friends (Iran, Pakistan, Turkey, Israel, Lebanon, Jordan, Saudi Arabia).

These interests suggest the desirability of cooperation with the Soviet Union where possible, but *it is judged that détente will not be translated into less competitive relations in this area*. The immediate objectives of the United States, in order of priority, are identified as:

- Settlement or containment of the Arab-Israeli conflict.
- Regional cooperation in the Persian Gulf.
- Détente and development in South Asia.
- A special relationship with Saudi Arabia to encourage increased oil production to meet world needs.

B. Soviet Interests and Objectives

The Soviets are seen as having the following interests in this area:

- Extension of Soviet influence.
- Avoidance of nuclear war.
- Competition with the Chinese within the area.
- Support for friends (Syria, Iraq, Egypt, India, PDRY).
- Access to ports and airfields.

These interests suggest that the Soviets are satisfied with a no-war, no peace situation in the Middle East, and will consequently not help (or hinder) US peacemaking efforts; influence will be extended by exploiting regional disputes; and in order to offset recent setbacks in Egypt, the Soviets will try to build up their presence in Syria, Iraq and South Yemen.

C. Regional Trends

Israel, Iran and India will remain the primary power centers, with Saudi Arabia progressively playing an important economic role because of oil and increasing financial reserves. Nationalism will remain a basic force constraining the efforts of outside powers to influence events in the region. In the Middle East, the Arab-Israeli dispute and oil will be the two major factors shaping events, and increasingly they will be linked. In South Asia, the Soviets want peace and stability, not the dismemberment of Pakistan or a renewal of conflict. [*Comment*: Egypt's continuing importance as a power center within the Arab world is not considered. The British certainly continue to base their Middle East policy on the assumption that Egypt is the key to relations with the Arab world, and many in our own government would agree.]

In the region as a whole, the prospects for US-Soviet cooperation are not good, except in limiting the consequences of another Arab-Israeli war. *The Soviets have no grand design for this area, but it is of high priority for them and they will seek to extend their influence through aggressive competition with the US.*

D. Policy Guidelines for the US

The study does not suggest any broad approach to the area as a whole, but rather deals with three sub regions, suggesting that they are better dealt with separately because the priorities and problems are so different.

—*In the Middle East*, an Arab-Israeli settlement is of highest priority. The study avoids considering this issue directly, but does suggest some bilateral measures that might improve US-Egyptian relations (e.g., helping to finance the SUMED pipeline).

—*In the Persian Gulf*, the choice lies between continuation of our low-profile policy of encouraging Iran and Saudi Arabia to take the lead in insuring the security of the area, or of playing a more prominent role, especially in areas of conflict such as Oman and Yemen.

—Finally, in *South Asia* the options are described as actively countering Soviet influence, trying to cooperate with the Soviets, or standing back from the politics of the region.

Each of these broad choices implies a number of specific actions in the political, economic and military spheres. As the paper is now drafted, however, these options are not closely tied to the Soviet dimension of our concern with this region. In the next section, a more general approach to dealing with the Soviets will be discussed.

In the *Middle East*, apart from promoting peace negotiations, the study discusses the following steps that the US might take:

—Maintain dialogue with USSR on dangers of Arab-Israeli conflict. The objective would be to obtain Soviet non-involvement in future hostilities.

—Make public statements dissociating ourselves from some Israeli policies, such as territorial acquisition, settlements in occupied areas, Jerusalem. Reduce financial assistance to Israel.

—Talk with Saudis to encourage them to moderate Egyptian behavior.

—Promote private US economic cooperation with Egypt (e.g., SUMED), including support from EXIM Bank.

—Continue private diplomatic dialogue with Egypt.

—Urge Israel not to overreact against Lebanon; seek Soviet help in restraining Syrians from intervening in Lebanon; enhance Lebanese military capabilities.

In the *Persian Gulf*, these measures could be adopted:

Low Profile Policy

—Encourage regional cooperation, especially in providing military and economic aid to Yemen and Oman; keep US programs in Yemen and Oman at modest levels.

—Continue to develop military relations with Iran, Saudi Arabia and Kuwait, but limit advisory presence to essential minimum.

—Emphasize manpower training in Saudi Arabia.

—Expand diplomatic and commercial presence in Gulf Emirates.

—Seek understanding with USSR on avoiding naval competition in Indian Ocean.

—Be alert to possibilities of building Western influence in Iraq.

More Direct Involvement

—Establish small military advisory presence in Oman and Yemen; set up MAP training program and increase technical assistance and development programs to both countries.

—Actively encourage Iranian-Saudi discussions on security issues.

—Offer to mediate dispute between Abu Dhabi and Saudi Arabia over the Buraymi Oasis.

—Provide military advisory presence in Kuwait.

—Encourage more active Jordanian and Pakistani role in Gulf, underwritten by US, Saudi Arabia and Iran.

—Arrange for US naval visits to countries of region.

In *South Asia*, the following actions are suggested:

Counter Soviet Influence

—Reinforce ties with Pakistan and coordinate efforts with China.

—Ease restrictions on military supply in favor of Pakistan.

—Encourage the military relationship between Pakistan and Iran.

—Seek improved relations with India and encourage China to do the same.

—Try to strengthen CENTO.

—Press India and Bangladesh to settle with Pakistan along lines of Simla agreement.

[*Comment:* While designed to counter Soviet influence, some of these actions could obviously increase Soviet opportunities in India.]

Regional Stability Through Cooperation with USSR

—Reduce military aspects of CENTO.

—Talk with Soviets on avoiding naval competition in the Indian Ocean.

—Seek US-Soviet agreement to remain non-involved in regional disputes.

—Improve relations with India and encourage Chinese to do likewise.

—Remain on sidelines of Simla process; limit arms to both Pakistan and India.

Leave Regional Stability to Responsibility of Local Parties

- Encourage Simla process.
- Seek good relations with both India and Pakistan.
- Remain uninvolved in regional disputes.
- Maintain a restrained arms supply policy.

III. *Issues for Discussion*

Some of the principal questions raised by Soviet policies in this region are not adequately covered in the paper or are not focused sufficiently. Of particular importance are the following:

A. *Soviet Global Priorities: What is the intent of Soviet activity in the area? Is there a strategic perception of the area's role in Soviet global policy which gives some coherence to this activity? Or, as the State paper says, is it accurate to conclude that "the pattern of their actions does not suggest the existence of some kind of grand design for the area as a whole?"* The basic issue—mentioned in the paper but not discussed in depth—is where this area stands on the scale of Soviet global priorities. Where does it fit in the interplay of Soviet relationships with the US and the PRC, and, consequently what is likely to be the intensity of the USSR's pursuit of its interests there? Is it more accurate to say that the USSR is making a routine effort in the region commensurate with present opportunities or to say that the Soviet Union has gradually changed its view of the area in the wake of the opening of a US-PRC relationship, the South Asian war of 1971, the British retrenchment in the Persian Gulf, the growing importance of Persian Gulf oil, and the change in the relationships with Europe and the US? *The answers to these questions will to some degree affect the level of our own effort.*

B. *Strategic Issues: A corollary question is how this area fits into Soviet military strategy.* This is another of the issues now omitted from the paper. The Soviets face an actual or potential threat from US nuclear forces operating from the Eastern Mediterranean and Indian Ocean. How does the Soviet leadership view these forces, especially the Sixth Fleet, and how important is it for them to counter this threat? What facilities are needed in the Middle East-South Asia to support Soviet forces with the mission of targetting the Sixth Fleet and US Polaris and Poseidon submarines? With these questions in mind, *the possible strategic significance in Soviet doctrine of the following military assets should be addressed:*

- the Soviet Squadron in the Mediterranean (anti-Sixth Fleet and ASW missions);
- port and airfield facilities in Egypt and Syria;
- the Suez Canal;
- the Iraqi port of Umm Qasr;
- Soviet submarines in the Eastern Mediterranean and Indian Ocean

C. *Persian Gulf Oil: From the Soviet point of view, how might the "energy crisis" and the effect it could have on US-European-Japanese relations work*

to Soviet advantage? What could they do to bring about such a result? How will these considerations affect their behavior in the Gulf? Even if the Soviets are unlikely to need large quantities of Persian Gulf oil for their own consumption, are they likely to seek a marketing role for Gulf oil because of the hard currency earnings this would produce?

D. *Instruments for Extending Political Influence.* In trying to build our own influence in this region one question to consider is what instruments the USSR is most likely to use to counter our efforts. Will they rely primarily on extending military and economic aid? What importance will they attach to local communist parties, and what problems is this likely to cause in state-to-state relations? Are the Soviets likely to encourage accommodations among their friends in the region in order to avoid having to choose sides in various conflicts? Will they promote subversion in the weak states of the Arabian Peninsula? The following issues deserve special attention:

—Are the Soviets likely to be limited in building their influence in Iraq by their position on the Kurdish issue or on the constitution of a national front government including communists? How reliable are recent reports that Iraqi-Soviet ties are strained?

—Can we expect the Soviets to press for Iraqi-Syrian rapprochement; or Iraqi-Iranian détente? With what chances of success and what consequences?

—If the Egyptians openly break with the Soviets on the Indonesian pattern, what effect would this have on their presence elsewhere in the region?

In short, the issue for the United States is to adjust its efforts to gain political influence and to pursue its interests on the basis of our best judgment of Soviet tactics. Will military assistance, counter insurgency training, economic development aid, or broad political support be most relevant in offsetting Soviet efforts in the region?

E. *The Shah's View: In the light of our own thinking, what is our view of the Shah's analysis?* Iranian officials are concerned with the danger of growing Soviet influence in the Persian Gulf. The Shah apparently feels that the best way to keep the Gulf stable and secure is for both superpowers to keep their military forces out of the area. Consequently, the Shah would like the US to remove MIDEASTFOR, the small US naval unit stationed at Bahrain. In his view, our presence there insures that the Soviets will eventually establish comparable forces operating out of Umm Qasr. Since the Shah is likely to raise this issue during his visit, it should be discussed at a high level in order to develop a consistent US position. It is important for us to reach a judgment on whether the Shah's approach would help to enhance the stability of the Gulf or whether it would lead to Iranian dominance and intervention on the Arab side of the Gulf, with attendant dangers for US interests in Saudi Arabia.

F. Bhutto's Perception of a Soviet Threat: In the light of our own thinking, what is our view of Bhutto's analysis? The Pakistani government holds that the Soviets, perhaps in collusion with the Indians, have sought in recent years to weaken Pakistan by encouraging and aiding separatist groups in Pakistan's western frontier provinces. We have no good evidence of our own that would confirm this. The intelligence estimate is that the Soviets believe their own best interests would not be served by the dismemberment of Pakistan or by the renewal of conflict and instability in Pakistan or elsewhere on the subcontinent. What needs to be analyzed more closely is just what kind of situation—peace and stability, controlled or limited tension, or instability—the Soviets view as serving their best interests on the subcontinent. In this context, it may be worth considering what the Soviets have in mind when they press for an Asian collective security system.

IV. *Broad Choices for the United States*

Several alternative perspectives exist on how the United States should best pursue its own interests and restrict Soviet opportunities in this region. Briefly stated they are as follows:

A. *Strengthen bilateral ties with friends.* Most of our friends in this region—Israel, Iran, Jordan, Pakistan, Saudi Arabia—are worried about threats from the Soviet Union or its clients. Their strong preference is for us to provide increased military, economic and political support to permit them to resist “radical” pressures. We can draw on their concerns to strengthen our position in the area through fairly routine measures.

In this approach, the United States would seek to maximize the number of its friends in the area by providing aid and support when opportunities to do so arise. Little effort would be spent on trying to compete for the favors of Soviet clients or on encouraging the development of relations among the countries of the area.

B. *Encourage the Development of a Regional Framework.* While this approach does not preclude strengthening US bilateral relations with friends, it emphasizes the development of relations of friendly states within the region as the primary means of limiting Soviet influence. At the same time, it may suggest a less direct form of US involvement and a conscious decision to place some limits on certain bilateral relations in order to enhance our interests in other countries.

One set of regional ties that we would want to encourage is the relationship between Iran, Saudi Arabia and Jordan, with further linkages to Pakistan, Kuwait, Lebanon, Egypt and even Israel. For these relations to take on substance, the United States cannot be too intimately involved in their creation. Instead, we have to relate indirectly to the process, lending aid where needed, but relying primarily on the self-

interest of the regional actors to develop an informal security and development network within their own area.

In addition to encouraging these relations, the United States, under this approach, would deal with regional disputes in a generally “even handed” manner in an effort to retain access to both sides of any conflict. In South Asia, this would suggest a restrained arms policy and efforts to cultivate both Pakistan and India. In the Persian Gulf, the main danger to be avoided is an exacerbation of Iranian-Saudi Arabian relations, which may require that we cut back somewhat in our generous arms policy toward Iran or enhance the quality of our relations with Saudi Arabia.

In the Middle East, the object of a balanced US policy would be to gain influence in Egypt, which, as the most important Arab country, continues to have a significant ability to affect US interests throughout the Arab world.

One practical test of this policy approach could be presented in the near future if President Sadat further downgrades his relationship with the Soviet Union and replaces its support with Saudi financing of European arms purchases. The Saudis have indicated that Sadat is considering this possibility and have queried as to whether we would have any objections. Encouraging the Saudi-Egyptian relationship, and perhaps following it up with efforts to engage Egypt in serious peace negotiations, would be consistent with this general approach.

C. Concentrate on points of strength. This approach differs from the others primarily by emphasizing the importance of our relations with a few key countries in the area—Israel, Iran and Ethiopia at a minimum, and perhaps Saudi Arabia because of its oil wealth. These few key countries would receive generous military support (and economic if needed) and in turn would be encouraged to help defend US interests in other parts of the region. Israel would play a special role in protecting the regimes in Lebanon and Jordan and in limiting Egypt’s ability to attack US interests in the Arab world. Iran would be expected to perform a comparable task in the Persian Gulf. Ethiopia might have a special place in securing transit through the Red Sea and in countering radical trends on the periphery of the Arabian Peninsula.

The Israelis enthusiastically support this view, arguing that as the strongest military power in the region, Israel can play a significant role in limiting Soviet influence. In addition to providing direct protection to pro-Western regimes in Jordan and Lebanon, Israel, by maintaining clear military superiority over Egypt and Syria, shows up the ineffectiveness of Soviet support and discredits the pro-Soviet policies of these countries. Sadat’s expulsion of Soviet advisers was one positive result of this policy.

The main drawback of this strategy is that it reduces the ability of the United States to develop its own base of influence in countries such

as Egypt, Syria, Iraq and India, and could limit our effectiveness in dealing with Saudi Arabia if we continue support of Israel and Iran at present levels. This approach has the elements of polarizing the area between pro-US and pro-Soviet forces, and while protecting US interests and limiting Soviet influence in a large part of the region, it does little to enhance US opportunities in the Arab world and inhibits the development of a potentially more stable regional balance of power system.

D. *Seek US-Soviet Understandings on Regional Issues.* The thrust of this approach would be to draw on the substance of the global US-Soviet relationship to limit the competitive and potentially dangerous aspects of US-Soviet rivalry in this region. At a minimum we might seek to clarify how we could behave in future conflict situations (e.g., Arab-Israeli, Lebanon, Pakistan-India); on the disposition of our military forces in the Mediterranean, Persian Gulf and Indian Ocean; and on the quality and quantity of arms provided to states in the area. More ambitiously, we might seek Soviet agreement on principles of an Arab-Israeli settlement and enlist their support in gaining Egyptian and Syrian cooperation. In the Persian Gulf area, we might agree to complement Soviet efforts to moderate Iraqi behavior by encouraging the Shah to pursue a more relaxed policy toward Iraq by resuming private contacts. Finally, in the field of energy, we could seek Soviet agreements on the importance of the free flow of oil from the Persian Gulf and might even propose a joint US-Soviet venture with the Iraqis to expand production from their vast reserves.

7. **Summary of Conclusions of a Meeting of the Senior Review Group¹**

Washington, July 13, 1973, 3:41–4:14 p.m.

SUBJECT

Soviet Strategy in Near East/South Asia

PARTICIPANTS

<i>Chairman</i>	JCS
Henry A. Kissinger	Adm. Thomas H. Moorer
	B/Gen. Keith L. Christensen
<i>State</i>	
Kenneth Rush	CIA
Joseph Sisco	Lt. Gen. Vernon Walters
Roy Atherton	Samuel Hoskinson
Thomas Thornton	NSC
<i>Defense</i>	B/Gen. Brent Scowcroft
William Clements	Harold Saunders
James Noyes	William Hyland
	Jeanne W. Davis

SUMMARY OF CONCLUSIONS

It was agreed that:

—a Working Group of the Interdepartmental Group for the Near and Middle East and South Asia with DOD and JCS participation would prepare a comprehensive U.S. approach to the area including Ethiopia and Somalia, and an assessment of what we might build on;

—the paper should contain DOD and CIA annexes, if appropriate;

—the paper should be finished within a week so as to provide guidance to the President before his July 24 meeting with the Shah.

Mr. Kissinger: I would like to say a word about the genesis of this meeting. It is not geared to produce immediate, concrete decisions. However, when we talk to various countries—Iran, Pakistan, to some extent the PRC—they see the area and believe the Soviets do also, as a strategic whole from India through Turkey. We don't see it as a cohesive unit and our policy is conducted more on a bilateral basis. Next week we will discuss the Persian Gulf and Arabian Peninsula in

¹ Summary: The SRG discussed Soviet strategies in the Middle East and South Asia and recommended the drafting of a "comprehensive U.S. approach to the area."

Source: Library of Congress, Manuscript Division, Kissinger Papers, Box SCI 18, National Security Council, Committees and Panels, Senior Review Group, February 1971–July 1973. Top Secret; [*handling restriction not declassified*]. The meeting took place in the White House Situation Room. The briefing paper, attached but not published and drafted by Walters, formed the basis for a July 19 summary of operations in the area.

more detail. But I wanted to get a preparatory judgment from you on how we view the area. If we should think of it as a cohesive unit, how should we approach it? It is possible that the Soviet Union is explicitly treating it as a cohesive unit and that they are planning a pincers move through Iraq and Iran. It is also possible to look at it as a unit without granting the theory of a Soviet long-range plan. It is possible that the Soviets have a less specific long-range plan. We have never had an explicit approach to the area, and I would like a discussion of this as a basis for next week's more detailed meeting. Could we hear from CIA?

(Gen. Walters briefed from the attached text.)

Mr. Kissinger: What is the data on Soviet aid to India and Iran relevant to?

Gen. Walters: It is relevant to the fact that Iran has been doing things with the Soviet Union such as the Isfahan Steel Mill. I saw this text only about an hour ago and I don't entirely agree with it. The Soviets have introduced TU-22 medium bombers into Iraq. This is the first time these bombers have been seen outside the Soviet Union. [*less than 1 line not declassified*]

Mr. Kissinger: Why have they done this? What is their range?

Gen. Walters: They can hit anything in the Middle East. They could hit Iran.

Adm. Moorer: They're also flooding missiles into Syria. They're replacing Egypt with Syria.

Gen. Walters: They have also introduced MIG 21s into South Yemen. There are 300 Cubans training South Yemenis.

Mr. Kissinger: Gromyko told me they weren't doing anything in South Yemen. He wouldn't lie to me, would he? Whatever happened to that exercise in Saudi Arabia with regard to South Yemen that we wanted you to do?

[*4 lines not declassified*]

Mr. Rush: Is that surprising?

Gen. Walters: If they don't intend to do anything, it is surprising. There is a schizophrenic quality in Soviet policy. The fact that they are seeking détente in Western Europe doesn't mean that they want détente in the Middle East. They're pushing political disarmament of the West; but if that fails, they want a second option. They want a stranglehold on our energy sources.

Mr. Kissinger: Do you gentlemen agree with CIA's estimate or with that of the Deputy Director of CIA? How do you explain the Soviet aid program in Iran?

Gen. Walters: They have a traditional interest there. They have been taking pieces of Iran since Peter the Great.

Mr. Clements: This is an insidious thing. When they complete the steel mill or build the natural gas pipeline, it's good for Iran and it's good for the Russians. It breaks down some of their historical barriers and the traditional belief that the Soviets are the enemy. This is against our interest.

Mr. Kissinger: (to Mr. Sisco) Joe, what do you think?

Mr. Sisco: I agree that the Soviets look at the area as a strategic whole but the Persian Gulf and the Arabian Peninsula have one set of unique problems, and the traditional Middle East has another set of unique problems. They overlap, of course, in the Arab-Israeli dispute. But I don't think that the Soviets have a systematic policy leading to Soviet-Iraqi and Soviet-Indian access that Pakistan says they have. They would like to get us out of Europe. And they are pursuing an opportunistic strategy of probing soft spots and seeking to enhance their position everywhere they can without risking confrontation. I think they will continue their policy of proxy aggression. I think the concerns of Bhutto and the Shah are somewhat exaggerated but that their assessment is fundamentally sound. Our policies should be responsive to their increasing concerns which are based on such things as the exodus of the British, the increase in Soviet military supply, Soviet support of the radical regime in Aden, increased Soviet activities in the Persian Gulf, and the increase of Soviet capability in the Indian Ocean. I think it is important that we be responsive to these concerns and that we not be asleep.

Mr. Clements: And Somalia too.

Gen. Walters: I agree.

Mr. Kissinger: That is why we didn't want you to get out of Ethiopia.

Mr. Clements: That is a misstatement. We didn't want to get out.

Mr. Kissinger: That is how it looks to the Ethiopians.

Mr. Rush: The Emperor told me that Kagnew was not important. He said, "That is your decision." He is not concerned.

Mr. Clements: He told me the same thing.

Mr. Kissinger: That is not the message he sends us.

Mr. Noyes: When you talk about introduction of Soviet weapons into Syria, you should remember that Iranian military power has increased too. The Soviets may be responding to that.

Mr. Rush: There are a series of regional and local problems. The Soviets have many fish to fry in this area, but the Shah is ambivalent. He wants the relationship with the Russians, but he thinks the Indians are trying to spread their influence with Russian help and that they are trying to dismember Pakistan. The PRC is, of course, in the background. There are a series of regions. The Shah is looking north to Russia, east

to Pakistan and India, south to the Persian Gulf, and west to Iraq. This is not a simplistic issue; it is highly complex.

Mr. Kissinger: It could be a strategic region with all of the characteristics you describe. It is possible that India and Iran are not part of a deliberate master plan which would have Iraq moving in on Iran. I agree that the Shah is trying to get as many anchors to windward as possible, but that doesn't change the basic fact. Indian policy may be to surround itself with a series of Bhutans and Sikkims.

It appears likely that a Baluchistan is to be carved from Pakistan and Iran, it will appear that countries backed by the U.S. suffer or are not fully protected, while those backed by the Soviet Union prosper. They don't need a diagram to know who has the horses.

Mr. Rush: But all the area is uncommitted; it's not frozen. The Russians are playing their cards as they think best.

Mr. Kissinger: We don't have much in Iraq, do we?

Mr. Rush: We could have. We used to have.

Mr. Kissinger: Since 1958?

Mr. Clements: Not since 1958.

Mr. Rush: Iraq doesn't want to be Russian dominated.

Mr. Clements: All is not lost in Iraq.

Mr. Kissinger: Which means what?

Mr. Rush: That we shouldn't wash it off. We should continue to fish in all waters.

Mr. Clements: We should do constructive things in Iraq to keep them stimulated.

Mr. Kissinger: Like what?

Mr. Clements: Help the Kurds.

Mr. Kissinger: I agree we shouldn't write these countries off. If Dick Walters is right about the MIG 21s in Syria, they're not there to stabilize the situation. Can we get a comprehensive scheme of what we should be doing? What do we have in mind? What is the role of Iran with regard to the Persian Gulf, for instance? Let's try to get a strategic assessment of what we might build on. It is in our interests to make it as tough as possible for the Soviets to do what they are trying to do everywhere.

Gen. Walters: The Chinese are pulling out of South Yemen.

Mr. Kissinger: The Chinese assessment is the same as General Walters.

Mr. Sisco: Following the CENTO meeting everyone stressed the dangers of Soviet subversion. The PRC commended the emphasis of the CENTO communiqué. There was no concern about Chinese activities, but there was concern and suspicion about the Soviets.

Mr. Kissinger: Could the IG or some special group work out the coherent approach?

Mr. Sisco: Yes.

Mr. Kissinger: Also those forces we would like to work with should know we are there. They should know they can expect support from us and those backed by the Soviets should know they're in for a scrap.

Mr. Clements: (to Mr. Sisco) Both DOD and JCS want to participate in writing this paper. We may dissent from you, but we want to participate.

Mr. Rush: We agree; we want your input.

Mr. Kissinger: Can we get this paper in a week? There should probably be CIA and DOD annexes. I would like it so we can give some guidance to the President before the meeting with the Shah.

Adm. Moorer: The Chinese emphasis is now moving out of South Yemen into Africa.

Mr. Kissinger: Let's include Ethiopia.

Mr. Clements: And Somalia.

Mr. Kissinger: Yes—the Horn of Africa. The CIA annexes might contain some 40 Committee ideas.

Gen. Walters: You mean participant as well as spectator?

Mr. Kissinger: Yes.

8. **Memorandum From Harold H. Saunders of the National Security Council Staff to the President's Assistant for National Security Affairs (Kissinger)**¹

Washington, July 19, 1973.

SUBJECT

SRG Meeting on NSSMs 181 and 182—Regional Strategy and the Arabian Peninsula/Persian Gulf

The purposes of this meeting are:

—To follow up the effort begun at last Friday's SRG meeting to define a strategy for the area ranging from the Indian subcontinent to the eastern Mediterranean and the Horn of Africa. This is relevant to your meeting with the Shah next Tuesday.

—To address specific issues relating to our policy toward the Arabian Peninsula and Persian Gulf (NSSM 181). Again, this will be useful before you see the Shah because it raises the basic question of whether we can continue in real terms to press for Saudi-Iranian cooperation in maintaining Gulf stability.

Specifically *what you want from the meeting* is as follows:

1. *Ask State to take another crack at defining a regional strategy.* As it now stands, the State Department paper presents a choice between two strategies, but I do not feel their formulation is helpful. I have drafted an alternative.

—*State* puts its alternatives this way:

(a) One approach would be to counter the Soviets as actively as possible;

(b) the other would be to concentrate on resolving local conflicts and reducing local tensions on the assumption that that will reduce Soviet opportunities for expanding influence.

—I have written an *alternative* formulation which may require further work, but I feel it is closer to the mark. This poses a choice between: (a) a "neo-containment" strategy of concentrating heavily on Iran, Tur-

¹ Summary: Saunders briefed Kissinger for a July 20 SRG meeting, following the July 13 meeting on NSSMs 181 and 182.

Source: Library of Congress, Manuscript Division, Kissinger Papers, Box TS 71, National Security Council, Committees and Panels, Senior Review Group, March 1972–July 1973. Top Secret. Attached at Tab A is the Department of State paper entitled "A U.S. Strategy for the Region of the Soviet Southern Flank," with a covering paper from Saunders dated July 19, published as Document 9. Attached at Tab B is the analytical summary of the study for NSSM 181, published as Document 10. The full NSSM 181 study is not published. Attached at Tab C is a paper on contingencies in the event of instability in Saudi Arabia, published as Document 11. Kissinger requested this paper on July 12. [text not declassified]

key, Israel and Ethiopia with secondary concentration on Pakistan and Jordan; and (b) a modification of the former which concentrates on strengthening the associations among those powers and also drawing in Saudi Arabia, Kuwait and the peripheral states on the Arabian Peninsula.

After discussion at the meeting, I suggest you instruct State to try to refine these strategies and that you give an indication of how you view the issues involved.

2. *On the Arabian Peninsula and Persian Gulf paper*, there are some basic general issues that can be discussed and several decisions that can be considered. The basic issue to be discussed is the assumption which has been at the base of our policy to date—that *Iranian-Saudi cooperation* is the best guarantee of stability in the Gulf. The issues are whether the Saudis are showing the capacity to hold up their end of the cooperation and whether the relationship between Iran and Saudi Arabia is good enough so that it is realistic to think in terms of such cooperation. The alternative into which we are drifting is to assume that the Iranians will take care of stability in the Gulf. A second issue is how effective the *Jordanian role* can be in this area and whether we, the Iranians and the Saudis want a Jordanian role there badly enough for someone to pay for it. Finally, these specific issues could be discussed with an eye toward early decision:

—*Should we expand our diplomatic and commercial presence in the Gulf?* You will recall [*less than 1 line not declassified*] how inadequate this representation is, and others tell us the same story. *You could ask State to prepare a plan for upgrading our representation.* The technical issue is whether we should upgrade our presence in every Gulf post or whether we should begin selectively in the Union of Arab Emirates and in Oman.

—You may wish to discuss the question of *how we improve our political position with the Saudis.* You may be pressed on the question of the mission to Saudi Arabia. Since the political mission as now proposed is cumbersome and is not likely to be able to convey the right message, you might want to raise the question of inviting Prince Fahd to come here. This would avoid Faisal's emotionalism and would also permit you to have a talk with him.

—You might ask for a decision memo on *military supply policy.*

3. The *Saudi contingency plan you asked for* is in good shape. You may not have time to deal with this at the meeting, but you will want to read it before talking with the Shah. If you want to get a quick sense of the group's feeling, the key issue is how extensively we should do some advanced thinking with the Shah and Hussein. Otherwise you can *say this paper will be discussed by the WSAG later and that you appreciate having it so promptly.*

Three papers are available at succeeding tabs for this meeting:

A. "*Regional Strategy Paper.*" This is the paper you asked Joe Sisco for at the SRG meeting last Friday. It is an effort to define a regional

strategy. Sub-tabs identify alternative formulations of this strategy, one in the State paper and another by me.

B. *"Peninsula/Gulf Paper."* This is the paper prepared in response to NSSM 181 which asked for a study of the situation and our options in the Arabian Peninsula and the Persian Gulf. This leaves aside such issues as oil and financial problems and the Arab-Israeli conflict and concentrates on the political-security relationships in the Gulf and Peninsula.

C. *"Saudi Contingency Plan."* Included for your reading and possible discussion at this meeting if there is time is the contingency plan for instability in Saudi Arabia [*less than 1 line not declassified*]. Whether or not you have time to deal with this in the meeting, it is available for your reading before you talk to the Shah.

D. A 40 Committee Annex to the regional strategy and Peninsula/Gulf papers is being sent to you separately. [*1 line not declassified*]

Conduct of the Meeting. Your talking points are at the next tab. They suggest that you first take up the regional strategy issue which is carried over from last week. Then you could move to the Peninsula/Gulf paper [*less than 1 line not declassified*]. If time allows, a short discussion of the Saudi contingency plan would fit into the broader discussion of the Peninsula/Gulf area.

9. Paper Prepared by Harold H. Saunders of the National Security Council Staff¹

Washington, July 19, 1973.

ANALYTICAL SUMMARY

A US Strategy for the Region of the Soviet Southern Flank

In response to your requests at the SRG meeting on NSSM 182, the State Department has produced a short paper (immediately

¹ Summary: Saunders prepared a paper analyzing a Department of State study on U.S. Strategy in the Middle East.

Source: Library of Congress, Manuscript Division, Kissinger Papers, Box TS 71, National Security Council, Committees and Panels, Senior Review Group, March 1972–July 1973. Secret. This paper was attached as Tab A to the July 19 Saunders memorandum to Kissinger published as Document 8. Attached is the signed analytical summary from Saunders critiquing the paper. The points in this summary are reproduced in the July 19 briefing memorandum from Saunders to Kissinger published as Document 8.

following) on what regional strategies might look like if we were to think in terms of the entire area from the Indian subcontinent to the eastern Mediterranean and Horn of Africa. This paper is essentially a think-piece which tries to define possible strategies. Once an approach is defined, the next stage would be to think through in more detail what courses of action one might follow in implementing such strategies. The paper now contains a variety of suggested actions to illustrate the differences between the two suggested strategies, but their purpose at this point is essentially illustrative.

The principal issue is how to define the strategies. This has been difficult and there has not been agreement. This summary will describe the issue. At sub-tabs in the attached State paper you will find alternative formulations—one is State's, the other is mine.

Following is a summary of the main points in the paper:

I. How the Soviets see the region.

The paper judges that, while both the US and USSR take actions that affect the entire region, the Soviets probably have less of an integrated concept of the region than we do. They tend to see it in two ways: (1) as a part of the Asian rimland stretching from Turkey to Korea which is vital to them both because parts of it lie along Soviet borders and because other parts encircle China; or (2) as a series of individual countries or conflict situations toward which they must develop policy approaches. They have several interests:

—Their general determination to play a global role compels them to want to assure that no important decisions can be taken here, as elsewhere, without Soviet interest being taken into account.

—The paramount Soviet interest here is national security.

—A third objective is the avoidance of any risk of nuclear conflict in this area.

—The Soviets also have an interest in the current pursuit of *détente* with the West. But while the inter-related concerns of security and *détente* have had some impact on Soviet actions in the area, this impact has been differentiated by area and activity. Nowhere does the Soviet pursuit of *détente* seem to have played a major constraining role on efforts to increase Soviet influence.

—The Chinese impact on Soviet policy is not, on balance, a bad one from the US viewpoint. It reinforces the current Soviet leaders' predilection to be a status quo power, to discourage regional conflicts or even domestic turbulence which might provide Peking with opportunities for anti-Soviet exploitation. Probably above all, Moscow is concerned about the prospects of Sino-US collusion in the area.

Thus, the paper concludes that the Soviets lay claim in the Middle East to at least equal influence with the US and in South Asia probably feel that they are entitled to preeminence. Their success in the final analysis will depend on how well they satisfy the aspirations of the

individual countries there. On this, the prospects do not look bright, at least without cooperation rather than competitive rivalry with the West and the US in particular.

II. *How the US views the region.*

Historically, the US has formulated its policies toward this region on the basis of two perceptions, often held simultaneously, never fully reconciled and sometimes in conflict:

—One perception has been that the Soviet threat is the overriding reality with which we must deal. In this view, conflicts, rivalries and alignments within the region are secondary considerations subordinate to the Soviet factor when it comes to assigning priorities and making policy choices.

—The second perception has been that the separate sets of local conflicts and problems within the region arising largely from indigenous factors constitute the overriding realities with which we must deal. Policies based on this perception have emphasized strengthening our bilateral relationships across the board while seeking to defuse or resolve local conflicts and to keep a foot in both camps in local conflict situations.

The paper points out that a further characteristic of the US view of this region has been a tendency to compartmentalize our approach into sets of largely, though not exclusively, separate subregional policies in South Asia, the Arabian Peninsula/Persian Gulf, the Arab-Israeli area and the Horn of Africa. While we have tended to a compartmentalized view of the region, the leaders and governments in the area often do not see it this way. It is one of the new elements on the scene that there is a complex of cross-regional relationships that suggest that we need to broaden our perception of the region in recognition of that fact that our compartmentalized view does not accord with the perceptions of many of those in the area.

One other major new element in the equation of US-Soviet relations in this region is the presumed Soviet desire to avoid situations that will seriously jeopardize US-USSR bilateral relations and détente in Europe and could foster the coalescence of a US-Chinese community of interests in this region. The priority the Soviets attach to these new considerations and the price they are prepared to pay for them in this region in terms of modifying their traditional policies remain to be seen.

III. *Toward a Regional Strategy.*

Since there is disagreement on how alternative strategies might be formulated, you will find one formulation in the attached State paper under the sub-tab marked "State Strategy" and a second possible formulation which I have written under the sub-tab marked "Alternative Strategy."

In brief, *the State Department paper poses the two strategies in this way:*

—*Strategy 1.* “We can base our policies on the view that, to protect our interests in the region, we need to move more actively to counter the Soviets where we believe those interests threatened. While continuing to seek improvements in our bilateral relationships in the region and the elimination of sources of local tension, we would not let such considerations stand in the way of actions we deemed necessary to carry out the main thrust of this strategy.”

—*Strategy 2.* “We can base our policies on the view that our interests will best be served and Soviet influence checked and reduced by concentrating on the resolution of local conflicts and the improvement of our bilateral relationships where they are unsatisfactory in the region. This strategy would be based essentially on the premise that (1) local conflicts, in which the Soviets align themselves with one side, have been a principal vehicle for the expansion of Soviet influence, and (2) once the pressures of those conflicts are relieved, the forces of nationalism and fear of Soviet domination will operate to limit Soviet inroads.”

The shortcoming of these formulations is that they are not real alternatives. One says we should counter the Soviets and the other says we should counter the Soviets by reducing local tensions. It seems to me (Saunders) that one can assume that we will be working to increase our influence relative to the Soviets and that the issue is how to do it. Therefore, I have tried two different formulations and put them under the State paper as an alternative ending to the paper. My formulations would go as follows:

—*Strategy 1.* We could base our policies on the view that it is, above all, important for the US to be identified as much as possible with those nations in the area historically friendly toward us and with the power to dominate their respective neighborhoods. This approach would be a sort of *neo-containment strategy*. By providing strong support to current points of strength across a wider area now that the USSR has leap-frogged CENTO, we would try to close the Soviets’ option of extending their influence through the military adventures of proxies in the area. This approach would give the US a capacity through these friends to encourage their use of force in support of other friendly governments without necessarily involving ourselves militarily. It would also provide for the assertion of influence in non-military ways since those countries that would be identified as points of strength are also nations of considerable economic weight.

—*Strategy 2.* We could base our policies on the view that, while building a strong relationship with the military powers in the area, we would concentrate on encouraging the widest possible network of associated states friendly to us. Many of these relationships are already being cultivated by the leaders in the area—Shah-Hussein, Shah-Bhutto, Shah-Faisal, Hussein-Faisal, Jordan-Oman, Iran-Oman, Pakistan-Iran-Saudi Arabia-Abu Dhabi-Jordan, Saudi Arabia-Egypt, Israel in unique ways with Iran, Jordan, Turkey and even Lebanon.

The assumption of this strategy of *promoting regional associations* is that it would provide the most durable means of enabling the nations

of the region to *absorb any Soviet thrust*. In promoting these associations, we would recognize that sometimes this might require us to give the major regional powers something less than total and unquestioning support. We would also have to recognize that this strategy would require more careful and continuous attention to policy in this region than the first strategy above.

These may not provide the most desirable formulations of possible US strategies, but they do seem closer to what is going on in the area and what we have to work with there.

I would recommend that we and State take another crack at these formulations after hearing your views. It would help to know what issues concern you in relation to your dealings with the Soviets and Chinese on global issues.

Harold H. Saunders

Attachment

Paper Prepared in the Department of State

Washington, undated.

A U.S. STRATEGY FOR THE REGION OF THE SOVIET SOUTHERN FLANK, FROM THE SUBCONTINENT TO THE EASTERN MEDITERRANEAN AND HORN OF AFRICA

I. How the Soviets See the Region

In an area as diverse as the Region from the Subcontinent to the Eastern Mediterranean and Horn of Africa, no power can have a totally unified view of the Region or a single policy toward it. Both the U.S. and the USSR do, however, take actions that affect the Region in the broader sense, and fit its component parts into some sort of framework for analytical purposes. For a variety of reasons, the Soviets probably have less of an integrated concept of the Region than do we. Over the last two years we have more and more looked at the Middle East, Persian Gulf, Arabian Peninsula and South Asia in overall strategic terms, while recognizing each of the aforementioned areas has problems unique to its own immediate concerns in an increasingly overlapping context. The Soviets tend to see the Region through two focuses:

—As part of the Asian rimland stretching from Turkey to Korea that is of vital concern to them both because parts of it lie along Soviet borders, and other parts of it encircle China. Moscow has increasingly focused on this concept of Asia in recent years—Brezhnev's advocacy of an Asian security system is the best known expression of this concern.

—As a series of individual countries or conflict situations toward which the USSR must develop policy approaches. This traditional approach remains the mainstay of Soviet policy and provides the framework within which we and they have, so far at least, interacted.

Thus there is probably no precise, overall Soviet “grand design” peculiarly tailored to the Region under discussion. As elsewhere, Soviet policy is largely opportunistic, exploiting what opportunities it perceives filtered through its special amalgam of national interests and Communist dogma. The probable absence of a precise, overall “grand design,” however, may make little difference. Diverse considerations of both a global and a regional nature in fact impinge on large parts of the Region. Regional states are themselves forming ties across the various segments of the Region. Consequently, we need to take account of the various factors that bear upon Soviet activities in the Region with varying degrees of intensity.

—The USSR is fully determined to play to the hilt its new role as one of the world’s two super and global powers. As Gromyko has put it, the Soviets contemplate a world where no important decisions can be taken without the interests of the Soviet Union being taken into account. But the Soviets have definite priorities:

—Paramount is USSR national security. This is a dominating motivation in Soviet policy toward the countries on the USSR’s southern border, and an important consideration in Moscow’s Middle East policy generally.

—A second overriding objective, and the major mutual interest the Soviets share with the U.S., is to avoid any serious risk of nuclear conflict.

—Still another Soviet consideration is Moscow’s current pursuit of détente with the West. Brezhnev has described it as basic strategy, not tactics, and for a variety of reasons this seems to be true. It is added reason for Soviet restraint on such critical issues as the Arab-Israeli conflict, and also on other issues in the area which are of vital concern to the West. For example, the Soviets are unlikely to disrupt Middle East oil supply to the West, even if they could, and the more so since they are currently in no position to replace the West either as consumer or broker. They would certainly like to have a major voice eventually in the disposition of the area’s energy supplies, which in the long run they may need themselves. They certainly entertain this fond expectation, but as a distant goal and not feasible within the next ten years at least.

The China factor looms large in Soviet foreign policy formulation, but its importance also varies according to area and country. China is not of major significance for Moscow in the Arab-Israeli conflict or other important Middle East issues simply because the Chinese do not

have the capability to exert major influence in these areas. However, Moscow's concern about China is of paramount importance in Soviet policy formulation on the subcontinent, and probably also in Moscow's desire to extend its influence into the Indian Ocean.

The China impact on Soviet policy is not, on balance, a pernicious one from the point of view of U.S. interests. To the contrary, it reinforces the current Soviet leaders' predilection to be a *status quo* power, to discourage regional conflicts or even domestic turbulence in individual countries which might provide Peking with opportunities for anti-Soviet exploitation. Probably above all, Moscow is concerned about the prospect of Sino-U.S. collusion in regional conflicts in the area such as it professed to see in the Indo-Pakistan War of 1971.

The interrelated concerns of security and détente have had some impact on Soviet actions in the area, but this impact has been differentiated by area and activity. In the Middle East, the Soviets are much more acutely aware of the security problem and the danger of confrontation with the U.S. Their posture there emphasizes military aspects and is more cautious. In South Asia, their approach is more political and under fewer restraints since they see less risk of a collision with the U.S. Nowhere, however, has the Soviet pursuit of détente thus far played a major constraining role on efforts to increase Soviet influence through such time-honored techniques as military and economic assistance. And nowhere in the area does the USSR grant the U.S. pride of place. In the Middle East, they lay claim to at least equal influence, and in South Asia probably feel that they are entitled to preeminence. In the Gulf and Arabian Peninsula, they are seeking to consolidate their positions in Iraq and, by their support of Aden and military assistance programs to Somalia, attest to the strategic importance they attach to the tip of the Arabian Peninsula and entrance to the Red Sea, Persian Gulf and Arabian Peninsula.

The Soviets will seek to pursue their traditional tactic of exploiting regional disputes to further their own influence, endeavoring simultaneously to work both sides of the fence. They will take advantage of the special opportunity that Iraq offers them to advance their interests in the Middle East and Persian Gulf area, while at the same time striving to maintain good relations with Iraq's major rival, Iran, and getting the Shah accustomed to live with the situation. Moscow appears to want to show some greater even-handedness toward India and Pakistan, even though it is obvious that in a crunch India will be favored. The Soviets also endeavor to take advantage of Somalia's concerns and ambitions vis-à-vis its neighbors to obtain facilities that will enhance Soviet strategic capabilities in the Indian Ocean, yet they carefully cultivate Somalia's neighbors. And Soviet exploitation of the conflict between the two Yemens, and between South Yemen and

Oman, has the same objectives and is characterized by the same attempt to maintain a balance on both sides. The tactic to date has been highly successful in expanding Soviet influence into the area, reinforcing its geopolitical advantages and in giving the USSR a voice as major arbiter in its affairs.

Soviet standing in the final analysis will, however, depend on how successful Moscow is in satisfying the aspirations of the individual countries there. Here the prospects do not look too bright, at least without cooperation rather than competitive rivalry with the West, and the U.S. in particular. Moscow's impotence in achieving progress toward a settlement of the Arab-Israeli conflict has been demonstrated in Soviet unwillingness to run risks of major confrontation and their inability to influence the major country in the equation—Israel. Their presence in the volatile Arab countries of the Middle East is tenuous, as the example of Egypt has shown, and involves a heavy political/economic commitment. And Moscow's hope to be the major arbiter of affairs on the subcontinent could raise the prospect of heavy economic commitments to India which could impose a serious burden on Soviet resources. In sum, the Soviets are on the make, but are paying a price, and the price is constantly going up.

II. How the U.S. Views the Region

Historically, we have formulated our policies in this Region on the basis of two perceptions, often held simultaneously, never fully reconciled and sometimes in direct conflict.

One perception has been that the Soviet threat is the overriding reality with which we must deal. In this view, conflicts, rivalries and alignments within the Region are secondary considerations, not to be ignored but subordinate to the Soviet factor when it comes to assigning priorities and making policy choices. It is largely this perception that has led us to sponsor and support regional defense groupings (the abortive Middle East Defense Organization, the Baghdad Pact and CENTO) and to concentrate on strengthening militarily key states in the Region opposed to the Soviets or to Soviet-supported neighbors (Ethiopia, Israel, Turkey, Iran and—until 1965—Pakistan).

The second perception has been that the separate sets of local conflicts and problems within the Region, arising largely from indigenous factors, constitute the overriding realities with which we must deal. In this view the Soviet factor—while not to be ignored—is often a kind of secondary infection rather than a primary cause, so that measures to cope with it directly must be subordinate to policies aimed at dealing with local situations within the Region. Policies based on this perception have emphasized strengthening our bilateral relationships across-the-board while seeking to defuse or resolve local conflicts and to keep a foot in both camps in local conflict situations.

When these two perceptions (and the policies flowing from them) have come into conflict in deciding how we should act or respond in specific situations, the former has historically tended to prevail. The result has often been that our perceived need to demonstrate strength directly and/or through our friends vis-à-vis the Soviets has exacerbated certain of our bilateral relationships in the Region and limited our ability to influence the resolution of local conflicts.

A further characteristic of the U.S. view of this Region has been a tendency to compartmentalize our approach into sets of largely (though not exclusively) separate sub-regional policies. This approach has changed in the last eighteen months in the aftermath of the British exodus from the Gulf, the upsetting of the balance in South Asia, and the increasing awareness of our energy resource needs from the Gulf and Arabian Peninsula. Thus a brief description of our policies in the Region would look something like this:

A. *South Asia*—disengage from an active U.S. role, let the Simla process work, and adopt a low-key posture in our bilateral relations.

B. *Arabian Peninsula/Persian Gulf*—play a supportive role in fostering a regional security consciousness and cooperative measures among the states of this sub-region; strengthen key states militarily—Iran, Saudi Arabia, Kuwait—against the threats they perceive to themselves and their neighbors from Soviet-supported states in the area; seek to deepen our relations with the key oil producers to safeguard our energy supplies, and to insulate this sub-region from the spillover effects of the Arab-Israel problem.

C. *Arab-Israel*—encourage a negotiating process among the parties leading to a political settlement or, failing that, to agreement on interim steps that will defuse the situation; meanwhile safeguard the ceasefire by maintaining the military balance through military supplies to Israel, and strengthen the Arab moderates (Jordan and Lebanon) to withstand radical pressures.

D. *Horn of Africa*—continue to give priority to close relations with Ethiopia and Kenya while seeking to broaden our dialogue with Somalia and encouraging resolution of Somali-Ethiopian problems within an African context.

The leaders and the governments in the area see matters primarily in overall regional strategic terms, and there is a deep suspicion of Soviet-sponsored subversion, a lingering fear that détente will blur America's perception, awareness and responsiveness to continued Soviet probes of soft spots and creeping expansionism. The Shah is concerned not only about the Gulf but also about Pakistan and the threat he sees from Soviet-Indian ties. India is seeking to strengthen ties with Iraq. Pakistan has tightened its links with Iran and has military assistance relationships with Jordan and Arab Gulf states. Saudi Arabia

and Egypt have increasingly close ties, and Sadat is seeking to enlist Faisal's political as well as financial and rhetorical support in the Arab-Israel context. Hussein is looking increasingly eastward to his role in the Lower Gulf, Oman and Yemen, and has special ties with the Shah. Israel maintains a close relationship with Iran and Ethiopia and also has ties with Turkey—a quadrumvirate which in Israeli strategic thinking should, with U.S. backing, constitute the basic structure for countering Soviet inroads into the Region. In Ethiopia, the Emperor sees his country not just as an African country with African interests but as a bastion in the path of Soviet ambitions in the Near East.

The foregoing observations suggest that we need to heighten even more our perceptions of the overall strategic elements of the Region in recognition of the fact that a compartmentalized view does not accord with the perceptions of many of those in the area, which need to be taken into account in our approach to the Region and to our relations with them. This broadened perception makes sense independent of any Soviet role or overall Soviet perception, although it could be most useful in dealing with Soviet trans-regional activities. At the same time we should recognize the basic instability of most of the states of the region and that their perceptions, consequently, are liable to sudden change—e.g., following the division of Pakistan or the overthrow of the Mosadeq regime in Iran.

Finally, our thinking and approach must also take into account the new emphasis in the equation of U.S.-Soviet relations in this Region which has not been historically present. This is the presumed Soviet desire to avoid situations that will seriously jeopardize U.S.-Soviet bilateral relations and détente in Europe and could foster the coalescence of a U.S.-Chinese community of interests in the Region. The priority the Soviets attach to these new considerations and the price they are prepared to pay for them, in terms of modifying their traditional policies in the Region, remain to be seen but should be tested. Certainly the Soviets will not easily abandon those policies, if at all—the exploitation of local tensions; the provision of arms, economic aid and political support to tie countries of the Region to them; the probing for weak spots to undermine the U.S. position and extend their own. Today the Soviets are pursuing a policy of seeking to disarm the West and Europe while trying to maintain, develop and enhance their position in the Middle East, South Asia, the Persian Gulf and the Arabian Peninsula. They can do this today with less risk of confrontation with the U.S. than in times past.

Modification of such Soviet policies would help the U.S. position in the Region, which is certainly not a goal of Soviet strategy. The extent to which they may nevertheless be prepared to move in this direction will depend on their assessment of the relative costs and

benefits of not doing so—an assessment which will in turn depend on the extent to which we are prepared to take risks to make those costs and benefits clear to them. Also, of course, the Soviets will expect us to make reciprocal concessions. The Soviets are acting now in the area on the assumption that there is wide strategic latitude, and they have not been particularly inhibited—short of confrontation—in seeking to exploit opportunities in the area. For example, to compensate for the Egyptian loss there has been a meaningful increase of Soviet supply of Syria and a continuance of Soviet supply of Iraq and Aden. Even in Afghanistan—while there is no evidence they had a direct hand in the coup—no such coup could take place without at least the acquiescence of the Soviets who have military advisors at every level of the Afghan Army.

III. *Toward a Regional U.S. Strategy*

From the foregoing, it seems possible to state certain assumptions on which to base a regional strategy:

A. The Soviets seek predominant influence if not hegemony in this area, although they may have no overall, well-coordinated “grand design” there.

B. The region is so important to the U.S. that we will want to remain in a position to influence developments there.

C. Thus both the U.S. and the Soviet Union will be competing for influence vis-à-vis the other. One important standard for measuring success will be the ability of each side to help nations in the area to fulfill their aspirations, one of which is preserving their own security and independence.

D. The issue for the U.S., therefore, is what combination of U.S. actions and what kind of relationships with and among the nations of the region will enhance U.S. influence there. Since this is a diverse area with many conflicts cutting across it, the choice for the U.S. is how to build the strongest possible position in the area consistent with its many interests, one of which is maintaining or enhancing its influence vis-à-vis the USSR.

Before attempting to define two possible strategies for discussion, two other approaches need to be mentioned:

A. It is assumed that the U.S. will continue to conduct active bilateral relations with most of the nations in the area, taking into account the special problems of each of the main sub-regions in the area. That has essentially been the U.S. policy. All of those relationships together could continue to comprise a U.S. approach to the area. This approach is not dealt with in detail here because the purpose of this paper is to examine whether a new dimension would be suggested by looking even more broadly at the area as a whole.

B. It is also assumed that in connection with any strategy mentioned in this paper, we could probe to see where Soviet cooperation might be enlisted in reducing local tensions.

Conceptually, we can adopt one of the two broad strategies outlined below in our approach to this Region. In the real world, it is difficult to envisage a situation where we would follow totally one or the other. Any set of policies and actions is likely to involve some mix of the two. However, if we define them in this way and opt for one or the other as the basic framework for our approach to the Region, this will provide a consistent guide as to where we place our emphasis, how we determine priorities when there are choices to be made, and how we assess the risks involved.

Strategy One

We can base our policies on the view that, to protect our interests in the Region, we need to move more actively to counter the Soviets where we believe those interests threatened or, alternatively, build up proxies who can do the job. While continuing to seek improvements in our bilateral relationships in the Region and the elimination of sources of local tension, we would not let such considerations stand in the way of actions we deemed necessary to carry out the main thrust of this strategy.

In terms of specific regional situations, the policy implications flowing from this strategy could include the following:

A. Build up according to their requests the military capabilities of the major military powers in the region—Iran, Israel, Ethiopia, and Turkey. We would go on providing arms to other countries in the region but (1) would be guided by the major regional powers' views on any limits on type or quantities of equipment that should be imposed and (2) would make no effort to limit their own equipment regardless of the sensitivities of others in the area.

B. Rely heavily on the military action of those countries to confront aggression in their areas (e.g., Iran to support Kuwait and Pakistan against Iraq and India, Israel to support Lebanon and Jordan against Syria and Iraq) or to restore stability (e.g., Iranian action in a chaotic situation in a Gulf state, Israel in Jordan, Iran in Pakistan).

C. Concentrate special military and economic assistance on Pakistan because of their importance to the stability of Iran. We would do this accepting its negative effect on our relationships with India (1) because of the greater importance of the Persian Gulf than of South Asia and (2) because of the importance of demonstrating to both the USSR and the PRC as well as to other nations in the area that friends of the U.S. fare better than friends of the USSR (like India).

D. We would concentrate special military and economic assistance on Jordan because of its importance to the security of Israel and to the

avoidance of Arab-Israeli hostilities which could draw the USSR into the conflict.

E. In the settlement of sub-regional disputes, an effort would be made to assure that our friends negotiated from a position of strength.

F. Step up our naval presence in the Indian Ocean—Arabian Sea—Persian Gulf—Red Sea area and seek opportunities for demonstrations of our military air capabilities in the Region.

G. Promote more active, broadly based and institutionalized regional security measures among friendly states in the area (e.g., Israel, Iran, Ethiopia, Turkey) to the extent local antagonisms—as between Israel and moderate, pro-Western Arabs—make this feasible.

H. Undertake a more direct U.S.G. role to supplement Saudi/Iranian/Jordanian/UAE efforts to strengthen Oman and Yemen militarily, reallocating resources as needed from other areas.

I. Explore possibilities for covert actions against Soviet-supported regimes in Iraq [*less than 1 line not declassified*], in PDRY and in Syria.

This strategy vigorously pursued would demonstrate to the Soviets that we were not being lulled by détente in Europe and progress in our bilateral relations into acquiescing in the consolidation and extension of their position, whether directly or by proxy, in the Region. It would be a strategy welcomed by a number of our friends in the area, though certain aspects of it [*less than 1 line not declassified*] would cause concern to other of our friends [*less than 1 line not declassified*]. At the same time it would tend to polarize local conflict situations and reduce our ability to defuse threats to our interests arising out of such situations—[*6 lines not declassified*].

Strategy Two

We can base our policies on the view that our interests will best be served and Soviet influence checked and reduced by relying heavily on the nationalism of the regional states and concentrating on the resolution of local conflicts and the improvement of our bilateral relationships where they are unsatisfactory in the Region. This strategy would be based essentially on the premise that (1) local conflicts, in which the Soviets align themselves with one side, have been a principal vehicle for the expansion of Soviet influence, and (2) the forces of nationalism and fear of Soviet domination will operate to limit Soviet inroads, especially once the pressures of local conflicts are relieved.

In terms of specific regional situations, the policies flowing from such a strategy could include the following:

A. Seek to enlist Soviet cooperation in defusing local conflicts and limiting our respective military inputs into the Region, through a systematic dialogue with them about each of our policies toward and

interests in the Region as a whole. This could begin by exploring whether our positions are compatible to some degree and whether we can achieve mutual acknowledgment of the importance of the Region to both of us. The 1969 Brezhnev Asian security proposal could provide a possible framework for such explorations.

B. Be less forthcoming with respect to rates and magnitude of delivery and levels of sophistication, in responding to arms requests from our friends, [*less than 1 line not declassified*].

C. Engage the Soviets, if possible, in agreements for selective mutual reductions in military supply to our respective clients.

D. Maintain but do not increase our present military profile in the Region. Explore with the Soviets the possibility of at least tacit mutual restraint in our military postures, notably in our naval presences in the Indian Ocean (cf. NSSM–110).

E. Seek to persuade friendly states in the area to channel more of their efforts at regional cooperation into economic development rather than military and security-oriented programs. As one example, encourage Pakistan, Iran, the Peninsula/Gulf states and Jordan to develop areas of cooperation that utilize the particular human, financial and technical resources each has to offer. Reallocate from other regions available USG economic and technical assistance resources to help support such efforts in a coordinating and pump-priming role.

F. Promote a closer relationship between Ethiopia and the moderate Arabs and Iran while encouraging Israel to lower the visibility of its program without reducing it. Particularly encourage the cultivation of mutual interests among Ethiopia, North Yemen and Saudi Arabia.

G. With respect to the Soviet-supported regime in PDRY, encourage anti-PDRY area states to concentrate on strengthening the economic, social and political fabric of North Yemen and Oman, [*1 line not declassified*]

H. With respect to Iraq, foster the present trend toward conciliation with Iran and the Kurds and more pragmatic relations with western nations.

I. In the subcontinent, continue to encourage resolution of Pakistani-Indian-Bangladesh issues on the basis of the Simla agreement, avoiding advocacy of any party's position. Continue efforts to normalize U.S.-Indian relations on a basis of reciprocity.

J. Temper somewhat our relationship with Pakistan and Israel so as to preserve the possibility of some relationship with India and Egypt. Actively encourage an even closer relationship between Saudi Arabia and Egypt. At some point, this might require less than full support for the diplomatic positions of Pakistan and Israel, although this would not necessarily be the case.

K. Engage ourselves more directly in diplomatic efforts to move the Arab-Israeli issue off dead center, even though this would inevitably involve some strains in U.S.-Israeli relations.

L. Encourage India and Iran to talk out their differences and cooperate in ensuring the security of the Western Indian Ocean region.

In pursuing this strategy, we would start with certain advantages. Taking the Region as a whole, we have a number of strong assets. For the most part we, not the Soviets, have the militarily strong and economically viable friends in the area. The Soviets, being both powerful and geographically contiguous, are seen as a greater longer-range threat by nationalistic local governments—even by those presently allied with them. We only seek to prevent Soviet domination of the Region, whereas the Soviets seek dominant influence if not hegemony.

Against these advantages, the strategy outlined above has two principal risks for us:

(1) It could be interpreted as weakness on our part by the Soviets and extremist elements in the area, encouraging them to press for additional advantages if we pursued to the fullest the course of attempted accommodation this strategy suggests.

(2) It would have a seriously unsettling effect on our friends in the Region, leading to shifts in their policies that could make even more intractable the local conflicts we seek to resolve.

IV. *Conclusions*

These two options are not mutually exclusive and in fact we have been successfully pursuing the elements of both with the results that we are limiting Soviet gains and in some instances even reversing the trend. On balance, our basic interests of preventing Soviet domination and maintaining access for ourselves, including to the Region's petroleum resources, have been preserved despite the undeniable fact that the Soviets, while they have experienced some setbacks, have improved their overall position in the Region as a whole on the last decade. But, given the unnaturally low base from which the Soviets started in the 1950's, this is hardly surprising. As we weigh our future strategy, the critical questions are these:

(1) Can we assume that a continuation of policies based more on a Strategy One than a Strategy Two approach will continue to protect our vital interests in the Region? This question is especially applicable to the Arab-Israel area, where a continuation of the present impasse, in circumstances where we are seen as fully identified with Israeli policies, casts a growing shadow over much of the Region and in particular the Arabian Peninsula/Persian Gulf area, playing into the hands of the Soviets and extremist elements and creating crosscurrents that could increasingly affect our ability to meet our growing energy

demands. In South Asia, where we would be backing the weaker horse in Pakistan, this policy could also prove costly.

(2) Are we prepared as an ultimate sanction to make clear to the Soviets that our relations in this Region are an integral part of our total relationship, and that this relationship with all its evolving and complex advantages to both of us will be at stake?

(3) To support such a position, are we prepared to invoke the prospect of U.S.-Chinese collaboration in this Region?

(4) Are the Soviets prepared to accept the check on their historical thrust into this Region which an approach along the lines of (2) and (3) above would seek to achieve?

10. Paper Prepared by William B. Quandt of the National Security Council Staff¹

Washington, July 19, 1973.

ANALYTICAL SUMMARY

NSSM 181, "US Policy in the Arabian Peninsula and the Persian Gulf"

The study prepared by the State Department in response to NSSM 181, "US Policy in the Arabian Peninsula and the Persian Gulf", immediately follows this summary. It deals with several broad issues that go beyond our bilateral relations with the several states of the area.

As *background* to the analysis of options, the paper notes the growing importance of the region because of its oil; its growing financial reserves; the persistence of disputes which may provide opportunities for the Soviet Union to extend its influence into the area. These issues, however, are all dealt with in more detail elsewhere: oil in NSSM 174; financial reserves by working groups preparing for possible high level economic discussions with Saudi Arabia later in the year; and the Soviet threat in NSSM 181. The other key issue which is only mentioned in passing is the Arab-Israeli conflict and its effect on US-Saudi relations.

¹ Summary: Quandt provided the analytical summary of the Department's study responding to NSSM 181.

Source: Library of Congress, Manuscript Division, Kissinger Papers, Box TS 71, National Security Council, Committees and Panels, Senior Review Group, March 1972–July 1973. Secret. This paper was attached as Tab B to the July 19 memorandum from Saunders to Kissinger published as Document 8. NSSM 181 is Document 2.

In this study, *the focus then is on the following questions:*

—What role should we encourage *Iran* to play in the regional context?

—How can *Saudi Arabia* be encouraged to take a more responsive position to enhance regional cooperation and security, drawing on her growing oil revenues?

—On the *periphery of the Arabian Peninsula*, should the US increase its own presence, revise its arms and aid policies, or take a more direct role in helping Oman and Yemen deal with the military threat from PDRY.

—Is there a *regional approach* to this area that the US could adopt that would increase interdependence and cooperation among our friends without drawing us more deeply into the politics of the region?

—How can we best compete with the *Soviets* in this area?

Summary of the Policy Alternatives in the Study

Iran. The Shah is determined to make Iran the predominant military power in the region. In pursuit of this goal, the Shah is often overbearing and heavy-handed in dealing with his Arab neighbors, and the prospects for serious Iranian-Arab rivalry are considerable in the future. This could be accentuated when Iran's oil production begins to peak out in the 1980s, while Saudi Arabia, Iraq and the UAE continue to increase oil production and earn revenues far in excess of Iran's. It is this future imbalance between military power on one side of the Gulf and economic power on the other that poses dilemmas for the United States. These dilemmas would, of course, be most easily overcome through Iranian-Saudi cooperation, but that development cannot be taken for granted. In dealing with Iran, we have essentially two broad approaches to consider:

—*Urge Iran to pursue policies in the Gulf that give high priority to coordination with Saudi Arabia and other friendly Arab states.* This will require an ongoing dialogue with the Shah about regional developments, and at times we may have to urge him to show restraint in order to preserve the fabric of Iranian-Arab cooperation. Insofar as this brings us into opposition with some of the Shah's policies, we may risk straining our bilateral relations for the sake of regional cooperation.

—*Support the Shah as the major power of the region.* The risk of this "blank check" policy toward Iran is that it could encourage the Shah's more imperial fancies, resulting at worst in an over-extension of Iranian power and serious conflicts with Iran's neighbors, perhaps including the Soviet Union. It is virtually certain that this policy would make Saudi-Iranian cooperation difficult to achieve, but it is less obvious what the price of non-cooperation would be.

Saudi Arabia. As our interests grow in Saudi Arabia because of oil, so do the strains in US-Saudi relations. King Faisal is increasingly involved emotionally in the Arab-Israeli dispute and is under pressure from Egypt to use his resources to bring about a change in US policy

toward Israel. In order to improve US-Saudi bilateral relations, two courses of action are identified as imperative. First, the US must show convincing progress toward an Arab-Israeli settlement or it must take some distance from its position of full support for Israel. Second, it must help the Saudis find ways of using oil revenues to develop productive enterprises within Saudi Arabia and investment outlets abroad. The other area of concern to Faisal is Saudi security in the face of threats that he feels emanate from all quarters, but most immediately from Iraq and PDRY. The choices here for the United States are:

—*Urge Faisal to work closely with Iran*, acknowledging that for now Iran is the dominant power in the area and that Saudi Arabia must accept that reality and turn it to its own advantage through cooperation.

—*Offer to cooperate closely ourselves with Saudi Arabia* in regional security matters. We would try to enhance Saudi efficiency, speed of decision-making with respect to military issues, and might help the Saudis develop a quick reaction force for use in Oman and Yemen.

—*Become more directly involved ourselves in Oman and Yemen*, as the Saudis would like us to do. The Saudis would welcome this as evidence of our willingness to take a serious interest in security issues of concern to them.

Other Arabian Peninsula States. Presently we maintain a low profile in the states of the periphery of the Arabian Peninsula in a conscious effort to encourage the Saudis and the states themselves to take a more direct security role in this area. We are increasingly coming under pressures to upgrade our ties to these states and to become more intimately involved in their affairs. Several issues involving our presence and programs need to be reviewed:

—*Political Representation in the Lower Gulf and Oman.* Our Ambassador to Kuwait is accredited to four other states—Bahrain, Qatar, the UAE and Oman. We could decide to name four more ambassadors to each of these states; or selectively to upgrade our representation by naming ambassadors to the UAE, then Oman. In addition, we could build up our commercial representation throughout the area.

—*Arms Sales Policy.* Here the choices are to continue our present policy of supplying weapons only for internal security; to allow US firms to sell more advanced equipment; or to negotiate government-to-government deals for more advanced equipment.

—*Military and Economic Aid to Oman and Yemen.* We can continue to coordinate Saudi and Jordanian efforts, as we are doing in Yemen; offer direct assistance in the internal security field; agree to direct sales to Yemen and Oman if Saudis or UAE agree to pay for equipment and services.

Regional Approaches. Should the United States move from its present policy of low-key efforts to encourage cooperation in this region toward a more ambitious policy of fostering a regional collective security system? The choices include greater US involvement in supporting the Shah's attempts to develop a network of security agreements across

the area; impressing for settlements of such regional disputes as those over the Gulf islands occupied by Iran and over the Buraymi Oasis; in encouraging a more active Jordanian presence in the area, including the creation of a Jordanian intervention force.

The Soviet and Radical Threats. Most of the regimes in the area that are friendly to the US feel threatened by radical forces, emanating either from PDRY or Iraq, or from subversive groups receiving Soviet support. To limit the effectiveness of these forces, we might:

- Talk to the Soviets to encourage them to moderate the behavior of their clients.

- Urge Iran to talk to the Soviets and Chinese about their support for radical elements in the area.

- Try to deal directly with Iraq, and perhaps PDRY, to give them a stake in relations with the West.

- Support Saudi efforts to overthrow the PDRY regime.

- Review our own naval presence in the Gulf to judge whether it acts as a magnet for Soviet influence, as the Shah believes, or a shield for our friends against radical pressures, or neither.

Issues for Discussion

- Iran.* In recent years Iran has begun to move rapidly into the modern world, and we have acknowledged her growing power and status. Is there now a danger that the Shah may overreach his country's real capabilities by using an excessive amount of his oil revenues on expensive defense items that are irrelevant for Iran's real requirements (e.g., F-15s) and which will become a heavy burden in the 1980s when oil production begins to decline? Would it make sense to begin trying to direct the Iranian armed forces toward a more sensible and less costly force structure designed more for Iran's genuine defense needs than for prestige purposes? If not, how far are we willing to support the Shah if he begins to use his forces across the Gulf in ways that are bound to alienate Saudi Arabia and perhaps accelerate the radicalization of the Arab oil-producing states?

- Saudi Arabia.* The Saudis want, among other things, to be treated on a par with their growing economic strength. This is partly an issue of status. Are there things we could do, such as including Saudi Arabia in discussions of trade and international monetary reform, that would be symbolically useful and might encourage the Saudis to play a more responsible international role?

- Kuwait.* The NSSM posed the question of what role Kuwait might play in the Gulf and how we should respond to her defense needs. The study did not deal with this issue, but we do have pending some decisions on military equipment for Kuwait. If we were to go ahead and meet these requests, how could we expect Kuwait to respond? Do the Kuwaitis have a role to play in the lower Gulf or Oman? Can they be brought to restore their subsidy to Jordan in return for increased help from us in meeting their defense needs?

- Jordan's role.* King Hussein is clearly willing to play a more active role in the Gulf and in Oman and Yemen. He expects us to underwrite this role and to pay heavily for it. The risks of encouraging him in this

direction are that Jordan will become even more over-extended and insolvent than it now is, and we will have to pick up the bill. If Jordan can really help Saudi Arabia or the UAE deal with their own security problems, why should we be expected to pay when the Saudis, Kuwaitis and the UAE face problems in disposing of excess revenues? Is this a case where a small amount of “seed money” from us could bring out larger contributions from others? Is there a danger in encouraging King Hussein’s plans to play a major role in the Gulf?

—*Iraq.* Our relations with Baghdad are nearly non-existent, and the Soviets seem to be well emplaced there. But from time to time we see signs that Iraq wants to turn more to the West, and in the aftermath of the recent coup attempt there this theme was publicly stated. Oil companies and some European countries are convinced that Iraq is second only to Saudi Arabia in terms of oil reserves and would very much like to help the Iraqis increase production. To encourage an Iraqi turning toward the West, do we have any role to play, such as discussing with the Shah the desirability of continuing his dialogue with Iraq; and abstaining from active support for the Kurdish insurgents? Is there anything we should do directly to make a gesture toward Baghdad?

—*The Soviet factor.* Drawing on the study done under NSSM 182 on Soviet policy in this area, how should we best position ourselves to deal with expanding Soviet influence. Two general approaches have been suggested: one would seek to contain the Soviets by building up points of strength in the area; the other would emphasize the development of a network of regional associations that would restrict Soviet opportunities and draw on local forces to deal with security problems. As applied to this area, what would these two views imply?

—*The Saudi-Egyptian connection.* We have been receiving some evidence that Sadat may drop his Libyan option in favor of much closer ties to Saudi Arabia, even at the expense of his relations with the Soviets? Is this a development we should welcome? How would it affect Saudi policy in the Gulf? with respect to oil production? or Iranian-Saudi cooperation?

Issues for Decision

You may want to bring the discussion to the following points for decision:

—Saudi–Iranian cooperation is still to be desired, and we should encourage the process in talks with Faisal and the Shah. This may mean urging restraint on the Shah and trying to prop up Faisal. Are the costs worth it?

—We should move to accord Saudi Arabia enhanced international status and to encourage them to play a more responsive role in their region. This should be one of the objects of any high-level discussions with Saudi Arabia on political and economic issues later this year. We should consider including the Saudis in monetary and trade negotiations.

—Our diplomatic presence in the Gulf should be selectively upgraded, starting in the UAE and Oman.

—In Oman and Yemen, we may want to upgrade our presence on the development side, but for the moment we should continue to play

an indirect role in security assistance, relying more on Saudi and other Arab sources in Yemen and the British in Oman.

—In view of Kuwait's interest in aircraft other than the F-4, we should encourage them to think of equipment appropriate to genuine defense problems. We will try to clear a statement on our arms policy for Kuwait in the near future.

11. Paper Prepared by William B. Quandt of the National Security Council Staff¹

Washington, July 19, 1973.

ANALYTICAL SUMMARY

Contingency Plan for Saudi Arabia

[1 line not declassified], the contingency plan assumes that a "radical" takeover is unlikely. In addition to internal forces working against rapid change, there is little evidence of outside interference or subversion. In addition, the geography of Saudi Arabia makes it difficult for conspirators to seize control of the country or its key power centers. A coup from within the armed forces cannot be ruled out, but would be difficult to mount unless the air force and airfields were controlled, since movement of troops over land would be difficult.

Possibly destabilizing factors might be the King's death and a struggle within the royal family for succession. A second source of pressure on the regime stems from the unresolved status of the Arab-Israeli dispute. The most likely contingency for the US, according to the plan, is not a takeover by radical elements in Saudi Arabia, but

¹ Summary: At Kissinger's July 12 request, Quandt provided an analytical summary of contingency plans in the event of instability in Saudi Arabia.

Source: Library of Congress, Manuscript Division, Kissinger Papers, Box TS 71, National Security Council, Committees and Panels, Senior Review Group, March 1972–July 1973. Top Secret; Sensitive. This paper was attached as Tab C to the July 19 memorandum from Saunders to Kissinger, published as Document 8. That memorandum indicates that Kissinger requested the plan on July 12 based on the suggestion from U.S. Ambassador to Iran Richard Helms. Kissinger's request is in the Washington National Records Center, OASD Files: FRC 330–78–0002, Saudi Arabia 381, 1973 X3101. The plan, drafted by the NSC Contingency Planning Working Group, was forwarded by the group's acting chair, Joseph W. Neubert, Acting Deputy Director for Planning (S/PC), to Kissinger under a July 20 covering memorandum. The contingency plan is not published. (Library of Congress, Manuscript Division, Box TS 32, Geopolitical File, Middle East Chronological File, October 1973)

rather the danger that the King himself, or his successors, will move against the US as a matter of survival in a deteriorating Arab-Israeli situation.

Interests and Roles of Outsiders

Iran has an interest that nothing threaten shipping of oil in the Persian Gulf and that hostile forces not dominate the Arab side of the Gulf. If either of these developments occurred, the Shah would consider the use of military force. The Saudis would be reluctant to turn to Iran for direct military help except *in extremis*.

Jordan is more likely to take direct steps to help an embattled Saudi regime, both because of Saudi preference for help from an Arab state and King Hussein's own motivation. If Hussein were to act, he could come under military pressures from Iraq and Syria, which could best be offset by Iranian and Israeli forces.

The *Soviet Union* is unlikely to intervene directly in Saudi Arabia, both because of lack of capability and the political risks involved. *Egypt* would probably stand aside in any future Saudi crisis, and *Iraq*, despite probable support for a radical regime, could be constrained from active intervention by Iranian force. Neither *Israel* nor the *Europeans* could be expected to act decisively.

Contingencies

If current US efforts to bolster the regime and enhance its capabilities fail, we might face the following situations:

Contingency 1. Security within Saudi Arabia deteriorates, perhaps as a result of anti-regime feeling stimulated by a renewal of Arab-Israeli hostilities. The US would consider the following courses of action:

—Activate evacuation plan for 8000 US citizens. Airborne brigade in Europe is prepared for movement to the Gulf. Carrier task force from Southeast Asia is ordered to proceed to Gulf.

—If Arab-Israeli conflict is related to disorders in Saudi Arabia, press for rapid ceasefire.

—Consult with King Faisal on internal security situation and respond with pre-arranged package of military equipment if requested.

—Talk to Jordanians and Iranians about joint actions in event situation continues to deteriorate.

Contingency 2. A succession crisis following the King's death might lead to prolonged conflict, raising the likelihood of an army takeover. Obvious successors such as Princes Fahd and Sultan might prove to be ineffective. In these circumstances we would consider the following:

—A joint Jordanian-Iranian-US effort to restore order under a new regime headed by a group of the younger princes and with a broader role for the army.

—Some non-provocative but visible military measures could be taken by Jordan, Iran and the US to pressure Saudis to restore order on terms we favor.

Contingency 3. A partially successful coup might lead to civil war and outside intervention. Rebels might be successful only in holding one sector of the country and could appeal to Iraq for help in the form of aircraft. The United States might take the following actions:

—Dispatch US forces to staging areas in preparation for a possible landing of forces in the eastern province to seize control of oil facilities and to evacuate US nationals.

—Consult with Shah on measures to deter Iraq.

—Warn the Soviets of the dangers of Iraqi intervention.

—Activate pre-arranged plan for Jordanian military intervention. The US would provide logistical backup for Jordan's effort.

Contingency 4. In a successful coup, radical elements from the army seize control of the country. The US would face the following actions:

—Even in the absence of information about the new regime, pressures would build on us to move rapidly, before the regime could establish its credentials, to overthrow it. We would try to reach a judgment with Jordan and Iran on whether such a move was justified.

—If so, Jordan would play the main role by trying to seize airfields within Saudi Arabia and then carrying out air strikes against key areas.

—Iran could deter Iraq from intervening and Israel could play a role in restraining Syria from moving against Jordan.

General Observations and Issues for Discussion

—A change of regime in Saudi Arabia will raise the question of whether to intervene, and in what form, to reverse the situation. Pressures will be intense to act rapidly, without much knowledge of the existing situation. Are the risks of delay greater than the risks of intervention? Does intervention stand a chance of success or is it likely to fail?

—Recognizing the dangers for US interests elsewhere in the Arab world if we were to intervene, the paper nonetheless suggests that the gains from a successful military intervention that resulted in a stable pro-Western regime staying in power would offset any losses elsewhere. But do we or the Jordanians have the capabilities to intervene successfully unless a substantial body of Saudi opinion favors such an intervention?

—Are there dangers of intervening against a military coup that might bring to power moderate nationalist elements that we would be able to work with just as well as the present regime? Is a coup group bound to be radical and anti-American?

—While Jordanian intervention is probably the most politically viable in any future crisis, if Jordan alone is unable to reverse the

situation, would it be preferable for the US or Iran to act then? Granted that there would be drawbacks to either US or Iranian action in terms of branding the elements we help as traitors or puppets, would Iran's intervention cause fewer problems than our own? Could Iran both deter Iraq and intervene directly? Would the Soviets exert pressure on Iran in these circumstances?

US Military Assets

The following forces could be used in Saudi Arabia:

—One Airborne Brigade from Europe could reach Riyadh or Dhahran [*timeframe not declassified*]

—One tactical fighter squadron could reach Saudi Arabia [*timeframe not declassified*]

—US naval forces in the area (MIDEASTFOR) consist of two destroyers and one flagship. There is also one C-130 in the area.

—A carrier task force could reach the Persian Gulf from Southeast Asia [*timeframe not declassified*]

Further Refinements of the Plan

—If Jordan and Iran will be required to play the key roles in any successful intervention against a radical regime in Saudi Arabia, we must clearly do some planning with them for such a contingency if joint action is to be possible. Can we engage in such talks without paying a price, both with Saudi Arabia if the news leaks, and with Jordan in terms of more aid to sustain Jordanian operations in a future Saudi contingency?

—What kind of pre-arranged equipment package could be put together from Jordanian and Iranian sources to deliver to Saudi Arabia for maximum impact?

—Can a US evacuation plan be devised that would also allow for a show of force and a securing of oil loading facilities at Ras Tanura to prevent sabotage?

—Could we count on British help in any of these contingencies?

—One contingency not dealt with is the possibility that King Faisal becomes increasingly hostile to US interests, that Princes Fahd and Sultan try to restrain him, failing which they might seek to oust him, much as Faisal deposed Saud. Would we be likely to become involved in such a struggle and, if so, how?

12. Memorandum From Acting Director of Central Intelligence Walters to the President's Assistant for National Security Affairs (Kissinger)

Washington, July 19, 1973.

[Source: Library of Congress, Manuscript Division, Kissinger Papers, Box TS 71, National Security Council, Committees and Panels, Senior Review Group, March 1972–July 1973. Secret; [*handling restriction not declassified*]. 2 pages not declassified.]

13. Summary of Conclusions of a Meeting of the Senior Review Group¹

Washington, July 20, 1973, 3:11–4:06 p.m.

SUBJECT

Regional Strategy and the Arabian Peninsula/Persian Gulf NSSM 181–182

PARTICIPANTS

<i>Chairman:</i>	<i>CIA:</i>
Henry A. Kissinger	Lt. Gen. Vernon Walters
<i>State:</i>	Samuel Hoskinson
Kenneth Rush	John Waller
Joseph Sisco	<i>Treasury:</i>
Alfred Atherton, Jr.	Gerald Nensel
Thomas Thornton	<i>NSC Staff:</i>
<i>DOD:</i>	Brig. Gen. Brent Scowcroft
William Clements	Harold Saunders
Robert C. Hill	Harold Horan
James H. Noyes	Col. T. C. Pinckney
	Mrs. Jeanne W. Davis

¹ Summary: The SRG met to discuss NSSMs 181 and 182 on regional strategy in the Arabian Peninsula and the Gulf.

Source: Library of Congress, Manuscript Division, Kissinger Papers, Box SCI 18, National Security Council, Committees and Panels, Senior Review Group, February 1971–July 1973. Top Secret; Sensitive; Codeword. The meeting took place in the White House Situation Room. The record of the July 13 SRG meeting is Document 7. For the Department of State papers under discussion, see Documents 8 and 9. On cooperation between Saudi Arabia and Iran, see also *Foreign Relations, 1969–1976*, vol. XXVII, Iran; Iraq, 1973–1976, Documents 22 and 65.

JCS:
Adm. Thomas H. Moorer
Vice Adm. John P. Weinel

SUMMARY OF CONCLUSIONS

It was agreed that:

—the Working Group would prepare a paper spelling out in more detail what we might actually do under the different approaches to the problem, both in terms of an overall U.S. strategy in the area and in a contingency sense, both in Saudi Arabia and in the Emirates;

—Defense and the JCS would consider the role of a naval presence;

—State would do what it could to upgrade U.S. representation in the area.

Mr. Clements: The Shah wants to ride in an F-14 while he is here. It's operational now, and he has indicated he wants to buy a squadron of F-14s and F-15s at some point.

Mr. Kissinger: Do you not want him to fly? I'll call their Ambassador and tell him that we would feel better if he did not fly in a U.S. Government aircraft while he is in the U.S.

Mr. Clements: No, I don't want you to. He really wants to fly it. He is a professional—he's no kid.

Mr. Kissinger: Ken (Rush), what do you think?

Mr. Rush: I don't think he should fly in any U.S. military plane while he is here.

Mr. Kissinger: Dick (Walters)?

Gen. Walters: The Crown Prince is only 13 years old.

Mr. Kissinger: If he wants the aircraft he will buy it whether he flies it or not. He's not a child; he's a highly intelligent, cold-blooded, calculating, tough man. I can call his Ambassador and say the President is worried about his flying in this plane. It can be done so that it flatters him.

Mr. Sisco: I agree that it should be done as you describe. I recommend you make the call.

Mr. Hill: What if he comes back and says he still wants to fly it?

Mr. Kissinger: Of course, we can say that if he has his heart set on it, okay. But the President would feel easier if he did not have that one worry in 10,000. The Shah will be flattered.

Adm. Moorer: And then he will fly it. That way we get the best of both worlds.

Mr. Clements: You have to consider his motivation. Not only is he interested in the weapon, but this is also a great image builder for him. A demonstration of his virility.

Mr. Kissinger: We won't stop him, but we'll just say our minds would be easier if he didn't do it.

I thought we might have a follow-on today of last week's discussion, focussing on the Arabian Peninsula and the Persian Gulf, and on the Saudi Arabian contingency paper which I want to discuss briefly. Dick (Walters), do you have a briefing for us?

Gen. Walters briefed from the attached text.

Mr. Kissinger: Joe (Sisco), do you want to discuss the State Department paper on a basic approach?

Mr. Sisco: This paper tries to analyze how we believe Moscow looks at the region as a whole. It outlines two approaches from our point of view: 1) as a Soviet-American issue which includes the element of détente in Europe; and 2) the area viewed as a whole but also as sub-regions in which we should consider the various indigenous forces. We come out with an inevitable mixing of the two strategies. There is no easy, simplistic, one-course response. Our strategy could manifest itself in bilateral state-by-state relations. The two strategies are not mutual exclusive. But we would like to explore whether you (Mr. Kissinger) feel, given our evolving relationships with the Soviet Union and the PRC, that there is any new kind of leverage to move from a policy of détente in Europe and non-confrontation in this region—to move to active cooperation to stabilize the area. We have serious doubts if the Soviets want to go beyond the avoidance of war and confrontation. This situation gives them an opportunity to probe for soft spots and exploit any opportunity.

Mr. Kissinger: I'm not astonished by PRC activities in this area. This will sort itself out—we can handle it. With regard to the active cooperation of the Soviets, it would be difficult to obtain in Moscow and it might bring the Chinese in in a more active way. I believe the Soviets would go along with non-confrontation, but it depends on the definition of non-confrontation. The problem is whether the objectives of Soviet policy can work adversely to our interests. If there should be a successful Iraqi association with the Soviet Union, we could get the evolution General Walters described at the meeting last week (SRG meeting on NSSM 182, July 13, 1973). If non-confrontation makes the friends of the Soviet Union pay a heavy price for that friendship and strengthens the countries which are supporting stability in the area, then it is in our interest.

Mr. Sisco: We have some real assets in various places.

Mr. Kissinger: We should be careful not to draw the Israelis in. We don't have to pay any additional price for their being strong.

Mr. Sisco: That makes a great deal of sense. We can continue our support to Iran and Jordan but keep the door open to Iraq and Syria.

Mr. Kissinger: But make them pay a price. Keeping the Kurds active in Iraq would not be contrary to our interest.

Mr. Sisco: Not at all—it would be helpful. With regard to the Aden regime in South Yemen, Saudi Arabian equipment is now going into North Yemen, and we hope Jordan will help too. Jordan, Iran and others are involved in Oman, where there is a Dofar rebellion supported by the Soviets. They're paying a price. We're doing it by stimulating our regional partners. Of course, there is an incremental element. We have to do something to sweeten the pot to get them to move. I was struck by the statement of an Iraqi leader three days ago in which he said he would welcome an opportunity to talk to us. Our man in Baghdad has been very limited in his contacts.

Adm. Moorer: We have intelligence reports indicating that the Iraqis are easing back some on their involvement with the Soviets.

Mr. Sisco: We're recommending a quiet chat with the Iraqi man here.

Mr. Kissinger: I got in trouble when I used the word "expel" in 1969, but if we could get the Soviets to suffer a mis-adventure in Iraq it could curb the Soviet appetite in the Middle East.

Mr. Sisco: I wouldn't be so modest in using the word "expel". There are signs that Iraq, as a minimum, is trying to keep the door open to the West. As a maximum, they're trying to loosen their link with the Soviets. I don't want to overdraw this situation, though.

Mr. Kissinger: If that happens, what?

Gen. Walters: The Iraqi Government has just agreed to work more closely with the Iraqi Communists.

Mr. Sisco: They added two members to the Government, but they also talked about adding Kurdish members—a tripartite arrangement.

Mr. Clements: There are 2½ million Iranians in Southern Iraq. The Shah should be encouraged to stimulate them.

Mr. Kissinger: Every time he has tried it the Iraqis have known about it.

Mr. Clements: You can't do it without some risk. He should stir the pot.

Mr. Rush: We hope to stir the pot in our direction.

Mr. Kissinger: What should we discuss with the Shah when he is here? What do we want from him?

Mr. Sisco: We may find him concerned that we're preoccupied with détente in Europe and not sufficiently vigorous in recognizing and countering Soviet machinations in his area. Any assurances we could give him in this regard would be very desirable. We should emphasize that the Shah is a primary element of stability. We can

understand his exasperation and irritation with King Faisal, who is dragging his feet, and we're relying on the Shah to draw out Faisal and move him toward greater cooperation. But, remember, power both attracts and repels. Faisal doesn't mind a strengthened Iran but is worried about Persian power; but the Shah can deal with this.

Mr. Clements: This Shah-Saudi relationship is overplayed. Faisal is looking for signals from the U.S. He is worried that his direct communication with us is not as strong as Iran's. It's improving and he hopes in time it will be equally good. But he has serious misgivings about an Iranian battalion in Oman. These cables talking about how the Shah and Jordan could take over Saudi Arabia in case of a rebellion are bad business.

Mr. Kissinger: Why is it bad business?

Mr. Clements: We can get in an awful jam.

Mr. Sisco: The point is to stress to the Shah that he should do everything he can to strengthen cooperation with Saudi Arabia.

Mr. Rush: The Shah wants an alliance with Faisal. Faisal is torn between the dangers of a leftist rebellion and being swallowed by the Shah. The Shah thinks he and Saudi Arabia would be a powerful base if they could get together. We could talk to the Shah in a low key about his concern that we and the Soviets are doing something that might affect him.

Mr. Kissinger: Like what?

Mr. Rush: Something on the Persian Gulf, oil in the Middle East, Pakistan. We could assure him that our dealings with the Russians have nothing to do with him.

Mr. Sisco: And that we are alive to the Soviet threat in the area.

Mr. Rush: He thinks India and the Soviet Union are anxious to foment difficulties on Baluchistan and Pushtunistan.

Mr. Kissinger: Particularly now with the change in Afghanistan.

Mr. Rush: Yes. He thinks India and the Soviet Union want to break up Pakistan.

Mr. Kissinger: Iran can play a regional role. You could argue that it would not be in Saudi interest to get it involved in this kind of foreign policy issue. It might undermine the monarchy if we pushed too much. They are interested in South Yemen and Oman. In the general scheme of things, maybe the best thing Saudi Arabia can do is to stay alive in its present structure.

Mr. Clements: Absolutely. They have all the fish they can fry at home.

Mr. Kissinger: But as a concept, what's wrong with the cable? If a version of Qadhafi takes over in Saudi Arabia, what do we do? Do

we negotiate with him? This should be prevented. As Saudi Arabia modernizes, with our help, the probability of revolution increases. If a Qadhafi takes over, what course should we take?

Mr. Rush: We don't consider the Saudi Arabian situation so precarious.

Mr. Kissinger: Fine. But what's wrong with the contingency planning in the cable? We're not promoting or advocating the contingency. We should try to prevent the contingency, but what do we do if Radio Jidda announces a take-over by a group of left-leaning Colonels?

Mr. Rush: We should give careful attention to the various contingencies.

Gen. Walters: History doesn't wait.

Mr. Clements: It's not our place to make history.

Mr. Kissinger: What does that mean?

Mr. Clements: The Shah has got the big eye on the whole area. He would like nothing better than for us to include him in U.S. contingency plans in a hiatus. He will make the hiatus.

Mr. Kissinger: Suppose he doesn't, and it occurs. What do we do?

Mr. Clements: We should be giving more attention to Saudi Arabia itself. There are many things we could do to strengthen its position. The Shah is telling everyone how unstable Saudi Arabia is. He's been forecasting doom for the last five years.

Mr. Kissinger: The problem is to get our government ready for a contingency when it arises. We shouldn't make it or encourage the Shah to make it. But we want to get some basic thinking on our choices, should it happen. This is a good paper.

Mr. Sisco: We tried to develop honest choices. It wasn't easy.

Mr. Kissinger: What are the basic types of approach?

Mr. Sisco: We see three contingencies: 1) gradual deterioration, 2) civil war, and 3) a successful coup.

Mr. Kissinger: Would we know the nature of the coup? Could we identify the possible effect on U.S. interests in a short time?

Mr. Sisco: I'm not sure.

Mr. Kissinger: We really wouldn't know?

Mr. Sisco: If you ask me the worst thing that could happen, it would be a take-over by radical elements without any prior knowledge. Our options would be 1) American intervention, where the difficulties are obvious; 2) consultations with the Shah on the contingencies: if it occurred, what would you be willing to do? what is your capacity? what prior preparation would be required? and 3) involvement of Jordan in the discussions. But how would we prevent it from leaking? It would be compared to the 1956 French-British-Israel collusion. There

would be charges of a U.S.-Iranian-Jordanian scheme to dismember Saudi Arabia.

Mr. Kissinger: We can do contingency planning in two ways: 1) what do we want to promote and what assets do we have, without discussing it with others; and 2) planning which includes others. If Jordan might play a role, we should keep this in mind in our arms policy, without telling the King of Jordan about it. He's no fool.

Mr. Clements: I agree. If we start on that track he'll be three jumps ahead of us.

Mr. Kissinger: The King of Jordan couldn't take on Saudi Arabia without overwhelming problems.

Mr. Sisco: Syria and Iraq would jump in. Then Israel might. How could we contain such intervention without it's spreading and involving all of the Middle East.

Mr. Kissinger: We wouldn't give a damn about Saudi Arabia if it didn't have most of the oil in the region. The question is what we should do if two years from now we find ourselves dealing with a Quadhafi.

Mr. Rush: Could we really consider a military option?

Mr. Kissinger: This is damned serious. Some problems are so essential to our survival that we have to consider it seriously.

Mr. Clements: I agree, we have to consider it seriously. But I haven't even seen the paper yet.

Mr. Sisco: You have had the paper since it was finished. But we had a very short fuse on this.

Mr. Noyes: (to Mr. Clements) It's the paper I showed you yesterday. I put it in your briefing book.

Mr. Kissinger: It's our fault for the short fuse on this. But we wanted to have something if it were raised by the Shah. I see a problem about *discussing* it with the Shah—it might whet his appetite.

With regard to the general strategy, the paper lays out not so much alternative directions but alternative emphasis. We could do anything under either alternative. Assuming we don't want a confrontation with the Soviets but that we want to make things difficult for them and help our friends, what should we do? Bill Clements has spelled out what he wants to do for Saudi Arabia. What should we do if one of the key countries, like Saudi Arabia, starts collapsing? The three alternatives are good, but can we spell them out in more detail? What would we do?

Gen. Walters: Plus preventive measures.

Mr. Sisco: We can do a little better.

Mr. Kissinger: There is enough here to prepare the President for his talks with the Shah. We should not *discuss* this with the Shah. But

we should get this spelled out both in terms of overall strategy and in the contingency sense. Let's do the same thing for the Emirates. What would we do in a contingency, if anything?

Mr. Clements: We should consider their vulnerability. The Shah wants an unstable situation here. If there were trouble, he'd be in in five minutes. There are strained relations between some of these rulers and Iran.

Gen. Walters: Iranian military intervention in the Peninsula would arouse the Arab world.

Mr. Kissinger: Could Admiral Moorer and Defense include some thinking on the role of a naval presence as we evolve a strategy.

Adm. Moorer: We might beef it up some.

Mr. Kissinger: Dick (Walters), you have a look of doubt?

Gen. Walters: In any paper on the United Arab Emirates, you have such a disparity of conditions, dynastic rivalries, their childish displays with Saudi Arabia over infinitesimal areas of territory.

Mr. Kissinger: But what developments there might threaten our interests? Let's try to identify them and know what we would do.

On another matter, I've heard complaints about our representation there.

Mr. Rush: Dick Helms says our representation is too low; that we're hurt by not having Ambassadors there.

Mr. Kissinger: How about the quality?

Mr. Rush: It's both titles and quality.

Mr. Sisco: We've recommended upgrading our representation, but it's a Congressional problem. Fulbright is against it.

Mr. Kissinger: Are we short in Saudi Arabia too?

Mr. Clements: We're short of people and quality—State [*less than 1 line not declassified*] and the military are in the same boat. We're short of budget and equipment.

Mr. Sisco: I agree.

Mr. Kissinger: Let's include considerations such as these.

Mr. Clements: Can State transfer people from one area to another with a higher priority?

Mr. Rush: Yes, we do it all the time.

Mr. Sisco: The response to NSSM 181 makes a concrete recommendation for upgrading our personnel.

14. Memorandum From Director of Central Intelligence Colby to the President's Assistant for National Security Affairs (Kissinger)

Washington, September 20, 1973.

[Source: Central Intelligence Agency, Executive Registry Files, Job 80M01009A, Box 31, Folder 465. Secret; [*handling restriction not declassified*]. 2 pages not declassified.]

15. Memorandum From the Chairman of the Joint Chiefs of Staff (Moorer) to Secretary of Defense Schlesinger¹

JCSM 28-74

Washington, February 1, 1974.

SUBJECT

US Basing and Facility Requirements in the Middle East/Indian Ocean Area (U)

1. (S) The recent Middle East war and its aftermath clearly demonstrated the vital nature of oil to the United States and its allies. The effectiveness of NATO, freedom of the United States and its allies from coercion, and US relations with its allies can depend on sustained access to this resource.

2. (S) An initial assessment of US interests in the Middle East/Indian Ocean area indicates that continued access to vital regional resources may depend upon the ability of the United States to communicate effectively an unmistakable resolve to oppose threats to regional stability which would impact on vital regional interests. US efforts to promote stability in the region hinge upon the development of a relationship of mutual respect between countries of the region and the United States. Arab nations should be provided an alternate to the presence and assistance of the USSR. On the military's side this can be done by insuring that current and future assistance efforts of military assistance and advisory groups, Defense Attachés, and military opera-

¹ Summary: Moorer advised Schlesinger of U.S. basing and facility requirements in the Middle East after the Arab-Israeli War of October 1973.

Source: Washington National Records Center, OASD Files: FRC 330-78-0011, Middle East, 1974. Secret. A draft memorandum addressed to Kissinger is attached but not published.

tion and support projects—e.g., engineers, training, and technical assistance teams—are carried out in a high quality, professional manner. Personnel exchange programs and orientation tours by all the Services should also be increased and given a high priority. Furthermore, the United States must develop the capability to establish a regional military force presence when and if required to promote stability.

3. (U) A detailed study of this problem is underway. It will provide a detailed examination of US national security interests and objectives and potential US military courses of action in the region.

4. (S) The initial assessment identified certain general facility requirements for the region. The extended leadtime required to complete the various negotiations indicates that the recommendations of the initial assessment should serve as a basis for preliminary diplomatic initiatives.

5. (S) Additional contingency planning in furtherance of US strategy for the Middle East is being prepared which encompasses capabilities which support operations in that area from the USEUCOM area. These contingencies will require base and operating rights in Turkey, Greece, and Italy. This requirement will be the subject of a subsequent memorandum.

6. (U) The Joint Chiefs of Staff recommend that a memorandum, substantially the same as that contained in the Appendix hereto, together with its Annex, be forwarded to the Secretary of State.

For the Joint Chiefs of Staff:

T.H. Moorer

16. Memorandum From Harold H. Saunders and William B. Quandt of the National Security Council Staff to Secretary of State Kissinger

Washington, February 12, 1974.

[Source: National Archives, Nixon Presidential Materials, NSC Files, Box 647, Country Files, Middle East (General), Volume 9, 1972–74. Secret; Sensitive. Sent for action. 16 pages not declassified.]

17. Special National Intelligence Estimate Prepared in the Central Intelligence Agency¹

30–74

Washington, February 21, 1974.

[Omitted here is the table of contents]

IMPLICATIONS OF REOPENING THE SUEZ CANAL

NOTE

This Estimate focuses primarily on the major economic and military implications of the prospective reopening of the Suez Canal. It is not intended as a comprehensive study of all the ramifications, but rather concentrates on those economic and military aspects felt to be of greatest importance for US decision-making in the short term. For the purposes of the estimate, the Indian Ocean includes the Persian Gulf and Red Sea. The economic judgments in this SNIE are based on an assumption that the Canal will be opened by the end of this year. It is estimated that it will take at least six months to clear the Canal of mines and obstructions and restore it to its 1967 condition.

¹ Summary: The CIA estimated the strategic consequences of the impending reopening of the Suez Canal.

Source: Central Intelligence Agency, NIC Files, Job 79R0102A, Box 482, Folder 1, Implications of Reopening the Suez Canal. Secret; Controlled Dissem. The CIA and the intelligence organizations of the Departments of Defense, State, and the Treasury, and the NSA participated in the preparation of this estimate. The intelligence organizations of the Departments of the Army, the Navy, and the Air Force also participated. The DCI issued this estimate with the concurrence of all USIB members except for the representatives of the FBI and the Treasury, who abstained because the subject was outside of their jurisdiction.

MAJOR JUDGMENTS

The prospective reopening of the Suez Canal has significant military and economic implications for the Middle East region, the broader Indian Ocean area, and for outside powers with major interests in the area. In most respects, the world has adjusted to and compensated for the Canal's closure since June 1967. The economic and military consequences of this process, however, have had an uneven impact on the concerned countries, and so will the Canal's reopening.

Economic Implications

In economic terms the reopening of the Suez Canal will not result in a return to the situation that obtained at the time of the Canal's closure. But to varying degrees consumers and producers around the world will benefit some from use of the Canal, with only shipowners and shipbuilders being injured. More specifically:

—Reopening the Suez Canal will have only a moderate economic impact because alternative shipping arrangements have been developed since its closing in 1967. Given the increased use of cost-efficient supertankers too large to transit Suez, most Middle East oil traffic will continue to take the longer Cape route to major Western markets. Prior to 1967, oil shipments comprised some three-fourths of Canal traffic. Most dry cargo traffic will be attracted back to the Canal, however, and the volume of this trade could be half again as large as in 1966. Total traffic through Suez thus should measure some two-thirds of its pre-closure rate.

—Shorter voyage times for trade moving via the Canal will reduce the number of ships needed to carry world trade, at least temporarily reducing world shipping rates and slowing shipbuilding orders. Even with the Canal closed, demand for shipping is expected to slacken during the next year or so because of a slowdown in world trade and output.

—The direct economic *impact on the US will be beneficial but small*. Shorter hauls will reduce transport costs for oil and other raw material imports from regions east of Suez and lower worldwide rates will reduce US shipping payments even more.

—The net gain for Western Europe and Japan will be reduced by losses in shipping income and in shipbuilding orders.

—The USSR will benefit substantially because, among other things, Soviet merchant ships are small enough to transit the Canal fully loaded.

—Egypt stands to gain most from a reopened Canal. At a minimum, it could earn an additional \$145 million annually in foreign exchange unless other Arab states reduce their subsidies. Israel will gain little economically from a reopened Canal.

—Other Middle East states—like the Peoples Democratic Republic of Yemen and Sudan—will gain some port revenues, while nations along the Cape route will suffer a small decline. South Asian and East African less-developed countries will benefit from reduced shipping charges on their trade with Europe, and their export earnings will be boosted moderately.

Implications of the Reopening of the Suez Canal for Soviet Military Capabilities in the Indian Ocean

It is a basic judgment of this estimate that *the reopening of the Suez Canal will significantly increase naval flexibility but will not by itself precipitate a major change in the size of the Soviet naval presence in the Indian Ocean.* Use of the Canal would give the USSR easier and more timely naval access to the western Indian Ocean, but not the incentive to suddenly increase its naval force there on a permanent basis. A reopened Canal would expedite inter-fleet transfers, deliveries of military aid and logistic support of ships in the Indian Ocean. It would remove the current US geographic advantage for surge deployments into the area. Moreover, the Soviets would be able to replace surface ships drawn from the Mediterranean to the Indian Ocean more quickly than the US.

The Soviets would like to play a greater role in the Indian Ocean. They probably expect considerable political change over the next decade in the Persian Gulf, Saudi Arabia, and the Horn of Africa and would like to be in a position to influence and profit from such changes. The Soviets will use a naval presence as one element in a combined approach which utilizes political, economic, subversive, and military aid instruments as well.² In contemplating an expanded naval presence the Soviets will be conscious of a number of risks. These include possible future ejection from local shore facilities and excessive involvement with one party to a regional rivalry.

Whether or not the Suez Canal is reopened the Soviet Union is likely to increase its continuous deployments in the Indian Ocean, if there is no substantial increase in US naval forces in the area, this increase is likely to be gradual leading to a continuously deployed force of, say, 8–12 surface combatants in 1976 or 1977. The Soviets can be expected to probe for and test in a measured way the tolerance of the US and the major littoral states. With the Canal open, they could also test the reaction by making short-term developments from the Mediterranean. *Should the US make a substantial increase in its naval presence in the Indian Ocean a Soviet buildup faster and larger than that described above would be likely.* In any event, the Soviets would probably be unable to sustain an Indian Ocean force significantly larger than that presently deployed there without reordering their priorities and shifting naval forces from other areas.

² Several USIB members believe that the above understates the degree of importance of the Soviet naval presence in the Indian Ocean, Persian Gulf, and Red Sea. For their views see footnote to paragraph 26. [Footnote is in the original.]

Apart from the issue of permanent deployment, *the opening of the Canal would give the Soviets a new capability for rapidly and significantly reinforcing their naval strength in the Indian Ocean from their Mediterranean and Black Sea naval forces.* The USSR will recognize that the Suez Canal is subject to closure in a crisis, but in some limited crisis situations this would not in itself be a deterrent to Soviet deployments. With the Canal open, they might be encouraged to launch surge deployments on their own initiative, rather than merely reacting to US moves.

[Omitted is the remainder of the SNIE.]

18. National Security Study Memorandum 198¹

Washington, March 12, 1974.

TO

The Secretary of the Treasury
The Secretary of Defense
The Director of Central Intelligence
The Deputy Secretary of State

SUBJECT

Joint U.S.-Saudi Economic, Military and Technological Cooperation

The President has directed that an interdepartmental study be initiated immediately to develop programs of cooperation between the United States and the Kingdom of Saudi Arabia in the economic, military, and scientific/technological fields.

The President has directed that this study be prepared under the supervision of an ad hoc Special Committee chaired by the Assistant to the President for National Security Affairs and comprising the Secretary of Treasury, the Secretary of Defense, the Director of Central Intelligence, the Deputy Secretary of State and the Chairman of the Joint Chiefs of Staff.

The basic elements of the study in each of the three areas will be prepared by an Interdepartmental Working Group chaired by the Under Secretary of State for Political Affairs and responsible to the ad

¹ Summary: The President initiated a study on a broader economic and strategic relationship with the Kingdom of Saudi Arabia.

Source: National Archives, RG 59, Executive Secretariat Files, NSSM 198. Secret; Sensitive. A copy was sent to Moorer.

hoc Special Committee. The Working Group will include representatives of the Secretary of Treasury, the Secretary of Defense, the Director of Central Intelligence, the Deputy Secretary of State, the Chairman of the Joint Chiefs of Staff and the National Security Council Staff. The Chairman of the Working Group is authorized to call on other agencies to participate and assist in the study, as appropriate.

The Working Group will submit an initial study report to the Special Committee by March 28, 1974.

Henry A. Kissinger

19. Memorandum From the Chairman of the Interdepartmental Working Group (Sisco) to the President's Assistant for National Security Affairs (Kissinger)¹

Washington, April 10, 1974.

SUBJECT

Initial Study Report on Joint U.S.-Saudi Cooperation (NSSM 198)

I attach an initial study report on the development of new programs of cooperation between the United States and Saudi Arabia, as called for by NSSM 198. This report represents the views and recommendations of the Interdepartmental Working Group which I chair. It defines our broad interest and objectives, identifies issues in the economic, technological and security fields, and lays out a strategy for engaging the Saudis on them.

While we foresee numerous subjects of interest to both sides that can provide considerable substance to our cooperation, we should approach the Saudis with an open mind in developing our new relationship. We will have to avoid giving the impression that we have our own firm blueprint, and make it clear we want to listen to them on things they consider important.

¹ Summary: Sisco forwarded to Kissinger the study report for NSSM 198, proposing the establishment of the U.S.-Saudi Joint Commissions.

Source: National Archives, RG 59, Central Foreign Policy File, P820050-0479. Secret; Sensitive; Nodis. Drafted by Sober on April 10. A typed notation at the top of the memorandum reads: "OBE Per NSC: HSaunders 6/8/74". The attached report on NSSM 198 is not published, as it was OBE by June. Kissinger instructed Akins to proceed rapidly on the Joint Commissions in March. See Documents 104 and 106. No further action was taken on NSSM 198.

Our report proposes the formation of two joint commissions: one on Economic Cooperation (chaired on our side by the Secretary of the Treasury) and one on Security Cooperation (under the Deputy Secretary of Defense). They would operate subject to my day-to-day political guidance and coordination, under your direction. (We suggested previously to the Saudis that there could also be a Joint Commission on Science and Technology, but it appears to us now that the work of such a Commission would be quite thin and that it would be better to fold it into the Economic Commission.) Working Groups would deal with the substantive issues between sessions of each Commission.

We are well launched with the Saudis. We now have the basis for your discussions when you visit Riyadh later this month, at which time the agenda for Prince Fahd's visit to Washington in May might be fixed. Out of Fahd's visit should come a more detailed understanding of how we will proceed, leading possibly to an early visit to Saudi Arabia by a United States team and the first meeting of each of the Joint Commissions shortly thereafter.

Meanwhile, U.S. staff work is under way to prepare for initial working discussions with the Saudis in both the economic and security fields.

Joseph J. Sisco

20. Memorandum of Conversation¹

Washington, May 23, 1974.

SUBJECT

US–UK Gulf Talks

PARTICIPANTS

UK SIDE

Michael Weir, Assistant Under Secretary for UN and Middle East Affairs (FCO)

Patrick R.H. Wright, Head Middle East Department, FCO

John Graham, Minister-Counsellor, UK Embassy Washington

Anthony Reeve, First Secretary, UK Embassy Washington

¹ Summary: Department officials met with British Embassy officials to discuss strategy and current policy in the Gulf region.

Source: National Archives, RG 84, Doha Embassy Files: Lot 79F187, POL 1–2, Gulf. Secret. Drafted by Dickman, G. Quincy Lumsden, and Stephen Buck (NEA/ARP).

US SIDE

Rodger P. Davies, Acting Assistant Secretary, NEA

Sidney Sober, Deputy Assistant Secretary, NEA

Francois M. Dickman, Director for Arabian Peninsula Affairs

Curtis F. Jones, Director, INR Office of Near East and South Asian Affairs

Frank Mau, Office of Fuels and Energy

Joseph W. Twinam, Ambassador-designate to Bahrain

Philip Stoddard, Deputy Director, INR/RNA

J. Thomas McAndrew, Chief, Near Eastern Affairs, INR/RNA

Summary

US–UK consultations on the Gulf centered around the following subjects, proposed by the British: oil, military assistance and sales, Iranian initiatives and intentions vis-à-vis the Gulf and Indian Ocean, Saudi Arabia, the military situation in Oman and prospects for settling the Dhofar conflict, and the two Yemens. The talks revealed no changes of policy on either side, or policy differences. The FCO expects that the present defense budget review being conducted by the new Labor Government will not result in any significant cuts in its presence in Oman or the Gulf. Iran has expressed an interest to both the US and UK in buying sea control ships. The UK's answer will depend on the defense budget review. Iran plans to station 16 F-5's in Oman, beginning with 4 this fall on Masirah until an airstrip in Dhofar is paved for the planes. Iran will also add 1000 troops this fall to the 1200 it presently has in Dhofar. Although the British did not feel that Iran intends to establish a permanent military presence in Oman, they doubted that Iran's military involvement will be as "temporary" as initially envisaged. Sudan may supply a battalion of troops to Oman. The British believe the activity of the Arab League Conciliation Committee for Dhofar has helped Oman and hurt PDRY. British proposals for cooperation with Saudi Arabia are similar to ours. The British are skeptical about any benefits to be gained from providing assistance to PDRY so long as PDRY supports insurgency in Dhofar. On PDRY, they prefer the stick to the carrot approach. *End Summary.*

Mr. Davies opened by welcoming his British colleagues and noted it was a pleasure as always to see them. He said that, although during twelve years of UK/UK Middle East talks attention had centered in the Levant, those of us interested in the Gulf had seen this latter area accorded a dramatic rise in importance.

Mr. Davies continued by stating his understanding that HMG was interested in learning if there had been any change in US policies towards the Gulf since the two governments' discussions last September, or whether there was any change in the emphasis of policies remaining in effect. He assured the UK representatives that there had been no change and that we continue to see Saudi Arabia and Iran as the keys to regional stability with Great Britain, whose interests parallel

our own, maintaining a position of special importance in the area. Nevertheless, given the Gulf's increased economic-strategic significance and the fact that our relations are becoming more important, we are willing now to play a more active role there in supporting regional cooperation. We still do not wish to become directly involved as a go-between in the settling of disputes which we feel the parties themselves should work out.

Mr. Weir reciprocated Mr. Davies' pleasure at the chance to see his colleagues and to take stock of the Gulf situation. He noted that, although he was no stranger to these sessions, he had participated last year simply as a spectator and that it had been three years since he had had first hand experience in Gulf matters.

In general, Mr. Weir continued, HMG does wish to know if the USG has changed or contemplates changing any of its Gulf policies. Conversely, he said, one could ask the same question of the UK. London is in the midst of a defense policy review. This is still going on, but its implications will be discussed with all affected parties. Although Britain withdrew from the Gulf in 1971, it has retained a special position there. British seconded officers are serving with several Gulf states, and Mr. Weir said, they represent to those states a very good value for services rendered. He expressed the personal hope—but with conviction—that the defense review would not cause any major changes in the UK's current Gulf policy. Mr. Weir said he looked forward to getting into the specifics of today's agenda, as HMG's chiefs of Middle East missions, under Minister Callaghan's direction, had just completed a one week review of the full range of UK policies in that part of the world.

Mr. Dickman outlined an approach to the agenda which would initially handle those items relating to oil, military assistance, Iranian initiatives, Saudi Arabia, Oman, and the two Yemens. Subsequently, remaining items could be covered as time permitted.

Petroleum

Mr. Davies, assisted by Mr. Dickman and Mr. Mau, gave a detailed exposition of USG views regarding the current status of Gulf area oil problems, viz: (1) Aramco parent company participation talks with the SAG, (2) the USG attitude toward participation in general, and (3) the balancing of producer and consumer interests, given not only the new era of participation but also the probably more difficult problem of controlling prices.

Mr. Weir asked if the USG agreed that Saudi Arabia was the key to the oil situation, and agreement was unanimous. Weir also asked, now that Kuwait's National Assembly has ratified a 60/40 participation split with Gulf and BP, if the Saudis had made moves to alter their 25

percent arrangement with Aramco. Mr. Dickman answered that to our knowledge this was not the case, although Aramco had explained its willingness to tackle this subject at any time the SAG wished to do so. Weir wondered whether the Saudis might be trying to influence the participation and price situation in Kuwait. Mr. Dickman said they were certainly watching events closely and had sent official representatives to Kuwait to be briefed on progress, but he doubted any direct Saudi effort to force a specific outcome. Mr. Mau and Mr. Dickman replied in the affirmative to Weir's question asking if it was true that buy-back price negotiations had gotten off with the Kuwaitis seeking 98 percent of posted price. Mr. Dickman noted that FEO Director Sawhill had spoken with Gulf Oil Corporation Chairman Dorsey and explicitly sought to have Gulf hold out for less than 93 percent of posted price in these negotiations, even though 93 percent for the first six months of 1974 seems unavoidable. The USG is not overjoyed at these prospects, he added. Mr. Weir said his Government was equally concerned, and although not directly involved yet, would be *démarching* to Ateeqi on this subject.

Mr. Weir noted that Saudi Minister Yamani, when in London earlier this month, spoke cryptically of a "major effort to get oil prices down." He asked if there was any substance to this comment. Mr. Dickman replied that we did not yet know whether Yamani was talking specifically of increasing production or whether his reference was to steps the Saudis would take unilaterally to reduce their oil prices. We are not aware that the Saudis have really made up their minds on the production/price question, Dickman said, and added that King Faisal was worried about high prices and that it was the King, and not Yamani, who would make the SAG's decision on this issue.

Mr. Mau mentioned our recent talks with Nigeria's Petroleum Minister in which the latter was of the opinion that OPEC would surely cut production before letting prices go down. Also, he said, Exxon has told the Japanese it will have trouble supplying the Japanese market as a result of having lost control of virtually all of its royalty oil. Mau reasoned that it would currently be very difficult to say whether or not there would be downward pressures on oil prices. Mr. Weir raised the question that if other OPEC states met any large Saudi production increases with countering decreases, could perhaps the Saudi action be rendered indecisive? Mr. Wright noted that Iran was becoming progressively more worried about conservation, and that if the Shah moved decisively in that direction, Saudi Arabia might not be the only key to oil supply and price questions.

Mr. Davies asked if combined Third World pressure might not be an effective tool against production cuts and artificial high prices, but Mr. Weir responded that one after another of the LDC's seemed to

have been bought-off by special deals. Mr. Dickman, however, maintained that as time passes, and the depressive effect of high oil prices are felt, Third World pressure will mount and oil producing states will feel it. Mr. Mau noted the opinion currently prominent within the industry that there will soon be excess production capacity.

Mr. Weir asked just what Yamani meant by “low price”—\$10.50 per barrel? Mr. Dickman responded that an appropriate low price would be a U.S. landed cost of \$7.00 per barrel, but that Yamani’s thoughts probably did not project that far down. Whatever level the Saudis might be thinking about, a huge balance of payments surplus would remain to the producing countries. Mr. Wright remarked humorously that the producers were apparently not out to “solve their surplus problem,” and Mr. Dickman said that if one OPEC member eased up on price, the others would probably work hard to push the price back up again. Mr. Davies said we don’t know how Yamani stands vis-à-vis his Government; Prince Fahd could have told us, but he has not arrived here yet. Mr. Weir then said “We seem to have agreed to wring our hands.”

Mr. Davies stressed his view that the Energy Coordinating Group was the best mechanism for dealing with problems of this sort, but Mr. Weir reported that Yamani had given HMG a firm “no” with respect to such coordination, except possibly within the framework of a “mini-group”—and he was indecisive even on this. Mr. Dickman suggested that perhaps a “group of ten” might be acceptable. He asked whether his British colleagues had any specific ideas on this score, and Mr. Wright replied that he did not think they did at the moment.

Military Assistance and Arms Sales

The discussion then turned to military assistance and arms sales policies. Mr. Dickman summarized USG views that (1) in the Lower Gulf, our arms sale policy should be directly related to the internal security needs of the states of the area and should avoid the introduction of weapons which could have a destabilizing effect; (2) our arms sales in Oman are complementary to and not competitive with the British; (3) although interrupted by the October 73 war, we hope to complete transfer of \$2.6 million worth of small arms and ammunition to the Yemen Arab Republic, which will be financed by Abu Dhabi; (4) we believe it would be beneficial for Saudi Arabia or Abu Dhabi to finance Jordanian military training and advisory assistance to the YAR; (5) although we do not intend to become directly involved, we look forward to engaging Saudi Arabia in plans for the long-term rearmament of the YAR; and (6) we did not believe that the Saudis’ agreement to reimburse Egypt for the transfer to the YAR of \$80 million in Soviet military equipment indicates a Saudi desire to continue the

YAR's dependence on Soviet Arms. Rather, it is an interim measure pending steps to slowly reorient the YAR to a western arms inventory.

Responding to Mr. Dickman's presentation on US arms sales policy, Mr. Weir said that HMG's policies were in agreement and had not changed since we discussed them last summer. The UK shares our desire to avoid a direct military role and does not want to crimp the US style in any way other than normal competition. Mr. Weir said he noted that policy on arms sales to the Middle East had been a hot issue during the October war. The new Labor Government had taken a fresh look at arms sales policy. Less than two weeks ago it reached a decision which essentially coincided with the policy of the previous government prior to the October war. That is, that HMG is prepared to consider requests for arms so long as these do not hinder the prospects for a lasting peace in the Middle East. Weir said that HMG did not plan to make any announcement of this decision but was privately informing the various governments concerned. Its net effect would be to permit a resumption of British arms sales to the area.

Weir remarked that resumption of UK arms sales was unlikely to include significant sales to either Libya or Iraq, countries which in any event had not expressed interest in significant purchases. In response to Mr. Sober's question, Mr. Weir said that he could not think of any inhibitions regarding UK arms sales to Iran. In response to Mr. Weir's question about US arms sales to Kuwait, Mr. Dickman said that up to the present we had sold only 20 million dollars worth. Almost all our letters of offer of last year had expired. Our impression was that US aircraft were out of the running. However, the Kuwaitis were still interested in the advanced Hawk. Weir said that there were no major deals pending with the Kuwaitis, although they had expressed interest in tanks and aircraft. Although there was talk of Kuwait's purchasing Mirages, the British hoped that the Kuwaitis were still interested in purchasing Jaguar aircraft as well as Chieftain tanks. Mr. Wright noted that George Lambrakis of our Embassy London had reported that the Kuwaitis had expressed disappointment at the slow delivery times from the USSR and asked if the Kuwaitis planned to procure arms from the Soviet Union. Mr. Dickman remarked that Kuwait's dealings with the USSR on arms might be for purchases for third countries such as Syria rather than for Kuwait itself. Also, the Kuwait Defense Minister's trip to Moscow appeared to be primarily a public relations exercise so that when and if Kuwait decided to buy weapons from western countries, radical members of Kuwait's parliament could not accuse the Ministry of not having looked into all possible sources of supply. Mr. Weir agreed with this analysis.

Mr. Weir asked about present US policy regarding sale of "blow-pipe" type hand-held rocket launchers. Mr. Dickman replied that the

US was concerned that should sales of these weapons be made to Arab countries, they might wind up in the hands of terrorists. It was for this reason that we had expressed our concern to the British regarding possible UK sales of such equipment to Arab countries. Mr. Weir replied that they had received no expression of interest from Arab states about these weapons. Mr. Weir remarked that there was presently intense competition to sell missiles to Abu Dhabi. The UK was pushing the Rapier and the French the Crotale.

Mr. Weir asked if there were any new developments in US arms sales to Saudi Arabia. Mr. Dickman replied that there were no significant developments. In April the Saudis had signed a letter of offer for equipping and training the National Guard. The published figures about this deal were incorrect. We did not have a clear idea of how much it would cost since it would extend over 5½ years. As for aircraft, Phantoms appeared to be out of the running but no firm decisions had been reached. The Saudis apparently had purchased Mirages but these would not be for their use. The main constraints to arms sales continue to be Saudi Arabia's limitations in manpower and management. Mr. Weir said that as far as British programs were concerned, these were now going well. The Lightnings' problems have been solved and the British have been able to keep personnel within manpower ceilings. However there were still a few financial problems.

Mr. Weir said the Shah had hopes of purchasing through-deck cruisers from the UK. These were essentially small aircraft carriers. The problem, Weir said, was that these carriers do not yet exist. Whether they are built will depend entirely on the Labor Government's current budgetary review of defense expenditures. The Shah indicated that he will only buy ships which have been tested and used by HM's Navy, yet he is pressing for their early delivery. Mr. Sober said that the Shah had come to us with a similar request for what we call a sea control ship. He wishes to acquire the capability to operate well into the Indian Ocean with large destroyers. Mr. Sober said that we really had not yet had time to focus on this request. There might be some practical problems, because purchase of these vessels would require a quantum jump in Iran's naval complement. There is some question whether she has the manpower to handle this increase. Mr. Morton noted that as with the British, the ship the Shah asked for has not been built yet.

Noting that the UK considers its military/security assistance to include the presence of military and civilian personnel, even if reimbursed by foreign governments, Mr. Weir gave the following breakdown of non-Embassy UK military and civilian government personnel in the Gulf:

Kuwait—135-man military training team and 20 civil servants.
Total 155.

UAE—100 officers with Abu Dhabi Defense Force (contract and seconded), 60 officers with Union Defense Force, 14 with Dubai Defense Forces, 65 military assistance technicians, 70 civilian technicians, 5 police. Total 314.

(Mr. Wright noted that when we last met, the UAE had been pressing rather hard for a reduction in the British presence. Since then, this pressure had completely disappeared. Shaykh Zayid had recently told them that he wished to retain British personnel in the UAE especially his seconded Chief of Staff. It was true that the number of security personnel in the UAE had declined slightly.)

Bahrain—90 officers and technicians and 15 police. Total 105.

Qatar—95 civil servants, 15 officers and technicians and 9 police. Total 119.

Oman—160 seconded officers, 103 contract officers, 50 civil servants, 90 SAS officers plus about 500 officers and technicians at the RAF base at Masirah and about 300 at Salalah.

Mr. Weir said that the grand total of official non-embassy British personnel in the Gulf and Oman came to 1,958. He stressed that the figures for Oman were very sensitive; HMG would not like them to appear in public. In response to queries in parliament, HMG had not provided such detail about its presence in Oman.

Mr. Weir noted that the Labor Government was presently conducting a worldwide budgetary defense review designed to cut UK spending down to a percentage of GNP more aligned with that of other EC countries. He was optimistic, however, that this would not result in significant cuts in the UK presence in the Gulf because most British personnel in the Gulf were not paid for by HMG.

In response to Mr. Weir's question, Mr. Sober said that we had no plans for military representation in the Gulf. Our temporary military sales mission in Kuwait was generating a push for a more permanent military presence there, but we in the Department have resisted this. We did not believe that if MIDEASTFOR left Bahrain this would necessarily lead to an increased US military presence elsewhere in the Gulf. Mr. Dickman noted that we had recently assigned a military attaché to Sanaa but this did not signify any basic change in policy.

Mr. Sober noted that while Saudi Arabia and Iran formed the keystone for area stability, mutual cooperation between these two states was not progressing in a satisfactory manner. They do not agree on oil prices, and when the Shah offers cooperative developmental lending schemes, Faisal does not respond. Mr. Wright said the Iranians were taken aback by Saudi slowness—particularly in view of the rapidity of their own responses when the Shah decided upon a course of action.

Iranian Initiatives in the Gulf

Mr. Sober asked if HMG could provide any information on current Iranian military activities in Oman, noting that some fairly heavy equipment was apparently being moved into the area. Mr. Weir emphasized the Shah's abiding interest in the security of the Straits of Hormuz and in making Iran into an Indian Ocean power, but added that he did not believe that the Shah wished to set himself up permanently on the western shore of the Gulf. However, it was obvious from Khalatbari's remarks in the CENTO meeting, May 22, that the Shah made an exception of Oman, given its extreme strategic importance to Iran. The FCO had initially been somewhat concerned that the Shah did not inform them of the arrangements he had made with Qabus and about which they had learned through other sources. However, they had now had productive discussions with Iran. The Omanis, Weir said, have asked the Iranians for F-5's, not Phantoms. While in London recently, Omani Foreign Minister Zawawi requested UK permission for Iran's using the RAF air strip at Masirah to station four F-5's beginning this fall, while the dirt air strip at Midway in Dhofar is improved to handle F-5's.

It should take a year for Midway to be made usable for F-5's. Eventually, a squadron of 16 Iranian F-5's is envisaged for Oman, Weir said. HMG realized the likely negative Arab reaction that the stationing of Iranian planes in Oman would produce, but judged that the consequences of turning this request down would be worse. Weir noted that the RAF base at Masirah was an air strip and did not have a maintenance capability for F-5's. The influx of Iranian air craft at Masirah would probably place a heavy burden on the relatively small British presence there. Also, the stationing of the F-5's might require the stationing of some American personnel. Mr. Sober said that we hoped this could be avoided. Mr. Weir said that the FCO had been concerned some time ago that Oman was about to buy Mirages but that they now had managed to postpone if not eliminate Omani consideration of this overly sophisticated aircraft.

Mr. Weir said that the UK-seconded Omani Chief of Staff, General Creasey, recently went to Tehran to discuss an additional deployment of Iranian troops in Dhofar which had been requested by Qabus. Creasey and the Iranian Chief of Staff, General Azhari, did not entirely agree about the deployment of troops but this matter was later settled by a discussion between the British Ambassador and the Shah. Azhari wanted the Iranian forces to have control of the whole central sector of Dhofar. The UK thought this was tricky because it was in the central sector that the Sultan was carrying out most of his hearts and minds campaign. Iranian troops unfortunately had a tendency to shoot anything in sight, including the natives' cattle. The Shah and the British

Ambassador agreed that the troops would be confined to the road between Midway and Salalah and some points east rather than covering the points from the Midway/Salalah road all the way west to the Hornbeam line. Weir added that there was a possibility that some of the new Iranian troops would be involved west of the Hornbeam line but not at Simba or near the border. The Iranians would add another thousand troops to the 1200 they now have in Dhofar.

Weir said that at the CENTO meeting Khalatbari had asked to see Callahan to express the Shah's anxiety over reports that political pressures from the left wing of the Labor party might lead to a reduction in the British presence in Oman. Weir said that Callahan told Khalatbari he could forget about this problem. Khalatbari told Callahan that the Shah was very anxious to have a quick end to the Dhofar war. Weir commented that in HMG's view, it would be almost impossible to completely eliminate the rebel presence from the area between the Hornbeam line and the PDRY border so long as PDRY could send supplies across the border and offer the rebels safe haven. He added that the Shah probably wanted to end the war quickly to avoid Arab criticism. Foreign Minister Zawawi had come back from a recent trip with a too glib view that the Arabs would not object to a dramatically increased Iranian presence in Oman.

Weir noted that one way around this problem was to increase the Arab contribution to the Sultan's war effort. The Sudan had offered to supply a battalion of troops to Oman; a Sudanese military mission was presently in Muscat discussing the possibility with the Omanis. Weir commented that surprisingly enough the Saudis had recently raised with the UK Ambassador in Jidda their concern that the new Labor Government would change policy and withdraw British troops from Oman. The Saudis said they hoped this would not be the case. They added that it would be difficult for them to send troops to Oman because it could arouse Arab suspicions of Saudi Arabia's playing an "imperialist" role in the southern part of the Peninsula.

In response to Mr. Dickman's question, Mr. Weir confirmed that rebel activity in Dhofar had been relatively low. He guessed that this was largely because rebel supplies had been severely cut. He estimated the present number of rebels to be about 500. Mr. Weir doubted that Iran's increased presence in Dhofar would goad the Saudis to do something. Rather, the Saudis would probably repeat their argument that they did not want to become involved for fear of being called imperialists. Mr. Weir estimated that even though the number of rebels was small, given the topography of western Dhofar, it would be very difficult to eliminate them. Even if the rebels were suppressed, he wondered whether the Iranians would leave quickly since the Shah might well wish to maintain a military presence in Oman.

Mr. Dickman asked about Oman's air defense requirements. The US had turned down an Omani request to do an air defense survey, since the UK had already done one and concluded that the cost and the manpower requirements of a sophisticated air defense system were well beyond Oman's capability. However, we now understood that HMG was offering to sell to Oman air defense equipment and radar. Weir replied that the Sultan's request for an air defense system dated back to over a year ago when the UK sent a preliminary mission to study Oman's air defense needs. The mission had come out against a full air defense system but recommended that if the Sultan really pushed for some air defense, the UK should propose a limited scheme including mobile radar. At that time two constraints were paramount in British eyes: (1) Oman's financial position. Oman was spending too much on defense, over half its budget. (2) Manpower—any sophisticated air defense system would require considerable foreign expertise; HMG would be reluctant to have a significant increase in British manpower in Dhofar because of possible parliamentary criticism. Weir noted that with the vastly increased oil revenues the financial constraint had been eliminated. Oman's 1974 budget called for £72 million for defense, but this was only a quarter of the £275 million expenditure envisaged.

Arab League Conciliation Commission on Dhofar

Mr. Weir said the Committee's visit to Oman had gone well. Its formation was basically helpful to Oman. PDRY was unhappy about it. The Committee had asked the Sultan for permission to visit Dhofar. Qabus had replied he would welcome its visit if it also could visit Hauf, the main guerrilla staging point in PDRY. Wright added that the fact that Oman had received the Committee and PDRY had not was a plus for Oman. Generally, Oman seemed to be doing fairly well in an Arab context. Omani Foreign Minister Zawawi had told the British that Boumediene had been very sympathetic to his presentation on Dhofar. Now even Libya had offered to send officers to Dhofar but the Sultan was leery of this, given the Iranian presence there.

US-Saudi Relationship

Mr. Sober explained that although Prince Fahd's visit to Washington is temporarily postponed, it could well be rescheduled within the next ten days. Mr. Sober stressed (1) that talks with the Saudis are not aimed at setting up a bilateral oil deal, but rather to re-emphasize the continued importance the two countries attach to their long-standing policies of close bilateral cooperation, and (2) that the initial objectives of the Fahd visit were to institute two Joint Commissions: an Economic-Commercial-Technical Commission and a Defense Commission. There were numerous ideas currently afloat about these commissions, Sober

continued. Regarding the Defense Commission, for example, we would like to see if Saudi logistic coordination with Iran can be worked out. As for the economic/commercial/technical aspects, these were no secret. In fact, Sober said, many countries have been suggesting this sort of approach to the Saudis. The USG would see what it could do to promote industrialization and other fields of cooperation. We could act as a catalyst for US industry to participate in joint ventures. Mr. Sober stressed that the entire subject of Saudi-US commissions was subject to further talks between the two governments. The Saudis continue to be sensitive over the Middle East situation in general and disengagement in particular, lest they come under attack from their Arab brethren.

Mr. Weir commented that our efforts with the Saudis sound very much like the recent European-Arab dialogue—the object being to engage the Arabs—particularly the oil-producing Arabs—in cooperative ventures which will make it more difficult for them to resort to confrontation at some future date. Mr. Dickman pointed out that a major reason for our wishing to respond to Saudi requests for assistance was to provide incentives needed to encourage the Saudis to continue increasing their oil production. Mr. Sober noted that our principal interest in this matter was economic and financial; the Saudis place higher priority on a joint defense commission than do we. He replied in the negative to Weir's question as to whether any qualitative change in our defense supply policy vis-à-vis Saudi Arabia was contemplated. Sober emphasized that the USG did not envision a military alliance or the stationing of US forces in Saudi Arabia other than that within the framework of existing USMTM arrangements.

Mr. Weir said that we seemed to be working on very parallel lines. The UK had recently sent representatives to discuss joint projects. It had been difficult for HMG to do this because of fear of favoring some firms over others. However, the firms had eventually agreed among themselves who should be represented. Mr. Sober remarked we had not yet had to face this but it could pose considerable difficulties for us when we did, especially Congressional reaction. Mr. Wright said that HMG had made it quite clear that the group that did go to Saudi Arabia was not in any way exclusive. Mr. Dickman remarked that a problem for us was that on the one hand Saudi Arabia has hundreds of proposals from various companies, but it prefers to work on a government-to-government basis. This is difficult for us to do.

Mr. Weir then gave details of the UK offer to form an industrial consortium with Saudi Arabia, which has recently been "put off" by the Saudis on the grounds that they are not ready to provide personnel and formally institute such a body. It seems, Weir said, the Saudis do not wish to get out ahead of their talks with the US. [At] any rate,

he continued, a British proposal was made in detail involving four UK firms:

Burmah Oil	(Petrochemicals)
Rio Tinto	(Aluminum Smelting)
ICI	(Fertilizers)
GEC	(Power/Desalination)

The Two Yemens

YAR: Mr. Dickman expressed the view that tension between the two countries had lessened. Although intermittent incidents continued to occur, YAR President Iryani was wisely continuing a policy which combined the carrot and stick through unity discussions. These unity talks served to let off some political steam even though unity still appeared to be an unrealistic goal. The new Prime Minister, Makki, did not appear to be very effective. However, his leftist reputation was useful in muting pressure within the YAR from the left. Makki had apparently managed to gain at least tacit Saudi approval, even though the Saudis were not happy with the choice. We understood that the Saudi quarterly subsidy had been increased from 20 to 30 million Saudi riyals following Makki's visit to Riyadh.

Mr. Weir interjected that former Prime Minister al Ayni, when complaining to him some time ago about the ineffectiveness of Saudi assistance to the YAR, had indicated that increased subsidies would be the key to effective Saudi assistance, and thus the increase was significant.

There was a brief discussion between the two sides as to how generous Saudi assistance to the YAR had been. Mr. Dickman suggested that the Saudis have been more forthcoming than the Yemenis generally acknowledge or the British perhaps realize.

PDRY: Mr. Dickman reviewed the US view of the PDRY situation, noting that the internal struggle continues with Salim Rubai Ali unable to take a more moderate position until he is successful in neutralizing the influence of NF Secretary General Ismail. Dickman observed that the opening of the Suez Canal would offer increased commercial opportunities for Aden Port and that this might result in some moderation of PDRY attitudes toward the West and an easing of PDRY's radical ideological attitudes.

Mr. Weir suggested that it might be possible for PDRY to create a free enterprise port economy in Aden while leaving the hinterland under a socialistic system. Turning to HMG's relations with PDRY, both Weir and Wright described them as poor and very circumscribed. The main British preoccupation in PDRY was to get Aden to lay off in its support for PFLOAG subversion in Dhofar and the Gulf.

In response to Mr. Sober's hypothetical question of how the US might handle any approach by PDRY for improved relations, there

was a discussion of the “carrot-stick” argument. Mr. Weir noted that the Kuwaitis were the main proponents of the carrot approach but the FCO was skeptical that economic aid to PDRY would improve its behavior. The UK had consistently advised the Saudis that the proper approach to PDRY was first to get a PDRY commitment to cease making trouble with its neighbors and then and only then consider financial help. Mr. Wright noted that PDRY had approached the FCO last year about having a more meaningful relationship but Aden was told that as long as it supports PFLOAG and the Dhofar rebels, there was not very much that HMG could do.

Mr. Sober reviewed the general US position on resuming relations with Arab countries that had broken relations with the U.S., pointing out that while we welcomed sincere approaches to restore relations, we are not prepared to pay an economic price as a *quid pro quo* for restoration. Mr. Dickman said that we were at the moment reviewing what if anything we might do to respond to recent feelers from PDRY for a dialogue. When Congressman Findley had been in Aden, there were pretty broad hints that the PDRY was interested provided the US would help get the Saudis off of PDRY’s back and indicated a willingness to provide some economic assistance. What would the British think if we were approached by PDRY to open an Embassy or as an alternative an interests section?

Mr. Weir felt that if the US were to resume diplomatic relations with PDRY, it would get very little out of it at this time, other than some reporting. The UK had virtually no dialogue with PDRY authorities. Mr. Wright, on the other hand, thought there might be an advantage to have a US Embassy. It would serve as a counter to the heavy communist presence and it might ease President Ali’s attempts to take a more moderate course. While he did not think that opening the Canal would be all that spectacular for Aden’s economy, he did note that BP was quite bullish. It felt that Aden provided unique bunkering facilities. With regard to an interests section, Wright said that HMG would be delighted to have an American join the Embassy staff in Aden but wondered if the US might not find a better interlocutor.

The British side felt that the “stick” approach had worked thus far. PDRY’s economy was in desperate shape. If it received aid from both the communists and the west, PDRY would more likely continue its subversion than hold back. Weir emphasized that it was important to bear in mind the Arab support Oman now has; conversely PDRY’s isolation from the other Arabs is a helpful factor in the Omani situation. Any US–PDRY rapprochement might disturb this desirable balance and one should be careful in rescuing PDRY from its isolation. The British noted that Congressman Findley’s mission to Aden, while helpful in obtaining Franklin’s release, did little for two other Americans

presumably jailed by Aden. Dickman noted that Findley had asked about and been promised a reply concerning Torhan and Kopp.

Gulf States

UAE: Mr. Weir stressed that the HMG is considerably more optimistic about the viability and political cohesion—and hence future stability—of the UAE than the FCO had indicated in its talks last September. The British had previously noted the ambitions of Shaikh Faisal bin Sultan (Under Secretary of the Abu Dhabi Ministry of Defense). However, the Iranians seemed to have scared off Shaikh Faisal from any pretensions he may harbor to replace Shaikh Zayid by telling him that they did not see any substitute to Zayid. Weir added that they believed there appeared to be growing cooperation between Zayid and Shaikh Rashid of Dubai. While Dubai still does not contribute to the UAE budget, Rashid's relations with Zayid were much better now than they were a year ago. Mr. Dickman said that we generally agreed with this British assessment, having felt that the British were perhaps too pessimistic last year. The fragility of the UAE remains but growing prosperity and economic activity provides a stimulus to leave things as they are.

Turning to the question of the Abu Dhabi boundary dispute with Saudi Arabia, Mr. Weir said there was no evidence of any progress. The Qataris were quietly optimistic about their good offices, but did not expect any forward movement soon. The FCO did not think that anything had taken place at the Islamic Conference in Lahore when Zayid and Faisal had met. The British representatives had the impression that the Saudis were showing even greater caution. The Saudis were concerned lest they make an agreement with the UAE and find shortly thereafter, revolution taking place with a radical regime taking over in the [UAE.?] Mr. Dickman said that the U.S. was continuing its efforts to get both sides to settle this issue without taking on a role as a mediator.

Bahrain: It was agreed that the establishment of a constitutional government and a National Assembly was basically a healthy move. The ruling family, the British felt, was fairly optimistic that orderly constitutional development would occur even though the introduction of democracy to Bahrain was a calculated political risk. Mr. Weir noted that the al Khalifa family might come to feel the need to put the National Assembly genie back in the bottle but this would probably not be possible. On balance, Weir thought the Assembly would become more of a nuisance than a threat to the Bahrain regime. Mr. Weir added that Bahrain's relative economic weakness, the history of labor unrest, and the Sunni-Shia divisions in addition to the relatively advanced social and educational infrastructure make constitutional development in

Bahrain somewhat riskier than the similar earlier experiment in Kuwait. However, Weir noted that the British had been more worried about the stability of Bahrain in the 1950s than they are today.

In response to Mr. Dickman's question regarding possible pressure on expatriate UK security personnel to terminate their services in Bahrain and Qatar, Mr. Wright said there has been no such pressure, unless one were to count the traditional attacks in the communist and leftist press against Ian Henderson, Bahrain's Security Director. Henderson has for years, ever since his anti-Mau Mau days, been on the verge of resigning. Mr. Weir mentioned, however, that the UK's 60-man assistance team in Sharjah, which is not doing very much, may disappear in the course of economy cuts stemming from London's current defense review.

Asked about Mideastfor, Mr. Sober noted (1) we have not been pressuring the Bahrainis on this issue in the conviction they will ask our Navy to stay on if this is politically possible; (2) we hope the progress now apparently achieved by the Secretary towards a Syrian-Israeli disengagement will give the GOB the leeway it feels it needs, but (3) if we still have no positive signal from them in about one month, we will have to ready ourselves to withdraw. Mr. Dickman added that, although Shaykh Isa obviously wants MIDEASTFOR to stay, the fact that Bahrain is now a parliamentary emirate creates a new situation to which he must pay close attention.

Iraq

The British side said they had very few opportunities to read the Iraqi mind. The Iraqis were very uncompromising on the Palestine issue. They wanted closer relations with the West, not for political reasons but for entirely pragmatic reasons of their need to have access to Western technology and goods. Iraq's relations with the Soviets remained very close even though there were some occasional strains. The FCO did not have any information regarding the recent exchange of visits by the Soviet and Iraqi Ministers of Interior. However, there was no indication that the Soviets had obtained any special base privileges. Mr. Wright noted that there was a wide gap between the FCO and the British business community. The latter found business in Iraq was profitable and the Iraqis paid well. The businessmen felt that the FCO had been unimaginative and bureaucratic in its dealings with Iraq since diplomatic relations had been restored.

21. Interagency Intelligence Memorandum¹

Washington, May 31, 1974.

SUBJECT

The Security Situation in the Arabian Peninsula-Persian Gulf

OVERVIEW

In the aftermath of the October War, the oil-rich states of the Arabian Peninsula and Persian Gulf have emerged as a potent new force. While their new-found prominence has added another dimension to the future stability of the area, the security of the Peninsula and Gulf states revolves basically around a complex set of relationships which have been operative for a long period of time. In this memorandum, we will examine both traditional and new factors which will help determine how secure and stable the countries of the region will be over the next few years.

In some ways recent events have enhanced the stability of the area:

—King Faisal has achieved unprecedented prestige throughout the Arab world by his actions during and after the October war. Thus he is less susceptible to attack from Arab radicals, and his hand in playing a leading role in the stability of the Peninsula and the Gulf area has been strengthened.

—Vastly greater oil revenues, if used effectively, might hold down the discontent that has provided a fertile ground for radical movements elsewhere; it will also pay for additional modern arms, and perhaps even buy off potentially hostile neighbors.

Overall we see strong pressures for change—but within a traditional social framework. Certain developments would be of little consequence to the US. Replacement of one ruler of a small state with another, or even the replacement of the conservative regime in one of the lesser states with one of radical orientation would not *necessarily* interfere with our interests.

But there is some cause for concern:

—Rivalries and frictions among Gulf and Peninsula countries are about as intense as ever. Especially troublesome are those between radical and conservative regimes; they give rise to perennial strains such as those between Iraq and Iran, between Iraq and Kuwait, between

¹ Summary: The intelligence community assessed the security situation in the Gulf region after the Arab-Israeli War of October 1973.

Source: Central Intelligence Agency, NIC Files, Job 79R01099A, Box 12, Folder 9, The Security Situation in the Arabian Peninsula-Persian Gulf. Secret; [handling restriction not declassified].

the two Yemens, and between South Yemen and Saudi Arabia. They keep alive the protracted rebellion in the Dhofar province of Oman.

—As the Gulf states achieve higher levels of development spurred on by increased oil revenues, the political sophistication of the area will also increase making it a more fertile ground for radical ideologies.

—An upheaval led by revolutionary forces in the larger oil-producing states is unlikely at this point, but if it occurred it would be difficult or impossible to reverse and would threaten the US position in the Gulf as a whole.

—Turmoil in one of the lesser states might lead to Iranian intervention, which in turn could set the Arabs, including Saudi Arabia, against Iran. We do not think this will happen, but if it did it could badly erode US relations with both Saudi Arabia and Iran. The relationship between the Saudis and Iranians is good, and although it is not likely ever to become close, most leaders on both sides recognize the importance of avoiding any real deterioration.

[Omitted here is the discussion and tables.]

22. Memorandum of Conversation¹

Washington, August 2, 1974, 8 a.m.

PARTICIPANTS

Dr. Henry A. Kissinger, Secretary of State and Assistant to the President for National Security Affairs

James R. Schlesinger, Secretary of Defense

Lt. General Brent Scowcroft, Deputy Assistant to the President for National Security Affairs

Secretary Schlesinger: What are your travel plans?

Secretary Kissinger: I have to go to India on my way to the Soviet Union and the Middle East at some time.

¹ Summary: Kissinger, Schlesinger, and Scowcroft discussed Gulf contingency planning, the possible effects of a second oil embargo, and military supply to Middle East countries.

Source: Ford Library, National Security Adviser, Memoranda of Conversations, Box 4, Nixon Administration. Top Secret. The meeting took place at the Pentagon. Kissinger met with Allon at Camp David July 31–August 1. The records of their conversations are in *Foreign Relations, 1969–1976*, vol. XXVI, Arab-Israeli Dispute, 1974–1976, Documents 93 and 94.

Secretary Schlesinger: How is it going?

Secretary Kissinger: I had good talks with Allon. They are unrealistic. They seem to think they can stall for a year or two. They are getting ready to repeat the strategy of 1971—not to stonewall, but they're bringing up devices for stalling.

But they have to move on Jordan to keep the Palestinians quiet. If there is another oil crisis, we will have a world economic collapse.

How is Project Independence coming?

General Scowcroft: It is going nowhere.

Secretary Schlesinger: There is no way to get there. It takes enormous concentration because the authority is so confused. I pushed this business in the AEC and was frustrated then.

Kissinger: We will never get oil prices down if we talk about it the way we are.

Schlesinger: Our industry is collapsing. We can't even get tank turrets produced any more.

Kissinger: Baker told me about communication security and we haven't done anything for 10 years.

Let's talk energy. What do we have to do to get going? The chances of a war in the next year are 40–60.

Schlesinger: Would we take Abu Dhabi?

Kissinger: We should plan for it.

Schlesinger: I may put some Marines in the Indian Ocean.

Simon is talking about breaking the Shah. That's crazy.

Kissinger: He is the one real element of stability. We will know within three months whether we can get a process going in the Middle East. If not, there will probably be a war within a year.

Schlesinger: How should we handle the Israelis?

Kissinger: The President has given Brent and me orders not to deliver anything. That is not realistic. They have two lists. They said you okayed it subject to my approval.

Schlesinger: I said that only with respect to the laser-guided weapons would I talk to you.

Kissinger: They are trying to play between you and me. The Kalb book started it. They are spreading the word that you support them and then that makes me the bogey man. They think we will both be protesting it isn't us, and so they will get their way. We need some technical excuses. They can roll any aid bill through the Congress. The only resistance they take seriously is that of the President—and they think he is paralyzed now.

What Israel lacks now is the determination to bite the bullet. But another war could be a disaster—with an oil embargo, European pres-

tures, the possibility the Soviets won't be so craven, which we can't count on.

Schlesinger: It is in their ethos.

Kissinger: They probably will be more risk-taking next year.

Israel has to negotiate with either Jordan or Egypt and get the other in line to negotiate. They haven't refused, but if we fulfill everything they want, we reverse their incentive.

Schlesinger: We won't do it, then. We will do it only if they deliver. How about the Redeye?

Kissinger: I better talk to the President. He has given orders.

Schlesinger: We can give them Redeye and some M-48's.

Kissinger: How about the LGB and Cobras?

Schlesinger: I would wait for more movement.

Kissinger: Let me talk with the President. I am sympathetic with the tanks and half way with the Redeye.

Schlesinger: We have pressured the Soviets not to distribute Strelas.

Kissinger: Just to the fedayeen, no?

Another oil crisis would be bad.

Schlesinger: We might have to seize Abu Dhabi.

[There was some further discussion of oil and investment]

Kissinger: Do we have contingency plans to handle Abu Dhabi and Saudi Arabia?

Schlesinger: It would take a lot of men and ships. We could put a couple of brigades in Diego Garcia.

Kissinger: I fought for you before Mahon. He said they wanted to cut \$3 billion.

Schlesinger: About \$1 billion of real cuts.

Kissinger: I must tell Egypt that they must not play with the oil thing again.

Schlesinger: Are they the best?

Kissinger: Yes. Because they will get the word out, and it isn't a threat to them. I will propose talks with Egypt in September through Washington and that they open talks with Jordan, to be completed after Egypt. If they agree to this we can open the taps a bit. But can we argue it's production rather than a political hold up.

Schlesinger: Yes, but not across the board.

Kissinger: Let's do a restricted NSSM—we can hide behind it.

Schlesinger: The next war will be more like the 1967 rather than the 1973.

Kissinger: I agree.

If we can get Egypt out and get Jordan arguing with the PLO, Syria can't do much by itself.

Schlesinger: If one of the Gulf states blows up, could we have the Saudis take it?

Kissinger: Tell the Saudis the Iranians will do it if they don't.
[Omitted here is discussion unrelated to the Middle East.]

23. Memorandum of Conversation¹

Riyadh, February 15, 1975.

SUBJECT

Notes on Chiefs of Mission Meeting

PARTICIPANTS

Secretary Kissinger
Ambassador Akins
Under Secretary Sisco
Under Secretary Robinson
Assistant Secretary Atherton
Ambassadors: Paganelli, Scotes, Sterner, Stoltzfus Wolle, Twinam
Chief, US Interests, Lowrie
Consul General Bahti
Mr. Dickman, NEA/ARP
Mr. Butcher, Amembassy Jidda, (Notetaker)

Secretary: Welcome and a word of appreciation to the Ambassadors that they have been able to come to the meeting. Please do a 3 to 5 minute appraisal of the most important concerns in each of your countries.

Ambassador Stoltzfus: The Kuwaitis' main desire is to have US assistance in the military field. After three years of procrastination they have decided that they do want the military program. They have signed a contract with Raytheon for Hawk missiles and have signed for A-4s. Total value of the program will be \$300 to \$400 million. The

¹ Summary: Kissinger met with the Chiefs of Mission of the Gulf and Arabian Peninsula Embassies to discuss regional issues, with emphasis on Saudi Arabia.

Source: National Archives, RG 59, Central Foreign Policy File, P820123–0946. Secret; Nodis. Drafted by Butcher. Copies were sent to the White House. The meeting took place in Riyadh, during Kissinger's February 10–15 trip to the Middle East.

Kuwaitis say they are committed to do everything necessary to produce a decent defense force.

Secretary: What are the obstacles to this?

Stoltzfus: We have no commitments yet. If the DOD decides to do the job then work can proceed.

Secretary: Are there special requirements?

Stoltzfus: Yes a series.

Secretary: What is the hangup?

Stoltzfus: A Circular 175 is required giving authority to discuss a Memo of Understanding with the Kuwaiti Government. After the signing a military mission can get under way but they will not begin until the Memo of Understanding between the two nations is signed.

Secretary: Why do we have these obstacles?

Stoltzfus: There is no authority to talk with the Kuwaitis.

Secretary: Who is holding it up?

Stoltzfus: The State Department.

Assistant Secretary Atherton: It is just in the mill.

Mr. Dickman: The Memo is done and is on its way to the 7th floor; it has been completely cleared.

Stoltzfus: The problem is that I don't know what the basic policy is. Is it to support Kuwait in its basic military needs?

Secretary: Yes, it is. How long have you been working on this?

Stoltzfus: Since the spring of 1974. I just need to know the policy.

Secretary: The policy is: we should do it. We have domestic problems in this area. Many groups are opposed to American arms sales into the area even though others will sell the arms if the U.S. doesn't.

Stoltzfus: I agree.

Secretary: We must try to do this with a minimum of domestic flack.

Under Secretary Sisco: We have been pressing for the last several years and the Kuwaitis have now made up their minds to go American.

Secretary: Go ahead.

Atherton: This will require Congressional approval.

Secretary: Especially after the (Saudi) National Guard problem. Be careful, but go ahead, the situation won't be any easier three months from now.

Stoltzfus: The mission would consist of 9 or 10 men. If we underwrite the Kuwaiti needs we should have more than we have talked about. This would amount to several billion dollars over the next few years if we do underwrite the Kuwaitis. If we don't they will go commercial. Other key issue: is extreme difficulty for Kuwaitis in getting some kind of knowledge about how to handle their investments.

Secretary to Under Secretary Robinson: Will you go to Kuwait to discuss? Yes.

Stoltzfus: Kuwaitis are small and need little in the way of infrastructure, but they desire to maximize their investments world wide so that when their oil runs out they will have a “perpetual annuity.” They also desire joint ventures in third countries with U.S. business.

Secretary: Is there interest in a producer-consumer conference?

Stoltzfus: Yes. The Kuwaitis are afraid this will mean a confrontation, but are ready to talk. They take keen interest, of course, but will not “set” policy. The Kuwaitis say one thing, then do another. They know oil prices are too high and that in a serious situation they would lose out. They have the second highest proven reserves in the world and are looking at the long run. They know the correct answers, but if Algeria or another such country says something, Kuwait is not really big enough to be of assistance in countering statements etc. (Meaning here was not entirely clear—notetaker) The Kuwaitis hope the Secretary will visit.

Secretary: I plan to visit Kuwait during my next trip to the area.

Ambassador Scotese: North Yemen has a range of problems. It is the poorest of the Arabian Peninsula countries, but also the most populous. They are anxious to have the U.S. play a more active role in channeling aid and in activating the flow of oil money to them. The main problem now is that North Yemen is waiting for the results of the military survey team of late 1974 (November). This is the Fifer report. The team made a survey of Yemeni army needs. The report was intended to provide cooperation with the Saudis in meeting Yemeni needs.

Secretary: Can we spring this loose?

Atherton: We’ll try.

Dickman: The report is not the prerequisite. We are waiting for the Saudis.

Secretary: What do we know now? Why has there been no action?

Dickman: The Saudis must finish their own survey so that we may meet trilaterally.

Secretary to Ambassador Akins: Are you talking to the Saudis about this?

Akins: No. We have never been asked.

Secretary: The policy here is to help Yemen.

Atherton: Yes, but with the Saudis.

Akins: We need to know what the U.S. can supply before going to the Saudis. Can we get this information from the Pentagon?

Dickman: It would be a good idea if Yemen would send a military mission to Saudi Arabia. They could survey the items we could supply but which would be paid for by the Saudis.

Akins: We don't need to wait for the Saudis. They may never finish this study. What we need is the Pentagon's list.

Secretary: We should get a list and send it to the Saudis. Have we got such a list?

Sisco: We can't be the substitute here but we can be the stimulant.

Secretary: It is our policy to sell (the hardware). We should get the list and ask the Saudis to pay. What about South Yemen?

Scotes: Little hard information is available in Sanaa. The North Yemenis are worried about subversion from the South. They are very concerned about the Egyptian policy of supporting the regime in the South in an attempt to wean the South away from the radical elements. The Egyptians have gotten promises from the South, but the internal situation remains unchanged. Therefore the South is still a potential threat to the North. The North believes the weaning attempt is all right, but should be tied to specific commitments on the part of the South. Money should not just be supplied, but should be tied to specific commitments to change policies vis-a-vis the rest of the peninsula. There is no overt pressure on the border at this time, though refugees, whom the North can't support because its resources are insufficient, continue to cross the border. South Yemen still sends an occasional sabotage team to keep the North off balance.

The North is worried. It sees no change in the ideological disposition of the South. In the long run, if there is no change, they believe South Yemen could be the springboard for revolt in the peninsula. They are also worried about recent diplomatic initiatives of the south—the effort to gain diplomatic recognition.

Secretary: I assume the Arab-Israeli situation is not a major problem in Yemen.

Scotes: It is there, but not significant.

Stoltzfus: Kuwait is just totally behind the Kissinger policy.

Scotes: The new Yemeni premier and much of the Cabinet are U.S. trained and educated. They have a great fear of radicals. They would like to get rid of the USSR military advisors who are still in country. The U.S. can give more help with the modernization effort in North Yemen such as the loan for the water works and other areas which will show immediate results.

Twinam: Our relations with Bahrain are very close. The Navy problem was solved satisfactorily, as was the technical assistance agreement. The paper work is not wrapped up yet. There could be arms requests. The problem is technical: do they need the arms? They have little oil or money. They look to the U.S. for stability in the Middle East. They are greatly worried that a solution (Arab-Israeli) is not coming fast enough. They support us and our policy on Saudi Arabia and Saudi

cooperation. The main future problem is to encourage U.S. business to come to Bahrain.

Stoltzfus: Kuwait is not worried about Iran. They want to cooperate. Iraq is the main concern, especially with the border.

Secretary: I assume from all this that the Arab-Israeli problem is not a matter of concern in the Gulf States.

Mr. Lowrie: It is of great concern in Iraq of course. (The other Ambassadors did not comment except for Sterner and Paganelli—see below). The Soviet Union has suffered a massive defeat in the economic sphere in Iraq during the last 2 years which is comparable only to the withdrawal from Egypt. Virtually every contract is now going to the West and U.S. exports are up over 500% to Iraq. Boeing is supplying all of the aircraft for Iraqi Airways and has the contract for maintenance and repair.

Secretary: What kind of contacts do you have in Iraq?

Lowrie: Our best contact was with the Foreign Minister, who died on his way home from Rabat. Contacts at that level have not been reestablished.

The Iraqis want more U.S. technology and products. They keep the economic/technical relationship separate from the political. We try to support this effort as an area which has many positive opportunities. The political side is bleak: 1) the Kurdish problem continues; 2) the Iraqis are convinced the U.S. gives its active help to the Iranians. The most sophisticated believe the U.S. could call off the Iranians, as they know there is a massive Iranian interference with U.S. equipment; 3) the Arab-Israeli question dominates attitudes. The Iraqis are one of the most extreme nations. They are still at war with Israel. Given present attitudes and past history, statements of current leaders themselves, and the weakness of the regime, if they attempted to change toward Israel they would be knifed.

Secretary: Why? What is the element of weakness?

Lowrie: It is a minority government and a police state, but not a strong police state. The Iraqis have made significant changes, they have army support via political control of the army, but personal rivalries within the party (the last coup attempt was in the spring of 1973) illustrate weakness. Nevertheless, this is still the strongest Iraqi Government since 1958.

Lowrie: The Iraqis also see a direct relationship between the Kurdish and Israeli problem—the common element is the U.S. The Iraqis believe the U.S. uses its special relationships with Israel, Iran and Saudi Arabia to promote U.S. interests to the detriment of Arab interests. The most threatening aspect of this attitude is not immediate, but is felt because of the influence Iraq has on Syria. The Iraqis will insist there can be

no settlement of the Arab-Israeli conflict if there can't be a settlement of the Kurdish problem. They can cause trouble for Asad.

Stoltzfus: There should be some way to indicate at a high level that we would like to resume relations, but we shouldn't chase the Iraqis or we could have problems with the Soviet Union.

Secretary: We don't respect Soviet Union spheres of influence. How can we reestablish relations, however?

Lowrie: The Iraqis might not reject overtures, but it is probably premature at this stage.

Secretary: They know where to contact us, when they are ready. After all, they saw David Rockefeller. How much higher can you get?

Stoltzfus: The question is still of importance for Kuwait. Should we hold back military assistance for Kuwait for Iraqi concerns.

Secretary: No.

Akins: Saudi Arabia wouldn't like to see us establish rapport with the Iraqis. The Saudis have recently admitted for the first time that they are supporting the Kurds, and Saudi Arabia experiences constant propaganda attacks from Iraq. The Saudis would want us to work to get the Iraqi Government changed.

Secretary: One won't exclude the other. Saudi Arabia won't object to arms sales to Kuwait and we'll look over and discuss any overtures from Iraq with Ambassador Akins.

Ambassador Paganelli: Qatar has many problems, yet little substance. It is a small nation with little oil production but a good many business opportunities. The Qataris have strong basic ties with the West, specifically with the UK. They look to us for technology. Constraints on our relations? They have great interest in the Middle East negotiations and support the Kissinger approach, but complain that it is too slow. They want us to pull out the stops to keep Sadat in place. Qataris are concerned by "high level U.S. threats," but when we presented the arguments concerning those threats as we were instructed, the Qataris said they didn't believe it would be our policy to wipe out such a small nation. Their policy is to wait and see, and to assess our motives in the Gulf. They want more direct contact and explanation, more consultation, and for us to talk with them not to them. They would like to hear our explanation before they read about something in Reuters.

Sisco: There have certainly been a number of detailed public statements and statements, for example, on the producer/consumer conference.

Paganelli: The Qataris will not allow U.S. investment in Qatar when we make statements such as have been heard. They still see the U.S. as the ultimate guarantor of their safety, but believe we are bent on confrontation in the whole energy sphere.

Secretary: They must understand that so far all of the confrontation has come from the Arabs. They enacted the Embargo. They raised prices. We have talked, but what have we done?

Paganelli: What they desire is some kind of dialogue, whether the consumer/producer conference or something else. They are also anxious to have a high level visitor: they hope for a Kissinger visit.

Stoltzfus: Ambassador Paganelli would probably agree the Secretary needn't go to other Gulf countries if he only visits Kuwait, but if he visits Bahrain, then he should visit all.

Paganelli: The Qataris specifically think that if the Secretary visits Kuwait he should visit Qatar.

Twinam: If the Secretary visits only Kuwait, the Bahrainis will understand, but if he goes to one other he should go to all.

Stoltzfus: Visiting a few of the nations would not be good. It is worth saying that there is no security problem in Kuwait.

Sisco: Any security problems elsewhere?

Answers: None.

Atherton: There has been a change in the security situation.

Ambassador Wolle: The Omanis welcome the increase in relations with the U.S. They are approaching the modern world and coming to understand that life means more than just a relationship with the British. They have more contact with others, and the Sultan's recent visit brought a very favorable reaction. In the military field the question of rights on Masirah Island went well. The Omani Foreign Minister was asked if the American request would give any problems and replied none at all. He could control any opposition from the Arabs. The Omanis are intensely interested in modernization and of course in the Dofar war. They are receiving Iranian help and Jordan has sent a battalion. There are some 3–400 guerrillas fighting.

Secretary: Jordan says the British, Iranians, and Omanis are not fighting.

Wolle: The foreign press has concluded that the British could wipe out the rebels, but are going slow to preserve their position in Oman. However, this is a hard core group operating in very rugged terrain. In January the rebels suffered 70–80 killed in action, so there is certainly some fighting.

Oman is not in OPEC and is glad they do not have those responsibilities. The Arab-Israeli question is never raised. They only give lip service to the issue and attend meetings. They will try to keep Palestinians out of Oman.

Ambassador Sterner: The UAE is distinguished by being a new and loose confederation of small states whose principal motivation is (to

find) internal and external policies which will help to consolidate the confederation. In unsettled conditions, they are trying to organize policies which will increase the knitting together of the members, therefore they try harder to cultivate Arab relations. This effort has led to some trouble with the Shah and with Saudi Arabia. The UAE is very realistic. When there is any sign of trouble with the Shah they immediately back off and repair relations. They have given aid to Oman and to North Yemen and support Egypt in its current efforts in South Yemen. All in all their policies show a great deal of realism.

The UAE is perhaps more conscious of the Arab-Israeli question than other Gulf states. The young technocrats in the government, right below Sheikh Zayyed, were mostly educated in Cairo. They are matured Arab nationalists and therefore their attitude toward the U.S. is colored. This also affects bilateral relations. At first (June, 1974) the attitude was curiosity. Now they are more cautious. They are worried we can't bring off a peace settlement and are also worried that if some agreement is reached on Sinai, the Syrians may be left out. There is a close bond between Sheikh Zayyed and Syria. We have received desultory responses to several of our proposals for closer relations, therefore, we are taking it easy while trying to keep a dialogue open. The UAE is interested in the producer/consumer conference but the Arab-Israeli question and energy policy as a whole are more important. They want something to do; want to have some task. They understand that the U.S. will spend its major efforts in major capitals, and by the time they get down to the UAE nothing is expected. The UAE wants, however, to be brought into the picture, in food for example. They want more than just a visit, they would like to have projects they could work on.

Secretary: First, on the Arab-Israeli question. You should convey to your host governments the U.S. determination to move ahead in the near future. They should understand we face massive problems domestically. Good intentions are not sufficient. This is the first administration to move at all, but we must move step by step or all will be lost. Other Congressional actions could be repeated here if we don't move circumspectly. We have nothing against moves in Egypt and Syria together, but the time necessary to include Syria will likely mean a settlement will be more protracted. It is important to move one step at a time. The U.S. has no interest in a divided Arab world.

The Soviet Union wants to go back to Geneva. The first action thereafter would be an attempt to seat the PLO. This would be the worst thing in the world. Whatever the attitude in the Arab world, in the U.S. the PLO are thought of as terrorists. Within the first two weeks we would have a total hangup. Gromyko would present a list 175 paragraphs long and the Soviets would then take the position as lawyers for the Arabs with the U.S. on the other side.

It would be easy to start in Geneva but hard to get something out. If we move at a careful pace, we are now at a point where results can be achieved without high expectations. But, it would help if we make clear our special problems in Arab countries.

Since the U.S. is providing the movement, they must trust our judgment. The next few months will tell. As a result of this trip, I am very optimistic. It will be tough, very tough. Sooner or later we have to solve the Syrian side, but the Arabs must get it out of their heads that if we say it will happen it will. We may go to Geneva, but that would mean a guaranteed stalemate. Your clients should remember it is Israel which wants to go to Geneva so they can play the delaying game. The U.S. groups which support going to Geneva are: 1) pro-Soviet and 2) those who want to see a stalemate. In Geneva we would face all the dilemmas of constant maneuvering for position which would make America's position harder. The job ahead will be hard. It will be murder. But in our problems with journalists and congressmen, the groundwork has been laid. Without great work this would have been blown.

Akins: The King wonders whether a global approach under you, not Geneva, would work.

Secretary: That must be done at some point, but as late as possible to avoid domestic uproar. Under me? The Soviet Union wouldn't like that. Syria would have to split with the Soviet Union.

Sisco: I doubt that the Arabs really want us in the middle.

Akins: And after the next step?

Secretary: We might go to Geneva for a few months and then try the global approach. Don't trumpet the fact, but executive authority is now weaker than at any time in the post-war era. This is not a judgment of the President (by Congress), but a statement of Presidential/Congressional relations. Actions by Congress regarding Turkey, the Soviet trade agreement, etc. illustrate this. You must keep this in mind. Understand, we need to move, and we think we'll succeed.

There is no area with more nonsense spoken than energy. We are trying to reduce the power of OPEC. We are trying to decrease our dependence on OPEC and to restore the West's freedom to act. Without this a sense of impotence will seize Western Europe and Japan until vague fears about what the oil producers will do will create unmanageable abuse. I am not saying we want confrontation. We don't, and we don't have to have confrontation. What leads to this belief (that we want confrontation)? A misreading of our statements. We said we won't use political or military force to bring down prices. We have said we would act in the case of actual strangulation. They (OPEC) must create that situation, it can't arrive in current circumstances. We have meant to avoid three possibilities:

1. To discourage threats to use the oil weapon in the current situation.
2. To encourage moderates so they won't rely on the Soviet Union.
3. To decrease the readiness to go to war because they (Arab side) rely on the oil weapon.

We won't threaten force in this situation to achieve our goals, which should be the subject of a producer/consumer conference. Force would demand strangulation, which (latter) would not be in the Arab interest. We are perfectly willing to go to a producer/consumer conference, but we want a statement about what they want to talk about. What are their goals? They should describe 2 weeks of such a conference. I fear that if we go ahead prematurely with no idea what will be discussed, a deadlock will result. We do not even have agreement on an agenda. If we play the card with no result, confrontation will be more likely than with no conference. If the meeting is not carefully prepared and the Europeans try for a special relationship it could end in a nightmare.

We are prepared to begin bilateral talks immediately (on producer/consumer). Let each say what they want and we will respond. We must distinguish between willingness to talk and hesitation to talk until positions are defined.

When the US goes to the preparatory meeting we will be fairly rigid. The danger is that the meeting will turn into a "General Assembly" meeting. Problems are: (1) will discussions include all raw materials, etc.; (2) will the Europeans try for a special relationship with OPEC; (3) what will we discuss? We can't talk about price till we get the other things settled. The last thing we want is confrontation. We want a serious dialogue. We are prepared now for a bilateral exchange of ideas. We would like to settle the issue of the consumer/producer conference, as it concerns each nation, immediately. We don't want a multilateral mass meeting. We are facing today a world-wide mass challenge to the nature of industrialized society. If this turns into world-wide confrontation it will not help producers either. We must work together: the oil producers must be able to invest the money they earn, they must have stable investment policies, they need our cooperation on their projects. We must define the relationship under which we will discuss a long-term supply relationship (if lower price, price must be guaranteed for a certain period). Selling this last idea will be a problem in the U.S. The President accepts these ideas if they (OPEC) want, as well as an investment program. We will work harder on this than on any other problem.

We are not opposed to indexing. The producers can't say, however, as many do, that prices are too high and also ask for indexing. In fact commodity prices are going down now so an indexing tied to

commodity prices would not be in the interests of OPEC. If they think sloppily they will fall in a trap. Has the fact that we face the problem of inflation with recession penetrated? It could be, on supply and demand alone, that a drop in oil prices will result and that there will be an energy surplus in 5 years. They may well be able to get a higher price now than in the future. The U.S. will invest \$500 billion in the future and will spend \$20 billion on exploration. We will find something. The U.S. industrial machine will succeed. It is not even a scientific problem. We know what to do, we don't need great discoveries. They are found. We just need to make them economical. Oil prices of \$6.50 to \$7.00 per barrel are feasible except for synthetics. When this happens, given the oil available, the price will come down. Therefore, it is not definitely a sellers market. If OPEC countries analyze the situation they may not be so tied to indexing. I would like you to ask whether people are ready for preparatory talks on this subject.

Stoltzfus: It is not so much what we do in having the conference, but the fact that we show they are sufficiently important to talk with them.

Scotes: Too many countries have been lumped together here. Iran seems to be the source of most trouble in this area, the other little Arabs are not. We can establish rapport, and it is important not to lump Iran and Venezuela with the Arabs.

Paganelli: The time element is important. It is essential to make our approach before the March 4 OPEC meeting. We need material one week from Monday, (Feb. 24).

Secretary: Tell your governments that within a week you will have authority to talk. There is no confrontation in our attitude. We will send the instructions. Under Secretary Robinson will make the same points in his trip (and will plan another as soon as possible).

Paganelli: If we tell them first, then follow up with a special emissary, it would be more effective.

Secretary: We don't expect too much from OPEC meeting in March.

Paganelli: The ostensible purpose (of the March meeting) is to prepare for the preparatory conference (for the producer/consumer conference).

Robinson: The purpose for my current visit is to talk to key leaders in the area.

Secretary: We will send instructions to Ambassadors in all OPEC countries.

On US/Iranian relations. In the peninsula the Iranians are depicted as the villains. I am not sure that this is the case. Your clients are no doubt delighted to see someone push so that they can blame them. For political reasons Saudi Arabia couldn't and won't take on Algeria regarding oil prices. We have a common interest with Iran. Iran's

conduct of foreign policy supports us. They have said they won't participate in an embargo. Thus we have resisted advice that we have a special confrontation with Iran. The cost of such a confrontation would be out of all proportion to the gains. It would not be in our interests. If we did create such a confrontation and managed to get, say, a \$1 per barrel reduction in oil prices, what would it be worth? We value our relations with Iran. We don't recognize the Iranian preeminence in other parts of the world (in the Gulf). We want to stay in step with Saudi Arabia and Iran, but will not see Iran as a special villain. We don't exempt Iran from any analysis. They are vulnerable. A cut in production would hurt them, whether it meant the same production for lower prices or lower production at the same prices.

Secretary departed for his next meeting.

24. Study Prepared in the Central Intelligence Agency¹

OPR-305

Washington, May 1975.

[Omitted here is the table of contents.]

PRINCIPAL JUDGMENTS

In the past decade, the Arab world has seen a sharp decline in the importance of the rigid ideological dogma developed in the struggle for independence from foreign control. The pan-Arabist movement, which formerly had both a strong popular following and respectable prospects of success, has lost most of its force and potential. Nasir, its principal and charismatic spokesman, is dead. For most Arabs, the goal of liberation has been achieved and that of unification has lost its appeal.

The more important Arab countries are entering a post-revolutionary era. New rulers—and more importantly, new ruling classes—freed from the stigma of foreign collaboration are now in charge. They have become the governing “haves” who have little to gain and much to lose by further abrupt political and social change. Committed to particular, essentially local, goals of their own, their horizons have become more limited geographically and their aims more conservative. They have

¹ Summary: The CIA projected the state of the Middle East in the 1980s.

Source: Central Intelligence Agency, DI/OCI, Job 79T01022A, Box 1, Folder 40. Confidential. OPR prepared the study.

become bureaucratized; the national institutions they created have acquired a momentum of their own.

Such leaders as Asad in Syria, Boumediene in Algeria, and Sadat in Egypt appear to be not just leading, but riding, a tide of greater sobriety and more limited and practical objectives than their predecessors. This will mean a diminished importance of ideology, less chance for revolutionary social and economic change in most Arab states, less interest in revolution as a political objective, and a less important role played by specific leaders as opposed to the systems in which they work. It will mean a greater concentration on local as opposed to area-wide political issues. Intra-Arab problems will tend to focus on such matters as trade, commerce, and cultural exchanges. This trend shows promise of continuing in other Arab states and areas, even including Palestine and the Persian Gulf states. Those present Arab regimes, particularly in Libya and Iraq, which seek to pursue a messianic, disruptive approach to domestic and regional problems are outside the mainstream of Arab political life and are likely to become even more so in the 1980s.

There are, of course, *several specific contingencies which could plunge the Arab world into another period of tumult, uncertainty, and volatility:*

1. *The Arab-Israeli dispute* is the principal one. Developments strongly adverse to the Arab case—particularly a decisive, humiliating defeat—could bring on the toppling of several moderate Arab leaders or lead at least some of them to embrace more radical and extreme programs. This worst case scenario is not, however, the most likely one. The regimes of the Arab states in confrontation with Israel have already shown considerable staying power. Further, Arab achievements, whether on the battlefield or with the use of the oil weapon, are probable in the years ahead. While there can be no certainties in this volatile, emotional affair, the forces favoring an Arab-Israeli settlement on the lines pressed by the Arab moderates will grow stronger over time. Indeed the chances now seem brighter than over the past two decades that some basic easing of the situation will take place over the next several years.

2. *A confrontation between the oil-producing states and the major consuming countries of the industrial, non-Communist world which culminated in military occupation of Arab oil fields by the latter would have explosive, long-range political consequences.* Virtually every projection made above as to the viability of moderate and particularist trends in the Arab states would be called into question, if not negated. The region would become a volatile and uncertain one for the occupiers and the occupied alike.

3. *A coup d'etat by a group which succeeded in imposing extremist policies on an important state, and particularly on Saudi Arabia or Egypt, could change the political orientation of much of the rest of the Arab world.* While such specific events are unpredictable, their chances of occurring

in the next decade seem poorer than in the past one. Inside these Arab states, revolutionary dogmas have lost much of their appeal, and the ruling forces have become more entrenched and more representative of domestic trends. Further, the continuation of moderate, particularist regimes, especially in the small, wealthy Persian Gulf oil-producing states has become so important both to other regional powers and to the non-Communist international community that their current governments can probably count on very strong outside backing in case of threat.

Egypt and Saudi Arabia will remain the two most important Arab states because of the former's military, economic-strategic, and cultural predominance and of the latter's status as the world's principal oil exporter. Their cooperation has a good chance of surviving, even were the Arab-Israeli dispute defused. But Egypt, for all its size and strength, will remain comparatively impoverished and will seek some of the resources of the oil producers, principally of Saudi Arabia. It is conceivable that Egypt, under any leader, might become an unsettling force in the area, using extreme methods—which could include strident ideological appeals to the have-nots against the haves, or, more likely, open use of national military power—to get what it considers its rightful share of Arab oil money. Saudi Arabia, not unaware of this, has already invested very heavily in the military build-up and economic needs of Egypt, and Syria too. It will almost certainly be able to make its desires felt in those countries and in other less affluent Arab states as well.

Most other Arab countries will remain of less importance to the area and to the outside powers, the US included, though this will vary case by case. A change in regimes in some, e.g., Iraq and Morocco, could affect US bilateral relations with them and their own ties with immediate neighbors, but would not significantly change the political complexion of the Arab world. A major war between Iran and Iraq, however, in which peaceful trade in the Persian Gulf was jeopardized and oil facilities put out of action would pose a major threat to the world economic order.

Internationally, Saudi Arabia and the other oil producers are unlikely to exert much direct political pressure save in the case of the Arab-Israeli dispute. With their implied or actual use of the oil weapon, they will exert very strong—and perhaps decisive—influence on Israel's friends in the West to achieve Arab aims. As alternate, non-OPEC energy sources come on stream, this Arab political influence will begin to diminish, probably at some time in the early 1980s, but will remain an important factor in world politics for the rest of the century. In this period there will always be some danger that reckless or ill-advised policies by the oil producers could produce such severe economic and financial distress as to provoke an armed confrontation. Today's Arab leaders do not wish this, but the danger will remain.

The more wealthy Arab states are likely, in the next decade, to determine their foreign relations more by practical considerations than by abstract dogma, even though such “radical” states as Iraq will retain a residual suspicion of the US, and Saudi Arabia will continue to be fearful of the USSR and anything associated with Communism. Indeed, the combination of internal sobriety and practicality is apt to be a dis-incentive for direct, working relationships with either superpower. The less affluent Arab countries, perhaps including Egypt, will be more prone to seek outside assistance and to accept great power involvement in their affairs.

The USSR will continue to remain attractive to the Arabs as a source of military supplies; its influence and presence will be linked to a considerable degree with the state of tensions in the Middle East. It will be less able to compete with the main non-Communist powers as a customer for oil, as a source of modern technology, or as an object of investment. Barring some major military cataclysm, or the emergence of a new dynamic pro-Soviet regime in Egypt, its area-wide leverage is likely to decline.

So, too, though probably to a lesser degree, and for different reasons, could that of the US. While the wealthy Arab states will be interested in expanded commercial and economic relations with the West, they will seek to avoid ties which might lead to enhanced outside political influence, particularly from a superpower. In these circumstances, they are likely to opt for closer ties with the West European states and Japan than with the US. The poorer Arab states, however, possibly including Egypt, will continue to seek political economic, and military support both from the richer Mideast nations and from the major powers of the Communist and non-Communist worlds.

[Omitted here are the discussion, annexes, and tables.]

25. National Security Study Memorandum 238¹

Washington, February 13, 1976.

TO

The Secretary of State
The Secretary of the Treasury
The Secretary of Defense
The Director of Central Intelligence
The Director, Arms Control and Disarmament Agency

SUBJECT

U.S. Policy Toward the Persian Gulf

The President has directed a study of U.S. security policy toward the Persian Gulf area. The purpose of this study will be to examine U.S. political and strategic goals in the area and develop policy alternatives for the near and medium term, with particular emphasis on Iran, Iraq, Saudi Arabia and Kuwait.

Beginning with an overview of U.S. policy and the evolution of the U.S. role in the Persian Gulf since 1969, the study should provide a comprehensive assessment of the key factors likely to influence the nature of our policy toward the region as a whole and key individual states over the next ten years. This analysis should include, *inter alia*, discussion of the following:

1. The strategic, economic and political importance to the United States of the area and key individual countries over the next ten years, including the importance of oil, financial resources, and the need for access to bases and installations.

2. The prospects for stability and moderation in key Persian Gulf nations, including the political impact of foreign manpower imports and rapid modernization, the effect of intra-area differences, the prospect for intra-area cooperation in maintaining Gulf security, and the effect of Soviet influence.

3. The potential economic and political influence in the area of outside powers (Western Europe/Japan and the USSR) and the possibilities of their replacing the U.S. to a significant degree in various areas of activity or individual countries.

¹ Summary: The President directed a study of U.S. security policy in the Gulf.

Source: Ford Library, National Security Adviser, NSC Institutional Files, Box 32, U.S. Policy Toward the Persian Gulf and Iran (NSSM 238). Secret. A copy was sent to Brown.

4. The liabilities and benefits to the U.S. of U.S. arms policy in the Persian Gulf in the short and long term, including the strain on the economies and social structures of key states by large arms acquisitions and related U.S. presence, the impact on our own defense establishment, the changing attitude of Congress toward arms sales and military training, and the effect on the attitudes of key Persian Gulf countries toward the U.S.

Drawing on the foregoing analysis, the study should develop policy options for the U.S. in the Persian Gulf area with respect to U.S. objectives in the following areas:

- Arms supply and training.
- Bases and installations.
- Technology transfer and co-production.
- Economic policies.
- Regional relationships.
- Procedures for better implementation of existing and future policies within the United States Government.

The study should be undertaken by the Interdepartmental Political-Military Group. The study should be submitted for consideration by the Senior Review Group no later than March 15, 1976.

Brent Scowcroft

26. Study Prepared in the Central Intelligence Agency¹

OPR–7610077

Washington, December 1976.

[Omitted here are the table of contents and two maps.]

PRÉCIS

The Gulf/Peninsula region is important to the USSR in the first place because it is important to the West, and the primary Soviet goal is a negative one—to deprive the West of influence there. This apart, the USSR's interest in the area is based on its geographic proximity, its strategic location between the Mediterranean Sea and the Indian Ocean, its status in the general Middle East context, and its economic

¹ Summary: The CIA assessed Soviet policy and assets in the Middle East.

Source: Central Intelligence Agency, DI/OCI Files, Job 79T00889A, Box 9, Folder 7. Secret; [handling restriction not declassified]. Drafted by [name not declassified] (OPR)

significance based on vast oil deposits. While these elements translate into a broad desire on the part of the USSR to achieve the strongest possible position there, no vital Soviet interests are involved. This does not imply a lack of motivation to act. It does, however, suggest a lower level of intensity in the Soviet effort and less inclination to risk confrontation with the West than might be the case in an area of higher priority.

Before 1973, the Soviets had made good progress in developing their presence and influence in the area. Their 1972 Treaty of Friendship and Cooperation with Iraq is the most far-reaching security treaty which the Soviets have with any Third World country. The USSR gained access to the Iraqi ports of Basrah and Umm Qasr and fairly extensive use of the South Yemeni port of Aden. Soviet economic relations with Iran have developed significantly since the early 1960s, and the Soviets have many economic advisors in place in Iran as well as in Iraq and South Yemen.

The Soviets also have an impressive contingent of military personnel in Iraq and South Yemen. The Soviet role in providing economic assistance, military resupply, and spare parts has also helped give the USSR some leverage in its dealings with these two countries. Moreover, the Soviets have some compatibility of interest with these clients, which facilitates cooperative action. Both South Yemen and Iraq share the Soviet desire to radicalize the Gulf, and both provide assistance to the so-called "progressive forces" which the Soviets also back. While these states may be acting primarily on their own initiative and in their own behalf, they are also advancing Soviet interests in the Gulf, funneling Soviet arms and propaganda to subversive and revolutionary elements.

The Soviet position in the area has, however, deteriorated since the 1973 Middle East war, and the prospects of a resurgence are not impressive. This is due primarily to the growing wealth of the oil-producing Gulf states which has contributed to several trends inimical to Soviet interests. First, it has produced a new set of economic relationships between these states and the West based both on Western oil purchases and on the desire of the oil-rich nations to purchase products and technology from the advanced industrial states. The Soviets have been excluded from the resultant economic network.

Secondly, their increased wealth has permitted a new self-assertiveness on the part of the major local states, Saudi Arabia and Iran, which are determined to prevent Soviet encroachment. Iran, with some credibility based on its rapidly expanding military strength, has expressed a commitment to police the Gulf and exclude foreign intrusions. It demonstrated its willingness to act on this commitment by intervening in late 1973 to tip the balance for the Sultan in the struggle against Soviet-backed rebels in Oman's southern province of Dhofar.

Saudi actions, while less dramatic, may be producing even more profound long-term effects. The Saudi weapon is money, and the goal is to encourage moderation in the area. While Saudi policies are not often pressed forcefully; their net effect has increasingly been to constrain the expansion of Soviet influence in the area (and, as a consequence of the Saudi-Egyptian combination, in the Middle East in general).

Soviet bilateral relations with those Gulf/Peninsula nations with which they have had contacts have generally declined since late 1973. In the case of Iran, this has been due to the Shah's rapid arms buildup, aspiration to predominance in the Gulf, and intervention in the Oman struggle. North Yemen, with help and encouragement from Saudi Arabia, has been able to move away from the USSR. South Yemen has also sought money from the traditionalist oil states—a situation which may eventually have a moderating effect on its policies. And Soviet leverage over their major client in the area, Iraq, has declined as that nation has improved its economic position, patched up its relations with Iran, and turned to the West for technology and equipment.

At the same time, Soviet efforts to improve political and economic relations with the traditionalist Arab states of the Gulf have thus far proved unsuccessful, Kuwait being to some degree an exception. In spite of repeated Soviet initiatives, Saudi Arabia, the United Arab Emirates (UAE), Bahrain, Qatar and Oman refuse to have any formal dealings with Communist countries.

The USSR's efforts to gain some leverage over the region's energy resources have, to date, also proved fruitless. It has established firm trade relations with Iran and Iraq, importing primarily gas and oil and exporting machinery and equipment. It does therefore have access to key energy markets. But the quantities involved are small, and both Iran and Iraq have proved tough in negotiating payment terms for their energy exports, preferring hard currency to barter arrangements and demanding market prices from the Soviets. The USSR has thus failed to lay the groundwork for large-scale future purchases at concessionary rates.

In their effort to become the main patron of subversion and revolution in the Gulf area, the Soviets have registered only one gain in recent years: the fact that the Chinese have seen fit to abandon local competition with the Soviets. The USSR itself has accomplished little. The rebellion in Dhofar which the Soviets backed has failed abysmally, and subversive forces elsewhere in the Gulf have thus far made few gains. The main result of Soviet support of subversion has been to further alarm the traditionalist states which have been the objects of these efforts.

And finally, while some advantages have accrued to the USSR from its efforts to cultivate clients, the clients themselves have been

frustratingly independent. In addition to North Yemen's movement away from the USSR in recent years, the Iraqi Baathists continue to pursue a number of policies which are objectionable to the Soviets. They oppose such Soviet Middle East policies as support for a Geneva conference, they repress the Iraqi Communist Party, and they are continually at odds with the USSR's other major Middle East client, Syria. In short, the extent of the influence which the USSR seems able to gain in these countries is limited. When there is a coincidence of interests, Soviet backing may enable the client state to pursue mutual goals for mutual benefit. When these interests conflict, the Soviets may try to force their will by threatening to slow down arms shipments or cut financial assistance. Such strong-arm tactics have brought immediate results on occasion, but at the cost of antagonizing the client.

In spite of the current adverse trend in the region, Soviet policy-makers do not appear to be shifting their tactics. They continue to pursue a two-track policy in the area. On the one hand, they seek improved relations with the conservative oil-rich states in the hope that they might neutralize and reverse the negative influence being exerted by Iran and Saudi Arabia, prevent Western domination of the oil resources of the region, insure their own potential access to the oil, and tap the hard-currency holdings of the wealthy Gulf states.

On the other hand, the Soviets try to foster the accession to power of sympathetic radically-minded regimes which will be responsive to Soviet policy interests, permit Soviet access to port facilities, welcome a Soviet physical presence, and deny the same to the West. To this end, the USSR supports subversive and revolutionary forces whose stated goal is the overthrow of the traditionalist governments of the area.

While these clearly contradictory approaches must complicate Soviet efforts in the region, the Soviets actually have little to lose by supporting subversion and revolution—their relations with the traditionalist states could hardly be worse. They probably reason, moreover, that the situation in the region is fluid and that they can well afford to wait for favorable opportunities to develop.

Such opportunities might include another Middle East war accompanied by an oil embargo which would again undermine Gulf-state relations with the West, or a deterioration in US relations with these states due to disagreements over the Arab trade boycott or US weapons sales. Either of these developments could lead to an improved Soviet political position in the region based largely on the desire of the Gulf states to put pressure on the US. However, the Soviets would still be unable to absorb or pay for the oil in which the Gulf states would be drowning and would still not have the technology and expertise which these states want to purchase. This, combined with the continuing

regional antagonism towards the USSR, would act as a limiting factor on the extent of any rapprochement.

The Soviets will, in all likelihood, increase their oil imports in coming years, and, should their need to import coincide with either an oil embargo or substantially increased production in the Gulf states, it is likely that some barter arrangements could be made between the USSR and these states. This eventuality is unlikely to affect the long-term economic situation, however. Soviet imports will rise gradually, and the oil states, if they choose to do so, will probably have the capacity to meet both Soviet and Western oil requirements. In addition, the Western market will continue to be preferred, as the oil states will still want hard-currency payments rather than barter arrangements.

In the event one or more of the conservative governments of the region were overthrown and a radical government established, the Soviets would be the obvious beneficiaries. As Iran and Saudi Arabia would probably not tolerate such an occurrence in one of the smaller states of the region, with the possible exception of Kuwait, where their intervention might draw a countering Iraqi reaction, the main question becomes what effect such a change might have in one of these larger countries.

Should reformist elements prepared to deal with the USSR come to power in Saudi Arabia, doors now shut would open to the Soviets elsewhere in the Gulf, and they would quickly enlarge their presence. Saudi efforts to check Soviet influence throughout the Gulf might cease and Soviet-backed radical groups in the smaller Gulf states, particularly Kuwait and Bahrain, might be tolerated. This would certainly be even more the case if radicals were to come to power in Saudi Arabia. However, economic reality would presumably continue to limit the extent of Soviet-Saudi cooperation.

As a more highly developed and socially complex country than Saudi Arabia, Iran may be more vulnerable to a radical takeover. And the potential benefit to the USSR would be more obvious. A complex economic relationship already exists between the two and geographic proximity makes further cooperation feasible and desirable from the Soviet point of view. Iran has overwhelming local military superiority and the capacity to control passage through the Straits of Hormuz. This has strategic implications for the West as well as for Iran's Gulf neighbors. For these reasons, the Soviets would be strongly motivated to provide clandestine assistance to radical forces in the event of insurgency in Iran.

While the above contingencies or other, as yet unforeseen, developments could disrupt the pattern and alter prevailing tendencies, the current combination of factors is clearly detrimental to Soviet interests in the Gulf/Peninsula region. Continued antagonism toward and suspi-

cion of the Soviets by the major Gulf states, contradictory Soviet policy approaches, the growing wealth of the Gulf states, and the expanding economic network between these states and the West all work to impede Soviet progress. Should these factors remain fairly stable, it seems likely that the forces working against Soviet penetration will remain dominant in the region.

[Omitted is the remainder of the study.]

27. Memorandum From Robert B. Oakley and Robert Plowden of the National Security Council Staff to the President's Assistant for National Security Affairs (Scowcroft)¹

Washington, January 3, 1977.

SUBJECT

SRG Meeting on the Persian Gulf: January 5 at 3 p.m.

PURPOSE

—To review the study response to NSSM 238 and to approve the revised Executive Summary as a framework for consideration of political and security issues in the Persian Gulf which will require high-level policy consideration in 1977 (Tab A).

—To approve a set of specific procedures for the management of US Security Assistance programs in the Persian Gulf (Tab B).

¹ Summary: The NSC staff summarized for Scowcroft previous action on NSSM 238 and provided briefing materials prior to a January 5 SRG meeting on the study.

Source: Ford Library, National Security Adviser, NSC Institutional Files, Box 49, Senior Review Group Meeting on the Persian Gulf (NSSM 238). Secret. Sent for action. Brackets are in the original. Tabs A, B, and C are attached but not published. At Tab A is the undated (presumably December 16) revised Executive Summary of the NSSM 238 study. At Tab B is a paper titled "Recommended Procedures for Management of Security Assistance Programs in the Persian Gulf Area." At Tab C is NSDMs 92 and 186, which are in *Foreign Relations, 1969–1976*, vol. XXIV, Middle East Region and Arabian Peninsula, 1969–1972; Jordan, September 1970, Documents 91 and 120. Tab D was not found. NSSM 238 is Document 25. The study is not published. (Ford Library, NSC Institutional Files (H-Files), Box 42, NSSM 238–U.S. Policy Towards the Persian Gulf (1 of 3) (4)). According to a December 16, 1976, memorandum from Oakley and Plowden to Scowcroft, the Department of State recommended that in light of the 1976 Presidential election results, all policy recommendations be removed from the Executive Summary, transforming the NSSM into a background paper for the incoming Carter administration. (Ford Library, NSC Institutional Files (H-Files), Box 41, NSSM 238–U.S. Policy Towards the Persian Gulf (1 of 3) (1))

—To consider the implications for US economic and energy policy of our political and security policy in the Persian Gulf.

BACKGROUND

More than a year ago, the Department of Defense recommended a review of our arms sales policy toward Iran. Further discussions with State and Defense pointed up the need for our Iranian security assistance policy to be considered in the broader context of US security interests and policy in the Persian Gulf as a whole. A broad study of US Persian Gulf policy had been conducted in 1970–72, resulting in NSDMs 92 and 186 (Tab C), which have formed the basis of our policy ever since. However, a number of subsequent developments have made a new policy review essential:

- The effect of the Arab-Israel war of 1973;
- The oil embargo, increased oil prices, and greater importance of oil production by the Gulf states;
- The increased political and economic influence of the Gulf states on the regional and international scene;
- The rapid economic expansion and modernization of the Gulf states;
- The acquisition of large quantities of modern military equipment by Iran and Saudi Arabia and the extensive involvement of the United States with their military programs;
- The increasing pressures of the smaller Gulf states on the US for military purchases; and
- Congressional and public concern over US actions in the security field involving Gulf states.

With your approval, NSSM 238 was issued in February 1976, calling for an examination of US political and strategic goals in the Persian Gulf, with policy alternatives for the near and medium term. Economic issues were to be considered but primarily as background, since NSSM 237 on energy was to deal with this element of our relations with the Gulf states. The Interdepartmental Political-Military Group chaired by the Department of State prepared a study response which was submitted to the NSC Staff in May 1976. The spread sheet summarizing Conclusions and Policy Options is at Tab D. The study response was long on identifying and discussing issues (it is a veritable encyclopedia of recent Persian Gulf political and economic history and problems) but short on succinct presentation and useful recommendations. The all-inclusive approach of the study response identified more than 100 possible options and sub-options, but there were no agreed recommendations, nor was there an Executive Summary.

In order to obtain a policy document suitable for top-level review, the NSC Staff worked with the most knowledgeable officials in State, DOD and the CIA to develop a draft Executive Summary (updated to include major developments since completion of the original study

response) and several broad policy options. In addition, a set of procedures was proposed for improving interagency consideration of requests for military equipment and for improving the management of ongoing security assistance programs. These proposed procedures were derived from a careful case-by-case study of the management of our security assistance programs and the handling of arms requests for the Gulf states over the past several years, and from criticisms and suggested improvements made by knowledgeable officials within the Executive Branch and in Congress.

After receiving official Agency comments, we have now revised the Executive Summary to incorporate these comments and to drop all policy options or recommendations (the State preference). We have separated the proposed arms transfer procedures for consideration as a separate issue by the SRG.

AGENCY VIEWS

All of the Agencies (State, Treasury, DOD/JCS, CIA, ACDA) are expected to accept the revised Executive Summary substantially unchanged, since it now includes no specific recommendations and is intended primarily as a high-level interagency issues paper for the next Administration. (Treasury believes that any policy decisions must be preceded by a parallel review of both NSSM 237 and NSSM 238, a position which is fully consonant with the Executive Summary in its present form.)

The proposed procedures for management of Security Assistance programs will be more controversial. Defense, ACDA and other Agencies have indicated approval of the proposed procedures without substantial change and favor their adoption right away—particularly in view of the threatened moratorium by Congress on FMS cases for the Gulf until the policy review has been completed. State may argue that the adoption of even technical procedures should be deferred until the next Administration. [State's position is derived from its proposal for the establishment of an Arms Export Control Board at the Undersecretary level to monitor global arms transfer policy, leading State to object to the adoption of procedures before a State-chaired AECB is available to establish policy and administer procedures. As you know, other interested Agencies favor establishment right away of a senior arms transfer board chaired by State, but believe that it should be established at the Assistant Secretary level rather than the Undersecretary level.]

YOUR APPROACH AT THE MEETING

We suggest that you open the meeting by reviewing briefly some of the major issues which gave rise to NSSM 238, noting that these issues will remain and will probably need to be addressed by the new Administration during its first few months in office. In introducing the three principal items on the agenda, you should note that the objective

of the meeting is to provide a basic framework for policy decisions which will probably have to be made sometime in 1977 and to ensure that the new Administration inherits an effective system for the orderly review of security assistance issues which are likely to arise during the early months of 1977.

Executive Summary and Study Response

For the reasons listed above in the background section, a full-scale review of United States security assistance (including military supply) policy and programs has become essential. The results of this review will certainly be of special interest to the new Administration and to Congress, which is aware that a NSSM has been underway for some time. Congress has adopted a resolution (and key individual Members have indicated they intend to adhere to it) opposing consideration of any new FMS cases for Persian Gulf states until the policy review has been completed.

With respect to the NSSM 238 study response and Executive Summary, you should point out the complementary nature of the two papers. You may wish to add that, in view of the extensive prior consideration of these two documents, the meeting should try to avoid getting bogged down in minor and editorial issues.

While it might be unwise for this Administration to adopt formally a comprehensive policy for the Persian Gulf less than a month before the Inauguration, it would be very useful to provide the next Administration with an agreed top-level, interagency summary of the historical and strategic framework of US policy toward the Persian Gulf plus an indication of the key issues which are expected to require high-level policy consideration at an early date. The study response to NSSM 238 and the revised Executive Summary prepared by the NSC Staff can serve that purpose and should formally be transmitted to Mr. Brzezinski after approval by the SRG. It might also be useful to inform key Members of Congress before January 20 that this has been done, and possibly provide them with a brief summary of the review.

Security Assistance Procedures

As pointed out in our memo of December 16, there are a number of reasons why a *decision on these procedures should be taken now and not be postponed*:

—It is important to have established procedures in operation to deal with important FMS cases which are anticipated during the early days of the next Administration.

—The proposed guidelines are the result of several years' experience and incorporate suggestions from our Embassies and MAAGs, as well as State, DOD and ACDA. They also take into account Congressional and other criticisms and recommendations. They are neutral

from a policy point of view and will facilitate rather than interfere with any future policy review.

—Establishment of these procedures will also provide a tangible and useful outcome of the NSSM process which should help reassure the Hill that major arms transfer cases will receive careful study and appropriate high-level policy consideration.

—If a decision on the procedure is not taken now, it is difficult to predict when an orderly interagency system might be adopted to replace the present approach which has on past occasions failed to provide adequate interagency review and coordination, particularly vis-à-vis Congress.

If State should recommend postponing action on these procedures until the next Administration, you should note that these guidelines are technical rather than political. They are merely designed to improve management of on-going security assistance programs. As such, their adoption is particularly appropriate now in order to provide effective machinery for use by the new Administration during the period when new individuals are assuming unfamiliar responsibilities and when fundamental policies are being reviewed—yet when they will be faced with the continuing need to review FMS requests and manage effectively existing programs (which will probably be the object of continuing criticism).

If State objects to the use of the Middle East Arms Transfer Panel, you can point out that it is the only existing body presently available within the NSC system to implement the procedures effectively. It does not limit in any way the establishment or the authority of a senior State-chaired group for global arms policy such as the Arms Export Control Board proposed by State. As indicated in the footnote on page 1 of the recommended procedures, it is understood by all Agencies that the MEAT Panel would be subordinate to such a State-chaired body when it is established.

Energy-Security Assistance Interrelationship

The need is evident for close coordination between our security assistance (including military supply) policies and our energy policies with respect to Persian Gulf countries, particularly Iran and Saudi Arabia. However, there is no agreement—although there are many different ideas—on how this can be done in a manner which would enhance overall United States interests. This is a useful opportunity to explore Agency views on the nature of the interrelationship (including the sharply debated question of US security assistance leverage over oil price and production decisions) and to get them on the record for the eventual consideration of the new Administration. It would probably be better to agree from the outset that the SRG will not seek to reach specific conclusions on this subject but rather confine itself to an examination of possible approaches.

28. Minutes of a Senior Review Group Meeting¹

Washington, January 5, 1977, 3:03–3:49 p.m.

SUBJECT

NSSM 238

PARTICIPANTS

Chairman

Brent Scowcroft

State

Charles W. Robinson

Roy Atherton

Richard Ericson

Defense

William Clements

Leslie A. Janka

JCS

Lt. Gen. William Y. Smith

CIA

George Bush

David Blee

Treasury

George Dixon

John M. Niehuss

ACDA

Dr. Fred C. Ikle

Richard H. Wilcox

NSC Staff

Robert Oakley

Michael Hornblow

The meeting began at 3:03 p.m.

General Scowcroft: We are faced with a dilemma. It is inconceivable to me that the U.S. Government is unable to develop a policy toward the Persian Gulf. We have had a NSSM Study. It has its good aspects but we have been unable to bring it to a resolution. The Executive Summary which has been prepared is only a pale reflection of the

¹ Summary: The SRG met to consider NSSM 238.

Source: Library of Congress, Manuscript Division, Kissinger Papers, Box CL 307, National Security Council, Senior Review Group, November 1976–January 1977. Secret. NSSM 238 is published as Document 25. NSSM 223, “Review of U.S. Policy on Arms Transfers, May 19, 1975, is published as Document 53 in *Foreign Relations, 1969–1976*, vol. XXXV, National Security Policy, 1973–1976. NSSM 237, “U.S. International Energy Policy,” is published as Document 93 in *Foreign Relations, 1969–1976*, vol. XXXVII, Energy Crisis, 1974–1980.

NSSM. It contains no options. In addition parts of this Study and the NSSM 223 study have been bandied about the Hill so that Congress expects us to come up with *something*. It is a sad reflection that after a year we have been able to produce *nothing*. This is the reason for the meeting. My idea is that we should do what we can to get something to leave, a core of responsible policy options and analysis to our successors.

Mr. Robinson: I agree but also believe that after one year something important has been accomplished. The Report is a remarkable achievement. But is it applicable now? Do we have the basis now for saying that this is the way to go? We have some minor textual emendations to add to the summary. Basically we think this a worthwhile effort to present the new Administration. But it would be inappropriate to make key policy decisions now. The decisions taken at Doha have fundamental implications with regard to our strategy and tactical position. This is a good report. I think we should submit it to the new Administration. So they can use it as a basis for deciding on policies.

General Scowcroft: We ostensibly do studies for a purpose, that purpose is to make policy. Right now this paper is not in any condition to be useful.

Mr. Robinson: It has no options.

General Scowcroft: Yes, it is different from other NSSM studies that we have done since it has no options. Even if we make no decisions, there should be options.

Mr. Robinson: Our suggested textual emendations will make it stronger, they contain some policy choices.

General Scowcroft: Bill, what do you think?

Mr. Clements: I think the Report is reasonable, although it is not as strong in some places as I would like. Probably we could never get agreement on a really strong report. I am inclined to go ahead and make these decisions based upon our knowledge. This is such an important region. Why procrastinate? If we don't make decisions the new people might want to restudy the whole thing over again and lose another year. They would want to restudy it because of its importance. It is like putting old shoes on your feet. The region is important today and will remain so for the next 5–10 years. This is a careful study. It could be turned into a decision document to go to the President. Then the new people would have a policy which they are free to change. Now there is no policy. We are in limbo. We should do something.

Mr. Robinson: A decision now would mean that you have a policy with no possibility of implementing it.

Mr. Clements: There are varying degrees. In some cases we can make clear decisions, in others we can waffle, in others we can simply pass it along.

General Scowcroft: The way the Study is now it would be useless to the next Administration.

Dr. Ikle: In ten days would it be possible for the Working Group to put together a good working sheet?

General Scowcroft: It could be done in a week.

Mr. Dixon: Even if it were done now, the new Administration would want to restudy it.

Mr. Clements: Yes, but in the interim there would be a policy. There are important things happening in the region.

Mr. Robinson: What you are now speaking about is impossible. The Transition Team would say that you are wasting your time. Making decisions are one thing. Implementing them is something else.

Mr. Clements: There are certain decisions which State has had pending for a long time which have been awaiting the completion of this Study. If these decisions are made in conformance with the Executive Summary we would at least be on record as to what we think ought to be done. Decisions will be needed in the next six months and these forthcoming decisions should not be made without this guidance. If we just do nothing we would be derelict in our duty. If they don't like it they can change it.

Mr. Robinson: There are only two weeks to go. Lets be realistic. There would be no way to implement the decisions.

Mr. Clements: It is inevitable that decisions will start being made that could fit within the matrix of the Study. We should go ahead and see if these decisions could fit within the matrix. Our Ambassadors are often on a daily basis conferring with such leaders as the Saudi King and the Shah on these very questions.

Mr. Dixon: It is likely that these decisions will be made on an ad hoc basis.

Lt. Gen. Smith: The new people will use any information they have.

General Scowcroft: They won't be able to restudy the world. They will use whichever vehicle they have at hand.

Dr. Ikle: We could use the present policy guidelines and sketch out alternatives.

Mr. Clements: What State wants to do is for us to walk out and leave this in abeyance so that the key decision can be made by them unilaterally on an ad hoc basis. The decisions would be made in a closet. This is wrong.

Mr. Robinson: I won't argue with you, but is there any viable alternative?

Mr. Atherton: We do have a policy now which we have explained to Congressional Committees. We certainly have a framework for making future decisions.

Mr. Robinson: The real question is whether our making decisions here will have any significant influence on the new people.

General Scowcroft: I see two stages. First, can we get the paper in shape so that it can serve as a basis for making decisions? Second, should we recommend to the President that he make these decisions? We have nothing now.

Mr. Dixon: I don't know if we can get something together in time. We believe there is a need to complete the Energy study first and put the two together so that all the issues can be considered at once.

Mr. Robinson: Our view is that there is no need for us to finish the NSSM 237 study before finishing this.

Lt. Gen. Smith: Our people have more comments to make on the 238 Study and the Executive Summary.

General Scowcroft: There were some 106 options in the Study. That is why there had to be an Executive Summary.

Lt. Gen. Smith: We should work on both with the major emphasis being on the summary.

Mr. Robinson: Is it practicable to do this?—to put forward credible options with only two weeks left?

General Scowcroft: Yes.

Mr. Clements: We can do it.

General Scowcroft: We may not agree on which options are preferable but it should not be hard to agree on what the options are.

Dr. Ikle: Maybe it would be better to refrain from choosing any options.

Mr. Robinson: My associates say that this would take an extraordinary effort.

Mr. Ericson: We could put together an interagency team and have them work in a hothouse atmosphere.

Mr. Robinson: In two weeks?

General Scowcroft: The analysis is not bad. We just need to further fit it together into a reasonable series of policy options.

Mr. Robinson: We have some suggested changes which might be useful.

Mr. Clements: A small group in a high-pressure atmosphere might do it.

General Scowcroft: Is there any objection to the Study Group taking a crack at it?

Mr. Clements: No.

Mr. Atherton: The original instrument for the study was the Pol Mil Interagency Group chaired by PM. They could be the group.

Mr. Oakley: Okay, but I would suggest that somebody really tough be in charge so that you don't end up with another 106 policy options.

Mr. Robinson: We need to identify the key issues.

Mr. Clements: A good many of these can be left for the new people. We don't need to cover the whole waterfront.

Mr. Atherton: There is a need for an inventory of the practical decisions which are pending.

Mr. Oakley: The analysis covers it. There is nothing pending which is not covered in the analysis.

Mr. Janka: There would be no problem generating something. I would like to see the "facilities part" expanded so that issues like Mystic Star are better covered. Unless some decision is taken soon, we will lose Kagnev but have nothing to replace it.

Mr. Robinson: If we take no action at this meeting that in itself is a decision.

Mr. Clements: Right.

Mr. Janka: We could divide the issues two ways, by time and importance. Perhaps there are 6 issues with 2 or 3 choices on each. Mystic Star is one issue. Do we move it to Tehran or not?

Mr. Robinson: Our position on Tehran is that we need to look at the total US-Iran relationship so that this question can be placed in a proper perspective. We need to look at the other alternatives. Going into Tehran could create serious problems in terms of saturation. What kind of a quid would the Shah want? It opens a Pandora's Box.

Mr. Clements: I agree.

Lt. Gen. Smith: That's all the more reason to describe in this paper the basic framework. The same thing applies to COMIDEASTFOR. We need a decision on that.

Mr. Robinson: We have no decision on that. It is one of the issues we have to address.

Mr. Atherton: The Foreign Minister turned us down flat.

Mr. Clements: Our suggestion was that Porter go see Fahd about this. I thought State had agreed to do that but still Porter has not done anything. We want Fahd to tell the Bahraini Foreign Minister to go jump in the lake.

Mr. Atherton: Fahd might tell us to go jump in the lake, instead.

Mr. Clements: If nothing changes, we will have to start drawing down COMIDEASTFOR in February.

Lt. Gen. Smith: If we do not act that is a decision by default.

Mr. Clements: The record may show that if there is no decision that State forced us out of Bahrain.

General Scowcroft: (To Robinson, Atherton, and Oakley) You three put your heads together and see what we can come up with. The other issue is do we want to establish an interagency organization to manage security assistance? In this connection the NSSM 223 study recommended the broader framework of the Arms Export Control Board. There are major issues involved and something needs to be done to regularize the process. The major differences involve the level of the organization. A key and rather unique element is the Secretary of State's statutory responsibilities in this area. There are two basic proposals. Either have it at the Deputy Secretary level such as the SRG chaired by the Undersecretary of State for Security Assistance—the other proposal would move it one step down with the same Chairman but a panel composed of Assistant Secretaries which would then report to the Secretary of State. The problem with the higher level is the anomaly of having this group report to the Secretary of State who would then have to come back to the President and then back to the NSC. Thus I am attracted to the idea of an interagency group at the Assistant Secretary level which would coordinate day-to-day work. This Group would then report through the Under Secretary for Security Assistance to the Secretary of State then if there were any problems they would come back to the NSC at the SRG level.

Mr. Robinson: Here, as opposed to the previous discussion, we are talking about mechanisms. I am confident that the new administration will establish its own mechanisms and that any decision made here will be aborted January 20.

Mr. Clements: I agree.

General Scowcroft: On the other hand I am not sure that they will be moving that promptly.

Dr. Ikle: It would be gauche to establish a new mechanism now.

Mr. Robinson: (to Scowcroft) Your analysis was good but any decision made now would be counter-productive.

General Scowcroft: I don't necessarily disagree.

Mr. Clements: I know that this is being considered by the transition teams.

General Scowcroft: Is that the general consensus that we not try to agree on a mechanism now? Fred, are you happy with that?

Dr. Ikle: Definitely.

General Scowcroft: Fred, you have a memo in to the President recommending creation of a Board—what do you want to do about it?

Dr. Ikle: That was written at an earlier time and has been overtaken, I'll withdraw it.

General Scowcroft: We are agreed on that then. Are there any other items? Thank you gentlemen.

The meeting ended at 3:49 p.m.

29. Executive Summary of a Study Prepared by the Interdepartmental Political-Military Group¹

Washington, January 17, 1977.

NSSM 238: US Policy Toward the Persian Gulf

I. Introduction: Purpose and Scope of Study

In examining US political and strategic goals in the Persian Gulf area and identifying near and medium (ten-year) term policy alternatives, the NSSM 238 response:

—concentrates substantially on politico-military security aspects of policy goals, although treating briefly other aspects such as economic policy. Energy policy questions are addressed in depth in NSSM 237;

—considers these security factors, however, in a framework of overall US interests in the area;

—incorporates suggestions made in various other studies, inspection reports, etc., regarding possible operational improvements in the conduct of present policy; and

—presents a range of broad policy options and sub-options on specific issues, for promoting US interests and achieving US objectives in the area.

This Executive Summary of the NSSM 238 response provides the historical and strategic framework for our present Persian Gulf policy, notes those issues and problems which are likely to be of particular importance to the United States over the next decade, and examines three security-related questions on which urgent policy focus will be required.

This revised Summary also takes into account major developments which have occurred since completion of the study response and formal agency comments on the draft Summary.

¹ Summary: The NSC forwarded to Scowcroft the Executive Summary of the response to NSSM 238, designed to provide the incoming Carter administration with a policy framework and a set of options.

Source: Ford Library, NSC Institutional Files (H-Files), Box 42, NSSM 238–U.S. Policy Toward the Persian Gulf (3 of 3) (3). Secret. Brackets, except those indicating text not declassified, are in the original. The Executive Summary was transmitted under a January 17 covering memorandum from Oakley to Scowcroft. (Ibid.) Annex A, not published, is a brief table entitled “Military Sales Cases Ready for Submission to the Congress.” Annex B, not published, is the paper “Recommended Procedures for Management of Security Assistance Programs in the Persian Gulf Area.” Also attached is a brief note from Scowcroft to Zbigniew Brzezinski, dated January 19, which reads “Zbig: Here’s another one.”

II. Background and Current Policy Considerations

Background

US policy toward the states in the Persian Gulf since World War II has been predicated on three major premises:

- the vital relationship of the region's *energy resources and financial policies* to the economies of the US, its European allies, Japan, and developing countries;
- the *geopolitical importance* of the region, particularly for our Middle East and Soviet policies; and
- the common US-Saudi-Iranian interest in *limiting Soviet influence* and resisting other radical influences in the area.

During the Cold War period, the US gave a high priority to relations with Iran and Saudi Arabia out of concern that their vast oil reserves not fall under Soviet control and out of a desire to use strategic locations in these countries for military and intelligence purposes. The strong anti-Communist and anti-Soviet views of these countries' leaders inclined them to close association with us and our interests. Both countries, especially Iran, enjoyed the benefit of our security umbrella and support against Soviet pressures. During this period we viewed the paramount British security role as adequate to guard US and Western interests in the Gulf shaikhdoms.

The British military withdrawal from the Gulf in 1971, coupled with the rapidly increasing importance of Gulf oil to the West, prompted a review of our policy options. NSSM 66 (1970) and the derivative NSDMs 92 (1970) and 186 (1972) on Persian Gulf security problems reconfirmed—and events surrounding the 1973 Arab-Israeli War proved—the great importance of the Persian Gulf to US interests. We concluded that our interests would best be served by (1) encouraging Saudi-Iranian cooperation; (2) developing a special military supply relationship with those two countries, while restraining arms supply to the smaller regional states; (3) not reducing the US naval presence in the Gulf, subject to review if it proved to be politically unacceptable to US friends in the region; and (4) tacitly supporting regionally initiated security arrangements, with the small states looking to larger neighbors for their security. Implicit in this policy direction was a determination that we should encourage regional powers to assume responsibility for maintaining regional as well as their own security. Our premise has been that Iran and Saudi Arabia have the potential to fill this role in a manner compatible with US interests. On this basis we have supported what has become a major effort to assist them in developing their defense capabilities, recognizing that even in the case of Iran this capability is primarily regional and can have only a dissuasive, delaying effect vis-à-vis the USSR.

Current Situation

Since the end of 1973, two interrelated factors have greatly increased the importance of the Persian Gulf to the United States and the world as a whole:

—The increasing need of the Free World for Middle East oil, with the potential strains on traditional alliances which this has produced; and

—The economic impact of the quadrupling of OPEC oil prices, including both domestic and international effects.

The major oil states of the Gulf currently account for over 70 percent of total OPEC productive capacity and almost 50 percent of total Free World capacity. They have almost 60 percent of the world's crude oil reserves and over a third of the natural gas reserves. They now provide about 25 percent of United States imports and 10 percent of consumption, 65 percent of Western European imports and 61 percent of consumption, and almost 75 percent of Japanese imports and consumption. The percentage for the US will continue to increase. The Gulf states' oil revenues were \$72 billion in 1975. Although they spent about \$35 billion for imports from the United States, Western Europe, and Japan, and disbursed \$4 billion in concessional assistance, reserves stood at \$53 billion at year's end. (Saudi Arabia holds approximately half these reserves, virtually all of which are deposited in Western Europe and the United States.) Reserves continued to grow in 1976 as revenues and imports increased and foreign assistance declined.

The recession which has affected the global economy over the past two years has been significantly deepened and broadened by the inflation caused by higher oil prices. Economic recovery and stable growth, particularly for certain Western European and most developing countries, will continue to depend on effective recycling of foreign exchange from the key Gulf states (Saudi Arabia, Iran, Kuwait, UAE, eventually Iraq) and on the willingness of these states to moderate oil price increases while maintaining adequate production.

Iran and Saudi Arabia have used their greatly increased economic power to expand their political influence in the Middle East and to play a more active role on the world political and economic scene, as well as to undertake massive economic and military modernization programs at home.

The increased importance of the Persian Gulf is evident to states outside the area. The Western Europeans and Japanese appear prepared to pay a relatively high political price if necessary to obtain assured supplies of oil, and are actively attempting to expand their markets for military and industrial equipment as well as consumption items. The USSR and its allies have also sought—with less success—to main-

tain good relations with Iran and to expand their influence beyond existing political, economic, and military supply beachheads in Iraq, Syria and South Yemen, and they await an opportunity to exploit any radical change in Iran or the moderate Gulf Arab states.

In response to this new situation, primary US policy objectives toward the area (particularly Saudi Arabia and Iran) have evolved gradually over the last two years, supplementing the essentially security-oriented policy guidelines of NSDMs 92 and 186. Current policy objectives include:

- Maintaining access to oil supplies at manageable prices and in sufficient quantities to meet our needs and those of our allies;

- Obtaining the support of Saudi Arabia and Iran for US policy on such key political issues as Arab-Israeli negotiations, South Asian stability, the resolution of major African problems, and on international economic issues;

- Maintaining a vigorous and increasing level of exports to and investment from the Gulf states;

- Satisfying US requirements for military communications and intelligence facilities, landing and overflight rights, and port facilities in the region and ensuring unobstructed sea lanes for movement of vital resources; and

- Denying the USSR a predominant role in the Gulf-Northwest Indian Ocean region.

In the main, we have been successful in realizing these objectives. The political orientation of the region has remained moderate and pro-West. Bilateral relations with the US have become closer. Iran and Saudi Arabia have moved effectively, although not always with the speed or manner we would have chosen, to support the smaller states and help them establish and maintain political stability since the British withdrawal. With Iranian assistance, Oman has withstood a radical rebellion fomented by South Yemen and supported by Iraq, Libya, the USSR and Cuba. North Yemen has shifted its political orientation toward Saudi Arabia and the West, away from Iraq and the Soviet Bloc, thanks in part to an agreement with Saudi Arabia and the US on the supply of military equipment and training. The Saudis have also had limited success in moderating South Yemen's foreign policy, though the radical coloration of the government remains roughly the same.

The major Gulf states have also been supportive of US political interests outside the Gulf area and their influence and wealth have contributed significantly to our Arab-Israel peacemaking effort. Iran has also contributed to stability in South Asia by balancing its support for Pakistan with economic assistance to India and Afghanistan. Iran maintained its flow of oil to the West (and Israel) despite the 1973-74 Arab embargo and continues to oppose the idea of an embargo (even

though it strongly advocates higher prices). Since the 1973–74 embargo Saudi Arabia has been particularly instrumental in maintaining adequate supplies of petroleum products to the West and, in the past year, in resisting additional increases in price favored by other OPEC nations. The nations of the area have acted in a generally responsible manner in their handling of petro-dollar investments in the West and in increasing assistance bilaterally and multilaterally to developing nations, although on a highly selective basis. They have also shown a degree of preference for US goods and services despite increased competition, although certain US actions against the Arab boycott of Israel could have an adverse impact on the ability of US firms to compete for business in Saudi Arabia and other Arab states.

Both Saudi Arabia and Iran have deliberately chosen to link their extensive security development programs to the United States. They have come to rely on the United States not only for the provision of weapons systems and modern military technology but also for professional advice in shaping their security forces and for training of their military personnel. This reliance on US cooperation and assistance extends to nearly every aspect of their military development and is likely to increase rather than decrease over the next decade as they face the problems of integrating new systems and new technology into their force structure and as the bulk of goods and services which these nations have purchased from the United States through the Foreign Military Sales program is delivered. This very close association ensures that the United States will have considerable influence on the structuring of the military forces of these states, the development of their military doctrine, the skills and basic attitudes of their military personnel, the evolution of internal security, and to some degree the general orientation and direction of national military strategy. Although there are definite limits to our general influence and specific policy leverage, the dependence of these states on US cooperation and assistance in the security field clearly constitutes an impetus for the military establishments, and to a lesser degree, the governments of these countries to act in a manner generally consistent with US interests. As such, our security relationship represents a policy asset of significant importance, which is not currently available to any other external power.

Prospective Problems

Nonetheless, it is evident that the accelerated pace of change in the Persian Gulf region, particularly over the last two years, requires a fresh look at US policy. A number of problems have emerged, in some cases due directly to the very magnitude and intimacy of our security relationship with the larger states of the area, and economic and political trends which were hardly visible in the early 1970's have

become much more clearly defined in the wake of the events of 1973. The spectacular rise of oil prices and the consequent accumulation of revenues have permitted the Gulf states to undertake massive economic and military modernization programs. These programs have brought with them increasing domestic strains and have created problems in bilateral relations with the US while heightening national ambitions. Incipient movement toward regional political cooperation remains troubled by subsurface rivalries and mutual suspicions, and effective formal regional cooperation remains elusive. The traditional fabric of Gulf societies has come under heavy strain as a result of the massive influx of foreign technology, foreign technicians and workers, and the rapid growth of personal wealth and urbanization among the populations of these states. The increasing involvement in inter-Arab affairs and Middle East diplomacy of Saudi Arabia (and Kuwait and the UAE to a lesser degree), and the active involvement of Iran in the Middle East, South Asia and the Indian Ocean could open the Persian Gulf increasingly to the issues and rivalries of these areas. Of immediate importance for the United States is the strong interest of Saudi Arabia in maintaining momentum toward a solution of the Arab-Israel dispute. The Saudis have indicated that progress on this issue will be an important element in the evolution of their relations with the US.

Iraq's ideological radicalism continues to pose a political threat to the rest of the region despite its growing economic pragmatism and the suspension of its active dispute with Iran. Although not explosive, the relationship among the Lower Gulf states is uneasy in that the traditional rivalries between the former Sheikdoms and their tribal leaders persist and they are not prepared to join fully with Iran or Saudi Arabia in a regional security grouping. This poses an immediate problem for the US in the increasing demands of the smaller states for assistance in building up their own military forces.

Important questions remain unanswered about the long-term balance of power in the Gulf where Iran, by virtue of its size, population, and developmental edge, possesses a growing preponderance of military strength. The relative tranquility of the Gulf since the British withdrawal has been due in part to the successful resistance by generally conservative regimes to the pressures of revolutionary Arab nationalism (spearheaded in the area by South Yemen, Iraq, the PLO and the Popular Front for the Liberation of Oman). The future stability of the area and the willingness of the traditional Arab regimes of the Peninsula to cooperate with Iran, on the one hand, and with Iraq and South Yemen, on the other, will depend in large part on the dynamics of the struggle between the ideological appeal of Arab nationalism and the pragmatic approach of the traditional regimes. Failure of the recent meeting of Gulf Foreign Ministers to agree upon even a limited step

toward regional security cooperation, and the split among Gulf states on the OPEC oil price decision of December 17 at Doha, are indicative of the differences still prevailing in the region, and of the different views of Iran and Saudi Arabia on certain issues. On the other hand, successful Iranian and Saudi cooperation in dealing with South Yemen—both in ending its support for the Dhofar rebellion in Oman and in handling the problem of the Iranian F–4 shot down in South Yemen waters—is indicative of the strong mutual interest the two regimes share, despite undercurrents of acrimony between them, in resisting radical change and threats to regional security.

In view of the vital importance of the Gulf area and transit routes from the regime, and in view of the increasing Soviet naval and air presence, the United States began in 1973 to maintain an increased military presence in the northwest Indian Ocean by means of routine periodic deployments of naval and air units from the Pacific Fleet. The only US military facility capable of providing support for these deployments is the joint US–UK installation on distant Diego Garcia. The US presently is able to use some additional airfields and ports in the general vicinity of the Persian Gulf on a very limited basis for routine operations. However, the current level of access to support ashore is only adequate to sustain a low-level, routine military presence; and the uncertainty surrounding the future status of Middle East Force illustrates the tenuousness of even these arrangements. The initial apprehension which the smaller Gulf states experienced at the British withdrawal and which led them to welcome a continued US military presence, has largely been replaced by a sense of growing self-confidence in their own ability to maintain regional stability without outside assistance. So long as this attitude persists, US access to military facilities in the Gulf will be subject to severe constraints.

Finally, current US arms policy has emerged as an issue. The vast surge of oil revenues since 1973 has permitted both Iran and Saudi Arabia to go much further much faster in development of their military capabilities than could have been foretold in 1969. The high visibility of the large defense purchases by Iran and Saudi Arabia from the United States, the difficulties both nations are having in manning and supporting their complex new weapons systems, the asserted effect of the sales in fueling arms races, and concern about potential uses of large quantities of sophisticated weapons, have raised questions in this country about the ability of these countries to absorb this weaponry and about the consistency of this policy with long-term US interests in the region. It has also raised questions about the effectiveness of our management of these programs (and the prospect of being blamed for potential program failures), and about the long-term impact on the economic and social structure of the two countries. At the same time,

Iran and Saudi Arabia have indicated their sensitivity to the questioning of our established security assistance relationship as potentially undercutting the close bilateral relationships they have established in other important areas with the US. Iran recently concluded an important arms deal with the USSR, justifying this action in part by the failure to acquire certain similar weapons from the US. The Soviet view of US policy is shaped, *inter alia*, by the level of US weapons, advisors and facilities in regions adjacent to the USSR.

In looking ahead to how to deal with the potential problems confronting US interests in the Gulf region over the next decade, we should bear in mind the general approach which has been responsible for the policy successes achieved to date, and particularly in the past decade. This general approach has relied on the balanced use of three principal foreign policy instrumentalities to promote and strengthen cooperation in those areas where the major Gulf states have come to see their own national and regional interests as generally compatible with those of the US:

—*Security assistance and training*, as a tangible demonstration of mutual confidence based on shared interests in regional stability and opposition to the growth of Soviet influence, and as the most effective means to develop a capability to maintain their own security and to assume primary responsibility for security of the entire Gulf area (in this regard, the military presence of MIDEASTFOR not only serves to underscore US interests in the area but, together with other US military elements, has supported our security assistance effort by providing training for regional military forces);

—*Political cooperation*, by lending support to the Iranian and Saudi governments and by working closely with them in pursuing parallel policies toward other countries in the Gulf (e.g. opposing radical threats from Iraq and South Yemen), in the Middle East (e.g. working for a just and balanced settlement of the Arab-Israeli dispute, supporting Sadat's government in Egypt), and in South Asia, the Indian Ocean, and Africa;

—*Economic cooperation* by assisting Iran and Saudi Arabia with their ambitious internal development/modernization programs, working with them on international economic policies in order to increase their participation in the international economy, attempting to resolve without confrontation the Arab boycott issue, increasing two-way trade and investment, and attempting to minimize any increase in OPEC oil prices and maximize production levels.

Given the difficulties we may face in the future with respect to energy questions, it will be particularly important to consider carefully the interrelationships between the key US role in supporting the Iranian and Saudi defense establishments and the key role of these two states in determining oil production and price levels. The manner in which we attempt to use our security assistance relationship to provide leverage on oil and other issues of interest to the United States will remain a basic element of our decision making on Gulf policy.

III. *Key Issues for the Next Decade*

By direction, the NSSM 238 study addressed 17 security-related issue areas, some of which will be critical to the development of US policy over the next decade. The study presents four broad policy options: (1) continuation of current policies and procedures; (2) a reduced US security role; (3) an expanded US security involvement, and (4) more active encouragement of regional security cooperation, along with enhanced policy management. The study provides illustrative decisions which would logically flow from adoption of one of these broad policy lines, regarding military supply, US security facilities, etc., making clear, however, that some of the subsidiary options, according to the mix, could be consistent with more than one of the broad policy alternatives.

The key issue areas are summarized below. The first three of these issues (in upper case type) concern security-related issues which require high level policy review and decision early in 1977. In considering these issues for the future, the US must keep in mind three broad questions: (a) the level and type of local forces we would like ideally to see in the Gulf; (b) the desired distribution of power among the regional states; and (c) the optimal US military/security presence in the area. The remaining issues are also very important to the evolution of US policy relationships in the Gulf over the next decade. The evolution of Soviet influence in the area and the growing importance of Iraq for US policy are developments which should continue to be monitored carefully; however, in neither case have the trends advanced to the point where a change of US policy would appear to be required. The policy implications of energy and related economic issues will need to be addressed in parallel with these essentially political and security issues. This can best be done in the context of NSSM 237.

a. *SECURITY ASSISTANCE RELATIONSHIPS*. The experience of the past few years resulting from the extensive US involvement in the security field in the Gulf, particularly with Iran and Saudi Arabia, has dramatized both the opportunities and the potential risks involved in responding to requests from regional states for major military programs involving complex technology and rapid development of modern military structures. The quantities and increased sophistication of weaponry purchases by Gulf countries, particularly Iran, are straining the absorptive capacity of purchasing governments and adding to the potential for social and economic stresses. Programs which exceed the technical, manpower and financial capabilities of recipient states will in the long run weaken rather than strengthen our relations with the country concerned and in some cases could eventually undermine their internal stability. Large scale purchases of advanced weapons systems by Gulf states have also prompted concerns that an arms race may

have developed between rival states which could contribute to political destabilization of the region and thus work to the disadvantage of US interests in the long term.

The presence in certain Gulf states, particularly Iran and Saudi Arabia, of growing numbers of American personnel, both government employees and employees of private American companies, poses new and potentially difficult problems. There is the risk that American citizens might become involved in international and domestic conflicts involving their host government or that their presence might require US intervention or otherwise limit our options in a crisis. There is also the problem of potential negative economic and sociological impact of large numbers of Americans upon peoples of very different cultures, with resultant internal and bilateral political problems which can be exploited for anti-American and anti-government ends.

The dramatic increase in US sales of defense articles and services has resulted in domestic concern and closer Congressional scrutiny of the Administration's response to military supply requests from Persian Gulf nations. These developments, plus US setbacks in Angola and Indochina and the arms embargo against Turkey, have heightened concern by Iran and Saudi Arabia as to the reliability of the US commitment to support them politically as well as to continue our support for their military establishments.

Although all of these problems are real, none of them appears to be unmanageable or to make imperative a fundamental shift in US policy, although alternative policy approaches should be given careful consideration. At the minimum, however, these problems point to the need for ensuring a continuation of the careful review presently given major arms requests at the highest levels, and of the close attention given to security assistance programs. A recommended set of systematic procedures has been developed in conjunction with this Executive Summary, and the NSSM 238 study. It takes into account certain Congressional observations as well as Agency recommendations derived from the lessons of the past few years. Use of these procedures should ensure systematic interagency review and decisions on future requests for defense articles and services and that on-going programs are managed as effectively as possible in order to minimize the difficulties inherent in such extensive and complex relationships as the US has with Iran and Saudi Arabia.

b. *LOWER GULF ARMS SALES.* The practical effect of our relatively stringent case-by-case review of arms sales to the Lower Gulf states, following the guidelines in NSDM 186, has been to discourage requests from Qatar, the UAE, Bahrain and Oman for military equipment from the US. Although this policy has effectively avoided US participation in the introduction of more sophisticated equipment into the smaller

Gulf states and in some cases may have slowed the pace of military expansion by these states, it is becoming increasingly difficult to maintain in the face of their growing requests.

Over the past year, the smaller nations of the Gulf have been approaching the USG more insistently to provide weapons systems such as fighter aircraft, air defense missiles, TOW anti-tank missiles and other military equipment and training. They are aware of what the US has been doing in the way of military supply for other Gulf states, particularly Iran and Saudi Arabia, but also Kuwait. France and Britain have not exercised the same restraint as the USG in their own sales policies to the Lower Gulf. There is no demonstrable desire by the smaller states to content themselves with a regional security umbrella from their larger neighbors and the acquisition of advanced weaponry is tending to become a political status symbol for the smaller states of the Gulf. In some cases, the governments of the smaller states have told us directly that US willingness to supply or not to supply certain advanced weaponry will be an important factor in our bilateral relations, influencing such issues as whether or not the US can have access to desired military facilities, e.g. homeporting of MIDEASTFOR in Bahrain. It is clear that some form of security assistance or other *quid pro quo* will be required if a continued military presence in Bahrain and the use of military facilities on Masirah are to be continued.

The political and security benefits which the US might gain from individual Lower Gulf states by entering into a substantially more liberal military supply relationship must be weighed against the possibility that this would touch off an accelerated mini-arms race among all the Lower Gulf states, thereby increasing pressures on the US (and the UK and France) to sell still more. This could create problems with Iran and Saudi Arabia, if they perceived the US as deemphasizing its policy of relying upon the two larger states for regional security and providing them with military assistance to this end. We should also anticipate vigorous opposition within the Congress to any major modification of present restrictions on Lower Gulf arms sales.

c. *MILITARY PRESENCE AND ACCESS TO FACILITIES.* Safety of the shipping lanes from the Persian Gulf will continue to be critical to the interests of the US and its friends and allies. This interest is strongly shared by the oil-exporting nations of the region, and they could be expected to react strongly to any localized challenge to free navigation. A modest US military presence has been maintained to demonstrate concern for our vital interests, to contribute to the credibility of regional defense, to counterbalance the presence of Soviet military forces in the Arabian Sea, and to act as a deterrent to actions by any country against US interests by demonstrating US capability to deploy military forces to the area.

In the past, this US presence has consisted of the three ships of MIDEASTFOR, occasional surveillance flights by military aircraft using airfields at Bandar Abbas, Iran, and Masirah Island, Oman, and periodic deployments of other forces for regional exercises and operations in the Arabian Sea. Support of these activities requires continued over-flight rights and access to port and airfield facilities consonant with the present and projected level of US military presence. At the present time, the only US-manned, operational facilities in the area, apart from the support elements of MIDEASTFOR on Bahrain, are the Defense Communications System facility and the intelligence collection sites operated by the USG in Iran. The Department of Defense has proposed the relocation of a communications station to Tehran, Iran, or other suitable locations, to compensate for the anticipated closure of the station at Asmara, Ethiopia. Presidential mission communications support (MYSTIC STAR) is the prime function requiring relocation from Asmara. Upgrading of existing communications facilities in Iran has also been contemplated as well as the construction of several smaller facilities to compensate for restrictions on our use of certain aeronautical functions presently located in Turkey, [1 line not declassified].

The Department of State has taken the position that piecemeal submission of such projects for Iranian approval is not in our interest, since (1) the Shah may balk at additional projects that fulfill essentially US rather than Iranian requirements and either refuse to approve some of them or request an additional *quid*, and (2) we may be increasing our official presence in Iran to a level beyond that consistent with our own long-term interests.

A policy decision is required in the near future to determine the level of US military presence in the Gulf area in the context of overall US interests, the strategic balance in the northwest Indian Ocean region (particularly vis-à-vis the USSR), and the long-term nature of our relationship with Iran.

d. *Energy.* The Gulf region will account for two-thirds of all oil moving in international trade in the next decade. Despite US efforts at conservation and energy diversification, the Gulf will account for a rapidly increasing share of US energy imports and will continue to be a primary producer for Japan and Western Europe. Beyond 1985, Saudi Arabia and Iraq will be the principal Gulf oil suppliers. Saudi Arabia's production capacity exceeds that of any other country and by 1985 will account for almost 40 percent of total OPEC capacity—yet Saudi Arabia currently needs to produce at only one-third of capacity to meet its revenue needs. This gives Saudi Arabia tremendous leverage to be the market-maker, influencing heavily both OPEC supply and price levels, but it also exposes the Saudis to considerable pressure from other OPEC members for higher prices and, if necessary, lower production

to sustain those prices. (The ability of Saudi Arabia to impose its policies on other OPEC nations is being tested following the two-price decision at the December 1976 OPEC meeting in Doha.) Energy issues impact directly or indirectly on virtually every aspect of US policy in the Persian Gulf, and future decisions on security and political issues should be carefully coordinated with the examination of energy policy, e.g., the NSSM 237 study currently in progress.

e. *Soviet Influence.* The extent and nature of this influence in the Gulf area over the next decade cannot be predicted with confidence. The USSR is now the major military supplier to Iraq and can be expected to continue to seek to increase its influence there and elsewhere in the Gulf, pursuing its usual multi-track tactics with the aim of lessening Western influence. Much will depend on:

—how the Soviets calculate the tradeoffs between stress on support for radical versus conservative regimes, and pursuit of good bilateral relations with the maximum number of governments;

—the Gulf leaders' perceptions of the condition of the superpower balance and of Western responsiveness to their security and economic needs and desires;

—the evolution of Arab-Israel relations, particularly whether prospects for an overall settlement are such as to encourage Arab moderation or extremism and whether perceptions of US policy in this vital area are positive or negative;

—the nature of relationships among the principal Gulf powers and the internal political stability of the Gulf regimes (e.g. Iran, Saudi Arabia, Iraq).

f. *Iraq.* The exploitation of Iraq's extensive oil and gas reserves is increasing rapidly, and its ambitious development plans (largely Western-oriented) are also proceeding, creating a situation whereby its oil production will approach that of Iran by 1985. This growing economic importance and pragmatism has been partially paralleled by a new political look, notably the 1975 agreement resolving Iraq's long riparian boundary dispute with Iran. It is also noteworthy that the US has become one of the major sources of Iraq's non-military imports. However, Iraq has remained obdurately opposed to an Arab-Israeli settlement; continues to back extremist Palestinian elements, even in the face of solid opposition by the Arab moderates; is apparently dedicated to overthrowing the Asad regime in Syria; and is still regarded with fear and suspicion by the moderate Gulf states. Recently it has used its armed forces to threaten militarily and to try to intimidate politically both Syria and Kuwait.

Iraq's increasing importance will demand continuing close attention to the question of whether and how the US might be able to

influence the evolution of its policy along moderate lines over the next decade. At present, our policy of quietly encouraging the growth of economic ties with Iraq and making clear our willingness to consider sympathetically any Iraqi initiative for closer political relations, without taking the initiative ourselves, appears to be correct. Current Iraqi animosity to policies and regimes favored by the United States in the Middle East is so great that an initiative by the US would be misinterpreted by our friends and would be unlikely to have any useful effect on Iraq's leadership. However, there are reports of internal differences over Iraq's extremist policies, and the US should be prepared to encourage moderation should the opportunity occur—preferably after consultation with key states friendly to the United States in the area.

g. *Economic.* The Gulf states, led by Saudi Arabia, have over \$70 billion in foreign exchange assets, which should triple by 1985. The IMF has accorded them a larger institutional role, and Iran and Saudi Arabia play key roles in CIEC and other international economic bodies. The formidable economic reserves of the Gulf states give them the potential to intervene massively in world investment markets. However, they realize that their economic future is tied to that of the developed countries, and it is strongly in our own interest to integrate them further into the Free World international financial system. Their foreign investment behavior has been conservative, oriented toward OECD countries and tending to move slowly toward longer-term maturities and, to a lesser degree, equity investment. The US share of investment and imports is already considerable (one-fifth of both total investment and total imports) and can increase substantially by 1985. In 1975 the Gulf states provided more than \$4 billion in economic aid to developing nations. Although this assistance went primarily to Islamic states and particularly the confrontation states, the nations of the Gulf can be expected to play a significant future role in bilateral and multilateral development assistance. A growing problem for these states will be the demands of Third World nations for economic support and protection against the effect of increased oil prices.

h. *The Impact of Modernization.* Rapid modernization and the introduction of advanced technology, extensive reliance on foreign manpower, and rapid urbanization could be seriously destabilizing to the traditionalist Gulf regimes. For instance, many of the Gulf states are beginning to encounter difficulties in reconciling the pace of civilian and military expansion programs with their deficiencies in skilled manpower and physical infrastructure. Inflation is also a serious problem. These problems, if not resolved or at least mitigated, could have a serious negative effect on the moderate policies of these regimes, their ability to remain in power, and in particular on their close relationship

with the US. Given the intimate US public and private involvement with both the civilian and military development programs, we could become the target for opprobrium if things began to go seriously wrong. Our policy should take full account of these risks, and acceptance of new programs and additional involvement should be carefully weighed against the responsibilities and risks inherent in such a close association, as well as the potential risks of possible alternative strategies.

IV. Broad Security Policy Postures for the Next Decade

Section III addressed the issue areas which are central to the development of US policy toward the Gulf over the next decade. For dealing with these issues, there are three broad security policy postures: (1) continuation of current policies and procedures; (2) a reduced US security role; and (3) an expanded US security involvement. In determining our optimal policy in this region, our desired strategic stance vis-à-vis the USSR must be borne in mind. In general, a decision to pursue one or another of these three broad policy lines would logically entail a certain set of decisions on the individual issues for which options are presented. Given the diversity and complexity of the issues, some of these options do not conveniently fit into a single policy posture; there are a great number of possible permutations and combinations. This strongly suggests that decisions on some issues might involve a selection of options from more than one policy "package."

Two aspects of our Gulf security relationships—military supply and military presence—raise interrelated contradictions and ambivalencies. The "powers" on whom we rely primarily for the region's security—Iran and Saudi Arabia—are consequently major recipients of US military supply. Iran's willingness to allow the US to operate its own technical facilities is of vital importance (particularly given the US problems with Turkey). Access to Iranian air and naval facilities as well as to Saudi facilities is also useful. Yet both Iran and Saudi Arabia are increasingly less supportive of such presences as US military "bases," and other evidence of extraterritoriality and agreed privileges in their own countries and elsewhere in the Gulf. Iran is sensitive over any increase in the size or number of US facilities while Saudi Arabia is not disposed to grant the US such facilities. The weakest states, Oman and Bahrain, who have received very little security assistance from the US, are torn between a desire to achieve a "special relationship" with the US, in part to forestall slipping irretrievably into the Saudi/Iranian spheres of influence, and sensitivity to the stigma of retaining a "colonial" image by granting military presence privileges to a "Great Power." They, along with the UAE and Qatar, want an entree to US military supply comparable to that the other "ministate," Kuwait, enjoys; and the appetites of all are whetted by our extensive supply relationships with Iran and Saudi Arabia. In return for US facilities, the weaker states

tend to seek something in return, and the evidence to date is that their preferences will be in the security assistance area, either special consideration in terms of what we might sell, or concessional financing for their purchases, or both. The stronger states also see a clear if not explicit link between US security assistance and US facilities.

As we seek to cope with the dichotomy between relying on regional powers to ensure Gulf security and seeking to preserve our own military presence in the area, while trying to find a security assistance relationship consistent both with our several goals in the Gulf and growing pressures for limiting arms supply, we are faced with classic policy dilemmas. Moreover, our economic and other non-military relations with the Persian Gulf countries interact with our security relationships and their impact needs to be taken into account in making final policy choices. Our choices will depend on how we weight our interests, how we link them strategically to proximate objectives—and our own time preferences.

Posture One: Continue Current Policies and Procedures.

Under this policy, we would retain current military sales, training, and technology transfer policies for all the Persian Gulf countries—essentially a five-level policy on military sales to the Gulf in descending order of sales latitude: Iran, Saudi Arabia, Kuwait, Lower Gulf, and Iraq.² We would maintain the level and scope of sales to Iran—helping to ensure that it continues to develop as the major power in the Gulf while acquiring a limited Indian Ocean strategic capability by 1985—and to Saudi Arabia. We would undertake further analysis to determine whether new intelligence and support facilities should be established in Iran, recognizing that they would probably require a quid pro quo in the security assistance field if the GOI were to accede to a US request. We would seek either to negotiate an extension of the Middle East Force in Bahrain or otherwise to maintain it in the region, and inform Oman that we are interested in regular access to the Masirah Island airfield. In the economic field (apart from energy policy, the subject of NSSM 237), we would continue close cooperation with Iran and Saudi Arabia in their economic development. We would continue an essentially passive stance on regional cooperation.

² US sales policy has been forthcoming to Iran and somewhat less so for Saudi Arabia due in large part to fewer requests by the Saudis, their lower absorptive capacity, and the Saudi relationship with the Arab-Israel dispute. Sales of defensive materiel have been approved for Kuwait, although we are not presently undertaking any major new programs at least until those already approved are functioning smoothly. Policy for the Lower Gulf states (NSDM 186 of 1972) has been interpreted restrictively in practice to include only equipment suitable for internal security, or non-sophisticated weapons of a defensive nature. No military sales are approved for Iraq. [Footnote is in the original.]

Posture Two: Reduce Regional Involvement and Roles.

An objective of this policy would be to arrest the upward trend of our security involvement in Iran—where the policy would be felt most sharply—and to reduce military sales and our military presence on the other side of the Gulf.

This policy would entail a somewhat more restrictive approach to US military sales and transfers of technology to the Gulf region, with the US making decisions on what to supply based upon its own assessment. The US assessment would use such criteria as: external threat; military balance considerations; our best estimate of the absorptive capacities of the recipients; and the long-term, rather than short-term, effects of such sales and transfers on US interests. We would attempt to dissuade West European arms suppliers from selling weapons in excess of the Gulf countries' own defense requirements as we see them. In Iran we would: implement currently approved sales but reduce the level and scope (i.e., variety of systems) of future sales, and suspend approval of new military coproduction proposals for an indefinite period. We would maintain the restrictive sales policy toward the Lower Gulf states, adding Kuwait to the future application of this policy. We would encourage the British to maintain their training and advisory roles in the Gulf and encourage smaller states to obtain training from neighbors. US security assistance would be related more directly to regional security cooperation, encouraging bilateral or multi-lateral arrangements among or between Gulf states in such sectors as air and coastal defense.³ We would augment neither the US military advisory nor operational presences in the area and would withdraw the Middle East Force from Bahrain, though we might move it to an afloat command. We would not express interest in increased use of the airfield at Masirah, or adding other military facilities there. On the economic side (apart from energy), we would limit the official US role to primarily encouraging sales of non-controlled commercial goods and to assisting development projects clearly within the absorptive capacity of the Gulf states and of clear benefit to the Peoples of those states.

Posture Three: Expanded Security Involvement.

While generally maintaining the scope of our sales of weapons and technology to Iran, we would liberalize policy on military equipment

³ Specific US initiatives in this regard are spelled out in greater detail in the NSSM 238 study response in the form of options available for "Regional Cooperation and Enhanced Policy Management." One potential benefit of linking our security assistance to regional cooperation might be to enable the smaller Gulf states to obtain more advanced types of equipment in the context of a working arrangement with Saudi Arabia or Iran than we might wish to supply in isolation. [Footnote is in the original.]

transfers to all friendly Gulf countries. In Kuwait and the Lower Gulf, we would in close cooperation with Saudi Arabia expand training availabilities and permit sales of more advanced weapons systems than allowed by current policy. We could consider on a case-by-case basis matching or replacing the British and others' advisory roles. Regarding the US operational military presence, [1½ lines not declassified] eventually seek access to increased use of Iran's ports by the Middle East Force and increased use of its military airfields by US aircraft. We would also seek Omani approval of increased use of Masirah for air [less than 1 line not declassified] operations. Our economic policies (apart from energy) would resemble those outlined under Posture One—current general policies would be continued.

V. Specific Security-Related Options for Near-Term Issues.

The options in the following section deal with the specific security-related questions requiring early decision. Many of these options, which are generally structured to reflect the policy postures described above, entail adjustments and refinements of current policies and procedures, proposed in the light of experience as well as the identification of urgently required decisions, incipient problems, discernible trends, and Congressional concerns.

As indicated in Section III, specific decisions are required in the near future which bear on three major policy areas: (1) management procedures for our security assistance relationships with Iran and Saudi Arabia; (2) the nature of our arms supply policy toward the nations of the Gulf; and (3) the proposed establishment or continuation of military rights, authorizations and facility arrangements in the Gulf area. Proposals flowing from each of these broad policy areas are presented below:

a. Management Procedures for Security Assistance.

A proposed set of guidelines for dealing with major military supply relationships in the Gulf area is attached at Tab B. These guidelines have been derived from recent practice in the Departments of State and Defense and are intended to codify and institutionalize the lessons which have been learned in managing these very large programs over the past few years. The purpose of these proposals is to preserve the benefits of our close security relationship with Iran and Saudi Arabia while minimizing the likelihood of unexpected or undesirable long-term policy consequences.

b. Sales Policy.

A key question requiring urgent decision is whether and when to notify the Congress about all or some of the current accumulation of 36(b) military sales cases for Persian Gulf countries. The total value of

those cases which are being held approximate \$279 million (see Tab A). The Administration must consider in this regard the Senate Foreign Relations Committee's September 24, 1976 resolution requesting, *inter alia*, that no further arms sales agreements to any nation in the Gulf be concluded until the Committee has been informed on the substance of "findings and decisions" resulting from this NSSM study. This presents a dilemma in that these and expected additional cases cannot be deferred for long without shaking the trust of the recipients in our concern about their security, yet decisions on anticipated formal requests for major new weapons (e.g. F-18L for Iran, F-15 for Saudi Arabia, F-5 for Bahrain) should be made in the context of overall Persian Gulf policy.

One approach would be for the Executive Branch to consult the Congress on the following formula: The rapid institution of improved procedures for managing our security assistance programs; a pledge expeditiously to reach decisions on fundamental policy issues for the U.S. in the Gulf area; and meanwhile, proceeding with the less controversial 36(b) cases which have been delayed but not with major new and anticipated weapons requests.

We might also consider the pros and cons of adopting a temporary "pause" in additional sales of all major lethal end items while undertaking a searching policy and program review. Specific options on military sales policy are as follows:

Option I. Continue our five-level arms sales policy for Iran, Saudi Arabia, Kuwait, the Lower Gulf and Iraq. Maintain a forthcoming sales policy with respect to Iran (and to a lesser degree Saudi Arabia) in order to promote their mutual capability to provide for the security of the Gulf area and to cement our close working relationship with both nations, but also consider the impact of Saudi requests on the Arab-Israel dispute. Continue the military sales policy for the Lower Gulf and Oman, set forth in 1972 by NSDM 186, that has been applied stringently to preclude the supply of sophisticated or destabilizing equipment. Maintain a clear distinction between our policy on the transfer of sensitive technology and the supply of military equipment and training.

Option II. Continue present restrictive policies toward the Lower Gulf and Iraq, and our temporary freeze on major new programs for Kuwait. Deliberately reduce the scope of future Iranian and to a lesser extent Saudi purchases by applying more stringently our present case-by-case review procedures, critically analyzing it in terms of its impact on the absorptive capacity, regional military balance, postulated threat and proposed mission, the status of our existing relations, desired level of US presence in each country, and other primary criteria; and then explaining fully to the requesting country the difficulties which we

foresee in acceding to any request deemed to be excessive. This would be accompanied by a firm decision not to entertain requests for the sale of certain types of systems to any Persian Gulf state (e.g., man-portable air defense systems, amphibious vessels above a certain size, surface-to-surface missiles with extended ranges, and equipment incorporating highly advanced technology such as AWACS, especially if such equipment has not yet been approved for production for US forces, etc.

Option III. Continue present policy with respect to Iran, Saudi Arabia and Kuwait, while liberalizing our policy in the Lower Gulf by allowing greater flexibility than in the past on other items such as TOW missiles, anti-aircraft guns, APC's, naval and coastal patrol vessels, etc., particularly in those cases where we will obtain something tangible in return, such as access to military facilities, or in the context of joint defense programs which we support. In those cases where non-military *quids* are insufficient, be prepared to provide military surveys with no commitments regarding willingness to supply equipment, when it is clearly consistent with US interests to provide advice on a comprehensive military development program including equipment, training, and support facilities.

c. Military Presence and Access to Facilities.

With respect to access to military facilities, there is need urgently to address the following:

(1) By mid-February, how far to go in seeking to retain Middle East Force, which is slated to lose access to its homeport at Bahrain on June 30, 1977;

(2) What we want on Masirah Island, Oman where our present arrangement for occasion use of the airfield expires on March 31, 1977;

(3) [3 lines not declassified]

The facilities questions outlined below can be approached on a case-by-case basis independent of other policy considerations, but the options obviously parallel the three broad policy postures discussed above. Similarly, periodic deployments of naval and air forces to the region from the Pacific and European areas for exercises and visits could be increased or decreased in response to decisions on these broad policy postures.

(1) *U.S. Facilities in Iran.*

Option I. [1 line not declassified]

Option II. Concomitant with a reduction of our regional arms sales, retain access to intelligence facilities in Iran so long as Iran agrees to their continuation, recognizing that a more restrictive arms sales policy may affect Iran's willingness to host those facilities.

Option III. [1 paragraph (6 lines) not declassified]

(2) *Middle East Force.*

Option I. Continue present efforts with the Government of Bahrain to permit MIDEASTFOR, perhaps in reduced configuration, to remain beyond mid-1977, but be prepared to relinquish homeporting at Bahrain if the requisite *quid* is so high as to be inconsistent with our prospective arms supply policy toward the Lower Gulf.

Option II. In the event of Bahraini refusal or excessive *quid* demands, withdraw MIDEASTFOR from the Gulf or continue to operate it in some configuration elsewhere in the Gulf or northwest Indian Ocean by obtaining augmented access to other regional ports.

Option III. Be prepared to establish a significant military cooperation relationship with Bahrain if required to maintain MIDEASTFOR.

(3) *Facilities on Masirah.*

Option I. Inform the Sultan of Oman that our present requirements for Masirah Island are limited to continued occasional aircraft visits, recognizing that Oman will probably require at least a modest *quid pro quo*.

Option II. Cease occasional use of Masirah airfield.

Option III. Approach Oman for expanded use of Masirah airfield, including a commitment to permit supporting operations in a contingency involving a threat to US security interests in the area, as well as US operation of the present [less than 1 line not declassified] site at Masirah and placement of any required facilities that Iran might be unwilling to accept—recognizing the *quid* likely to be sought.

30. Paper Prepared in the National Security Council¹

Washington, January 19, 1977.

*MIDDLE EAST/PERSIAN GULF ARMS SUPPLY**Background*

Early in 1977 the Administration will be faced with decisions on a number of arms sales proposals involving countries of the Middle East and Persian Gulf. The major pending requests (i.e., formally submitted but not approved) and those expected in the next few months are summarized at Tab A. The pending requests by Iran and Israel are the most significant militarily due to the quantities and the high level of sophistication, but their political significance could be matched by anticipated requests from Saudi Arabia and Egypt.

Decisions taken will have much greater impact than would ordinarily be the case since they will be interpreted by the countries of the two areas, by our allies, by the USSR and by the Congress as revealing the long-term attitudes and policies of the new Administration on issues which have become extraordinarily sensitive during the past year. Thus, the response of the Carter Administration to these requests will have a considerable impact on our bilateral relations in the area and on the perceptions of future US policy toward the Middle East and Persian Gulf areas, which in turn will impact upon the future prospects for peace and stability in the two areas. Specifically, the response will:

- Influence, to a substantial degree, the future course of the area-wide arms buildup;
- Affect the climate for negotiations toward a permanent Arab-Israeli settlement.
- Influence U.S. relationships with the requesting states.

Moreover, decisions on these sales will serve to establish the relationship between the new Administration and the Congress in the important field of arms transfer, security assistance and arms control questions. They will also have an appreciable effect on the prospects for controlling the transfer abroad of advanced US military technol-

¹ Summary: The NSC Staff prepared for the Carter administration a set of proposals supporting the idea of a "pause" in arms sales to Middle Eastern countries.

Source: Ford Library, National Security Adviser, NSC Staff for Middle East and South Asian Affairs, Convenience Files, 1974-77, Subject File, Box 38, Persian Gulf (2). Secret. Brackets are in the original. Attached but not published are two informal notes, dated January 11 and January 19, from "Bob," (presumably Robert Oakley) to other members of the NSC Staff, presenting this final draft to the Carter transition team.

ogy, with its implications for US security and control of technological dissemination.

Since 1974, sales of US military equipment and services to other nations (FMS and commercial) has averaged approximately \$10 billion per year. Although the dollar value of sales to most areas of the world has remained roughly equivalent (in constant dollars) with the levels of grant military assistance provided by the United States in the 1960s, the striking exception to this rule is the Middle East and Persian Gulf. Since October 1973, more than \$19 billion of US defense articles and services have been sold to the nations of these areas. More than 40 percent of these sales have been to Iran, 34 percent to Saudi Arabia, and 22 percent to Israel, with relatively small proportions to other nations such as Kuwait and Jordan.

For better or worse, the willingness of the United States to supply arms has come to be perceived by the governments of the Middle East and Persian Gulf as an indication of both the extent of US bilateral support and the direction of overall US policy in the region. Arab countries see such sales as evidence of the balance being struck in our approach to the Arab-Israeli dispute, and watch with extreme care sales to Israel, just as Israel carefully monitors the level of US arms sales to the Arabs. Both sides in the Arab-Israeli conflict see the supply of arms as of major political as well as military significance. President Sadat feels very strongly on this point and has recently reiterated to visiting Congressmen and Senators his strong feelings that the time has come when his policy shift away from the USSR and toward the US, to the severe detriment of Egypt's armed forces, should qualify Egypt for the purchase of sophisticated weaponry (e.g. F-5 aircraft and TOW missiles) from the U.S. At the same time, the Arab Ambassadors in Washington have been collectively presented the strong concern of their governments over the impact on the peace process of the recent sale of four items of military equipment to Israel and Israel's recent additional military requests. Iran and Israel exchange military information and each observes closely what the other obtains from the U.S. Saudi Arabia observes closely what Iran obtains from the U.S. and also compares U.S. support for Israel with U.S. willingness to help meet their own more modest defense goals.

Thus, decisions by the United States on military supply requests have taken on a significance to important Middle Eastern and Persian Gulf countries much greater than the individual military items or items in question. Several countries, most notably Iran and Egypt, are clearly prepared to turn to a closer military supply relationship with the USSR as well as Western Europe if too disappointed by the US response to their requests, particularly if others appear to be more favorably treated. The Saudi reaction to severe disappointment could impact on oil prices

as well as result in a considerable shift away from US and toward European sources for both military and civilian goods and services, but in all probability not a shift to Soviet-supplied arms.

The importance attached to US security assistance programs by our friends and allies in the Middle East and Persian Gulf where we have substantial national interests thus underscores the necessity of following a carefully reasoned arms transfer policy. The advent of a new Administration provides a unique opportunity to review the fundamental direction of US policy in this field without upsetting the present political relationships which are quite favorable to US interests.

There are three basic approaches which the new Administration can adopt in dealing with these pending or anticipated requests for arms sales: a) continue the present policy of general responsiveness on an ad hoc basis to all friendly countries, attempting to meet as much of their request as can be justified without upsetting the general politico-military balance in the area or placing undue demands upon the US military establishment; b) decide to adopt a selective policy freezing the supply of certain categories of weapons to all countries in the area and/or applying special restrictions to certain but not all countries; c) deciding upon a temporary pause of several months in approving major new requests from any country in the Middle East and the Persian Gulf while a broad review of arms supply policy is conducted.

The first approach, continuing the present policy of ad hoc responsiveness on a case-by-case basis to all friendly countries in the Middle East and Persian Gulf, could be seen as inconsistent with President Carter's stated position on arms exports and would tend to perpetuate the difficulties between the Executive Branch and the Congress on this issue. While providing maximum flexibility for the continuation of a policy of close bilateral relations, the absence of consistent, coherent policy criteria, creates serious problems in deciding upon requests which could have a negative effect upon US regional interests as well as upon arms limitation objectives.

The second approach of freezing selected categories of equipment to selected nations would create serious problems of determining which systems and which nations would receive favorable treatment. It would limit our policy flexibility and could lead to a strongly negative reaction from nations which considered themselves the victims of unjustified discriminatory treatment. This reaction would probably be most intense from those key states (e.g. Iran and Israel) which have the most important security relationships with the United States. Such a procedure would pose stark choices between US interests in sustaining certain political relationships and arms control desiderata, risking an outcome which is satisfactory to neither. For example, a freeze applied only to the Persian Gulf might be appealing to Congress and would avoid the

problem of applying limitations to the supply of arms to Israel, but it would be far more upsetting to Iran and particularly Saudi Arabia than if it were applied to both the Persian Gulf and the Middle East. Moreover, this approach would not deal with the tough problem posed by Sadat's intention to request sophisticated weapons, in part to test the good faith of the new Administration toward Egypt and its basic attitude toward an Arab-Israeli settlement. The large Middle East part in the world arms buildup would continue virtually unchecked.

On balance, we have concluded that the relative disadvantages argue against the first two approaches and in favor of the third approach as outlined below.

Proposal:

That President Carter announce, immediately after January 20, that no new requests for major arms sales to the Middle East and the Persian Gulf will be approved and submitted to Congress for an indeterminate period of time lasting at least several months.

This temporary pause in new arms sales would continue until the Administration has completed a thorough review of the arms requests now before it and its overall arms policy in the region, taking into consideration the prevailing military and political situation, the prospects for regional peace and stability, and the possibility of reaching agreement among both potential suppliers and recipients on effective means of limiting the increased flow of arms to this sensitive area of the world. (A draft announcement is at Tab B.)

We believe the political impact of such an initiative would be substantial, while the actual effect on military capabilities of individual countries and on the military balance in the two regions would be slight. A pause would not affect delivery of items already approved (including the four items recently approved for Israel) nor the sale and delivery of spare parts, ammunition, construction, training, and non-lethal equipment. Programs affected would be those where delivery is at least a year and usually several years in the future. In addition, the US could assure affected countries that we would do our best to ensure that delays in accepting their orders would not affect delivery schedules for those items ultimately approved and that we would resume deliveries if a crisis were to arise. Furthermore, by applying the pause to all Arab countries in the Middle East plus Egypt as well as Iran and Israel, the US would have demonstrated its seriousness of intention and even-handedness of approach to both arms control and peace negotiations. Finally, the Administration would be able to avoid, during an unusually sensitive period, specific arms supply decisions which would be highly controversial with certain countries of the Middle East and the Persian Gulf as well as with Congress.

The objective political and military circumstances in both the Middle East and the Persian Gulf are favorable for a pause in new arms transactions during the first part of 1977. This judgment would not necessarily be accepted by all of the Governments of the area, nor would it fully satisfy those who are intent upon a rapid military buildup. However, it is the US assessment and can be supported by detailed, comprehensive analysis.

In the Middle East, Arab and Israeli attention is focused on prospects for peace rather than planning for another round of hostilities. Therefore, a pause in approving new deliveries would tend to reinforce rather than run counter to the prevailing mood; there is also no sign on the horizon of a sharp increase in tensions in the Persian Gulf which would justify new arms transactions. In both the Middle East and the Persian Gulf, there is no notable military imbalance nor any individual country (other than Egypt) which has a clear need for a further long-term military buildup or for any specific arms system. With the exception of Egypt, there are in the pipeline for delivery between now and 1980 considerable amounts of weapons already approved by the US.

This is particularly true of Israel and Iran, the two countries with the most ambitious plans for future acquisitions from the United States. Israel is estimated (see NIE 35/36-I-76) to be capable of retaining its strong military superiority over potential Arab enemies through 1981 with only those weapons already on hand or presently under delivery plus spare parts, ammunition, etc. Iran probably has as many arms on hand or under delivery as it is capable of absorbing without great strain and is facing no serious immediate threat. Completion of Saudi Arabia's long-term military program (worked out with USG advice and emphasizing construction and training more than weapons acquisition) will not be seriously impeded by a pause in the approval of major weapons transactions during at least the first part of 1977, nor will the Jordanian program. Egypt needs additional weapons both for military balance and political purposes—but there is only a slim likelihood of obtaining Congressional approval in 1977 for most of the items and quantities that it would like to acquire from the US.

Is a pause a good idea at this time?

Advantages:

—It would obviate the need to make early Executive Branch decisions and stimulate Congressional debate on arms requests from Israel and the Arab states (particularly Egypt) which could prejudice the ability of the United States to retain the trust of both sides during a period of intensive effort to make further progress toward a Middle East peace settlement. [If Israel's requests were approved while Arab requests were not, it would probably have a negative impact on US ability to induce either Israel or the Arabs to move toward a settlement.]

—We would have served notice that the United States is no longer willing to approve virtually unlimited military sales to the Middle East without some progress toward a settlement, and (by keeping the term of the pause indefinite) we would provide additional impetus for the movement toward that goal.

—There is a unique but temporary opportunity as the Administration changes: a pause can be justified as necessary study/review time with less of a negative impact on bilateral relations; to do it later will necessarily be interpreted as signal of major change of policy.

—We would provide essential breathing spell for policy review and formulation without insistent day-to-day pressures for action on specific requests; would provide clean slate for conscious, long-term policy direction and a chance to impose a distinctive stamp on the choice of objectives, keeping what is good without muddling through with bits and pieces of inherited institutional assumptions and methods. Otherwise, the new Administration will soon be caught up in ad hoc actions which will define policy direction by establishing precedents.

—It would come at a time when a wealth of experience and background data is available within the Executive Branch for meaningful analysis, with considerable leg work already done; the bureaucracy is in a receptive mood for a thorough reappraisal, and there should be no major obstacles to conducting a useful and realistic policy study.

—It would be consistent with President-elect Carter's stated position and will be a distinct plus with Congress and the public, who are eager for action in the control of arms supply to foreign countries.

—It will reduce pressures to raise Israel's FMS level from \$1.0 billion to \$1.5 billion for FY 78 (with the implication that the level would remain at \$1.5 in subsequent years rather than \$1.0).

Disadvantages:

—It is bound to generate unduly high expectations among those who oppose arms sales, which would be difficult to fulfill since the conclusions of policy review may not support drastic restrictions.

—It will do some damage to our bilateral relations with countries such as Iran, Jordan and Saudi Arabia who have pending requests awaiting approval, and to Egypt which is expected to make requests shortly after January 20. There could be a tendency on the part of these countries to turn to other arms suppliers, either the USSR or Western Europe. The Arab reaction would be mitigated were the pause in new approvals clearly extended to Israel; the Iranian reaction would be more difficult to mitigate and could lead to more military procurement from the USSR, and possibly to a less sympathetic attitude toward US military facilities in Iran.

—Of the confrontation states, the pause would apply primarily to Israel and to a lesser degree to Jordan. We could be accused of punishing Israel unfairly while the Syrians, for example, continued to receive arms from the Soviets. Recent publicity about the possible sale of French Mirage fighters to Egypt will reinforce this reaction; if the sale goes through. Israel and its supporters will also charge that the US is not standing by its previous arms commitments (to sell the F-16, for example) and by campaign promises not to apply pressure on Israel, alleging that all affected states, except Israel, have alternative sources of supply

and that the pause is a disguised effort to force Israel to make undesirable negotiating concessions.

—Once such a pause is declared, a decision on how and when to resume deliveries becomes a major political act. It will be difficult to decide upon a time and criteria for resumed sales that will not have drawbacks from the standpoint of our relations with one or more countries and possibly also from the standpoint of our peacemaking efforts.

Consultations

Prior to any public announcement, the Administration should consult with the nations most directly affected by the new policy and with the Congress. A basic approach is outlined below.

Israel

The Israeli leadership should be notified shortly before the planned announcement, making the following points:

—A major policy review of arms transfers to the Middle East and Persian Gulf is required, and no new decisions on arms transfers to these areas can be made until it is completed. We expect it to require several months and certainly less than a year.

—If a pause were declared only for the Arab states and Iran and not Israel, we would be accused of partiality and the possibility of progress toward a negotiated settlement could be severely compromised. As it is, the pause can contribute to the peace process.

—Israel is very well prepared to defend itself against any short-term threat from the Arabs and its military security should not be impaired by a pause in new orders.

—Previous commitments (including the four items) will not be affected by the moratorium, and the flow of spare parts and ammunition will continue. Israel will not be penalized by delayed delivery times due to the pause.

—The pause will only be temporary, and it would be terminated at any time if there is a major shift in the military balance or some new threat to Israel's security.

—The US will make efforts to have the USSR and Western Europeans exercise restraint on deliveries to Arab states.

Iran

—A major policy review of arms transfers to the Middle East and Persian Gulf is required, and no new decisions on arms transfers to these areas can be made until it is completed. We expect this to require several months and certainly less than a year.

—We believe that a temporary pause would be in the best interests of our long-term relationship. In view of the growing criticism in the United States on this issue, Iran's long-term interest in security cooperation with the United States can best be protected by the development and articulation of a policy which has greater public support and understanding.

—The very large backlog of undelivered military equipment on previous orders will not be affected by the moratorium, and the flow of spare parts and ammunition will continue.

—The pause will only be temporary, and it would be terminated if a major shift in the military balance should occur or if some new threat to Iran’s security or regional stability should so require.

Saudi Arabia

—A major policy review of arms transfers to the Middle East and Persian Gulf is required, and no new decisions on arms transfers to these areas can be made until it is completed. We expect this to require several months and certainly less than a year.

—We believe that a pause would be particularly appropriate at this time when the prospects of movement toward peace are especially promising. The moratorium will be applied equally to Israel and to Iran as well as the Arab states.

—The very large backlog of orders on military construction and hardware, as well as the on-going training, support and construction programs, will not be affected by the moratorium, and the flow of spare parts and ammunition will continue.

—The pause will only be temporary, and it would be terminated if a major threat to the security of Saudi Arabia should develop.

Congress

Prior to public announcement, the President-elect and Secretary of State-elect should consult with at least the following key Congressmen: Senator Sparkman (Chairman, SFRC); Senator Case (ranking Republican on SFRC); Senator Humphrey (Chairman, SFRC Subcommittee on arms sales); Representative Zablocki (Chairman to be, HIRC); Representative Broomfield (Ranking Republican, HIRC); Representative Fасcell (key member of HIRC on arms sales issues). In addition, they may wish to consult: Senator Javits, Representative Rosenthal, Representative Bingham, Senator McGovern and Representative Hamilton. For *maximum impact* on Congress, consider making initial announcement at first bipartisan Congressional leadership meeting at the White House after the Inauguration. Points to be made in these consultations are essentially those in the public announcement and the advantages section of this paper, supplemented for particular Members by the points suggested for use with Israel.

Others:

In addition, it would be well to consult privately with the British, French and Soviets before any pause is announced, asking them to follow our example in restraining new arms sales during the first months of FY 1977 and to join us in efforts to work with the countries of the area to agree upon a long-term collective approach to arms limitation. In the case of Britain and France, this would be in keeping with the Carter Administration commitment to prior consultation with allies, it would bring considerable political pressure to bear on them to restrain their activity, and it would be further evidence of the serious-

ness of our purpose. [There is pending a French-Egyptian agreement involving the early sale to Egypt of 50 Mirage F-1 fighters and the later co-production of an additional 200 F-1s—a striking parallel to the Israeli proposal to the US for early sale of 50 F-16 fighters and later co-production of 200 F-16s. It is possible that a U.S. initiative involving at least a temporary freeze on the F-16s for Israel could induce the French to delay for a corresponding period the F-1s for Egypt, thereby slowing down the Middle East arms race.]

In the Soviet case, advance consultation could be used to try and persuade the Soviets that a corresponding informal unilateral pause (not a government to government agreement) in new Middle East/Persian Gulf arms transactions would be fully consistent with their interests and their publicly stated concern over the arms buildup in these two areas.

Draft Announcement by the President

Over the past several years, sales of United States military equipment and services to other nations has averaged nearly \$10 billion per year. A considerable proportion of these sales has gone to the Middle East. Last year alone, the nations of the Middle East and the Persian Gulf ordered a total of more than \$5 billion of military goods and services from this country through commercial channels and by government-to-government agreements under the Foreign Military Sales Act. The present undelivered balance of defense contracts with these nations totals more than \$22 billion, and the delivery of these orders will extend over many years to come.

I know that this situation has been a matter of concern to the Congress and the US people, and I believe this would be an appropriate time to pause for a period of consolidation and reflection. Specifically, I wish to review the military supply situation for these regions in the context of the peace and stability and security which we and our friends in the Middle East and Persian Gulf are committed to achieving. I want to ensure that the American contributions of matériel, technical assistance training and other military-related services serve the goals of peace and that our decisions on these issues are compatible with the broader foreign policy objectives of this Administration.

To this end, I have directed the State Department to head an inter-agency task force to examine the political, strategic and security aspects of arms transfers to the Middle East and Persian Gulf including the possibility of an eventual international agreement on this subject. While this study is underway, no requests for major weapons will be approved and forwarded to Congress. This will not affect firm agreements already concluded, or deliveries of spare parts, training and other services, nor will it affect in any way the close associations which have developed

between the nations of the Middle East and Persian Gulf and the United States. I am satisfied that the present prospects in both regions are for movement toward peace rather than conflict and a temporary pause in new arms sales agreements can only make the environment more favorable for peace. I am also satisfied that the security of those nations with whom we have long had a close relationship in the security field will not be threatened by this pause. Should a new threat to any of our friends arise, we would naturally be prepared to help them by approving new requests.

The temporary pause is intended to give myself and my Administration the opportunity to examine this very complex area of our foreign policy and, in close consultation with the Congress, to establish a coherent and carefully formulated set of guidelines to serve as the basis for future decisions. I consider this particularly important at the present time.

Kuwait and the Gulf States

31. Telegram From the Embassy in Kuwait to the Department of State¹

Kuwait City, March 20, 1973, 1340Z.

886. Beirut pass Baghdad. Subject: Iraqi Attack on Kuwaiti Border Post. Ref: Kuwait 872 and 873.

Summary: FonOff explained border incident as unprovoked attack on Kuwaiti border posts. GOK seeking resolve problem by peaceful means and has asked friendly governments to use their influence to convince Iraq to avoid further unreasonable action. Meanwhile Iraqi Radio accuses Kuwait of attacking its forces during maneuvers. Embassy urges USG issue statement calling for settlement of dispute by peaceful means. End summary.

1. All Ambassadors and Chargés in Kuwait called to Fon Ministry 1:30 p.m. Mar 20 to hear Under Sec Rashid explain GOK viewpoint on Iraqi attack and request support for Kuwait as injured party. Following is gist Under Sec's remarks, delivered orally:

2. Iraqi-Kuwaiti border first agreed upon in 1932. Further agreement implementing 1932 understanding was signed in 1963 by current President Bakr for Iraq and Amir Sabah of Kuwait. GOK has been trying ever since to achieve actual delineation of frontiers, last effort was during January visit of Kuwait FonMin Sabah to Iraq. Kuwaitis at that time received assurances from Baghdad that top echelons of GOI had taken note of Kuwaiti interest in border question and that subject would be further discussed within several weeks when Iraqi delegation would come to Kuwait.

3. Kuwaitis were happy when told GOI ready to discuss border issue, but in fact Iraqis continued to build road and commit other violations of frontier. Showing great forbearance, Kuwait continued avoid clash.

¹ Summary: Kuwaiti officials briefed Ambassador Stoltzfus on an Iraqi attack on two border stations. Stoltzfus recommended that the United States not involve itself directly in the dispute.

Source: National Archives, RG 59, Central Foreign Policy File, [no film number]. Confidential; Immediate. Repeated to Abu Dhabi, Amman, Beirut, Jidda, London, Manama, Muscat, Sana'a, Tehran, USCINCEUR, COMIDEASTFOR, and USUN. Telegrams 872 and 873 from Kuwait City, March 20, are *ibid.* Additional documentation is in *Foreign Relations, 1969-1976*, vol. XXVII, Iran; Iraq, 1973-1976, Documents 210 and 213.

4. Kuwait has five posts from west to east along border with Iraq. The two stations involved in today's attack were posts on sea at Umm Qasr (just south of Iraqi base which also in Umm Qasr area), and post at al-Sumtah, four or five kilometers to the west. For some months Iraqis have been building roads in Kuwaiti territory at al-Sumtah. Despite this provocation, Kuwait reacted calmly and reasonably. Kuwait not interested in making enemies but in peaceful development and friendship.

5. At 3:20 a.m., Mar 20, Iraqi forces attacked al-Sumtah. Of 20 men, lightly armed, police garrison, one officer reported killed, four wounded and about eight missing. GOK has requested Iraqi force withdraw immediately, surrender Kuwaiti prisoners, and deal with matter across negotiating table, not with guns. Kuwaiti information is, however, that Iraqis intend occupy second post at Umm Qasr which was also attacked this morning with artillery fire. Kuwaiti forces have been moved to border area and will defend Umm Qasr post if necessary.

6. GOK wants to solve dispute peacefully and still prepared do so. Kuwaiti radio refraining from provocative statements. Nevertheless Kuwait entitled defend its territory and will do so. Kuwait hopes reason will prevail. It has conveyed its viewpoint to all Arab capitals and requests that all friends of Kuwait lend support and use their influence to convince Kuwait's neighbor to north to avoid further unreasonable action. Kuwait also wants world to know that all demonstrations have [garble—been?] prohibited in Kuwait and that measures have been taken by Kuwaiti security forces to protect all Iraqis living in Kuwait. End of Under Sec's remarks.

7. Note: Iraqi radio has just broadcast following announcement: Qte: Kuwaiti Ministry of Interior issued statement this morning saying that an Iraqi armed unit attacked a Kuwaiti police post and injured some soldiers etc. Truth is that aggression was originally initiated by Kuwaiti forces against Iraqi forces which were carrying out their normal training in that area including area where incident took place, which resulted in killing two and injuring others of our local forces. We regret that this should happen at a time when visits are being exchanged between two sisters and when an Iraqi delegation is to visit Kuwait shortly and efforts are being made to strengthen brotherly ties between two countries. . . Unqte.

8. We therefore urge that, as appropriate, Department make statement calling on parties to dispute to settle their differences by peaceful means in accordance with provisions on UN Charter. If subject is brought before United Nations Security Council we urge United States play an active role in supporting any resolution to this effect. Presum-

ably such a resolution would also call for ceasing of all military action and negotiations between parties to reach a satisfactory conclusion.

Stoltzfus

32. Telegram From the Embassy in Kuwait to the Department of State¹

Kuwait City, March 29, 1973, 1605Z.

978. Beirut pass Baghdad. Subject: Iraqi Attack on Kuwait; Its Implications for Kuwait and Gulf.

Summary: FonMin told Ambassador March 26 that Iraqis had offered come Kuwait to discuss border situation about April 8 but GOK seeking earlier arrival. Sabah believed Soviets involved in Iraqi moves. Kuwaitis pleased at support of small Gulf States, but irritated with Saudis who only expressed regret. Ambassador urged that Kuwait and lower Gulf states join together to protect themselves from obvious growing dangers from north and south. Sabah agreed that more joint cooperation among small Gulf states essential. Ambassador also urged Kuwaiti assistance to Oman and suggested that threat to Oman should also be seen by Kuwait as a danger to itself and stability of area, similar to threat from Iraq. Sabah asked that USG expedite sending military items requested by GOK. End summary.

1. FonMin Sabah received me at my request March 26. In answer my questions, he gave details on present border situation with Iraq along lines we have reported in other tels. He said Iraqis had offered come to Kuwait to discuss border about April 8 but GOK had replied requesting earlier meeting and demanding know why delay. Sabah said GOK's demand talks be conducted on basis 1963 agreement had not been answered by GOI, but Kuwaitis confident of general Arab support as injured party if GOK forced take problem further, including to Arab League.

¹ Summary: Ambassador Stoltzfus reported on his meeting with Kuwaiti Foreign Minister Sabah al-Ahmad al-Sabah, at which Stoltzfus explained the U.S. reaction to the Iraqi incursion and urged al-Sabah to consider joining with other Gulf states for mutual protection.

Source: National Archives, RG 59, Central Foreign Policy File, [no film number]. Secret. Repeated to Abu Dhabi, Beirut, Cairo, Jidda, London, Manama, Muscat, Moscow, and Sana'a. The archived record of the telegram is misdated March 13.

2. FonMin said GOK persuaded Soviets had hand in Iraqi move. He had just seen Soviet Ambassador (who was departing Ministry as I entered) and asked him report GOK's request that USSR restrain its protégé.

3. I told Sabah USG had thought it best not issue public statement on Kuwaiti-Iraqi's border problem. He replied he agreed silence best but USG could help by expediting military items requested. I told him military requirements sent me by MinDef [garble—were?] already en route Washington (septels).

4. Referring to several recent commentaries in local press, I asked Sabah whether as result Iraqi attack GOK might not be feeling bit lonely. Did he think traditional policy of being friends of all and yet having no friends in time of need would now come under review? Sabah was not willing acknowledge failure of "neutralist" Kuwaiti policies, but he was clearly receptive to discussing subject. He was especially irritated with Saudis whose only reaction to date had been message sent through Saudi Amb here expressing regret for incident "which is contrary to Arabism and Islam." Other small Gulf states however had been prompt in offering full cooperation including use of their airfields and other facilities. GOK said been very pleased and gratified by this response.

5. I commented it my personal view lesson to be learned was that Kuwait and lower Gulf states could go on acting alone, as though all world owed them their existence, and in end be swallowed up one by one; or could join together to protect themselves. If they chose latter course, they could be respected power in their own right.

Kuwait, I said, would have great deal to offer such a grouping, and I was sure there were rulers, especially Khalifa of Qatar and Isa of Bahrain, who would be receptive to idea. No outsiders likely to be respectful or helpful if Gulf states unable show they could put own house in order. Right now they were tasty and tempting morsels to bigger fish, like Kuwait to Iraq.

6. Sabah did not take issue. In fact, he said, Kuwait had initiated new contacts with lower Gulf and Oman and these would be expanded. Much more, he conceded, needed to be done. He was especially worried, he said, about Oman where inexperienced Sultan not in touch with his people, surrounded by British expatriates, and wasting his money on fighting handful of people in Dhofar instead of developing his country. Was it good thing that Iranians and Saudis had entered scene and were stirring it up?

7. I told Sabah he had it wrong. Qaboos was indeed inexperienced but he trying hard, with long legacy of utter neglect of country under his father. Qaboos had two problems: costly defense of country which after all under attack by neighboring communist regime of PDRY and

at same time trying to engender some economic and social progress in far-flung and backward country. He badly needed help. If Kuwait did not like Iran-Saudi role, what was Kuwait doing to make it unnecessary? If Kuwait could take full honest look at area, it might discover danger to itself from south (Aden) as well as north. It might realize that Oman's struggle was Kuwait's problem too, only a few miles removed. Kuwait should understand predicament Qaboos was in. For all its enlightened policies toward other countries, Kuwait had now discovered that some people do not play game according to rules. Now ever Kuwait finds it must defend itself. If all Gulf states came to conclusion that Kuwait's problem with present Iraqi regime and Oman's problem with PDRY regime were fundamentally one and same, their chances of survival would be measurably improved. I added US had very important selfish interest in welfare of Gulf states as well. We get our oil from this region.

8. Sabah said he would welcome further discussions of this sort. In meantime GOK urgently requesting US help with weapons Kuwait now needs to strengthen its armed forces.

Stoltzfus

33. Memorandum of Conversation¹

Washington, April 5, 1973, 10:45–11:30 a.m.

SUBJECT

Call of Kuwaiti Ambassador Sabah on Deputy Secretary Clements

PARTICIPANTS

Kuwaiti Side

Ambassador of Kuwait—Salim al-Sabah

Second Secretary—Abdulla Abdulrazzak

United States Side

Deputy Secretary Clements

Deputy Secretary's Military Assistant, BG Raymond B. Furlong, USAF

¹ Summary: Kuwaiti Ambassador Salim al-Sabah met with Deputy Secretary of Defense Clements to discuss military supply, the recent Iraqi incursion into northern Kuwait, and possible U.S. support for Kuwait.

Source: National Archives, RG 59, Central Files, 1970–73, Box 2432, POL Kuwait, 1/1/1970. Secret. Drafted by James H. Timberlake (OASD/ISA/NESA); approved by Eagleburger on April 18.

Acting Assistant Secretary Eagleburger
Deputy Assistant Secretary Noyes
ISA Country Director James Timberlake

(S) Ambassador Sabah said his purpose in coming was to make a courtesy call on Mr. Clements and to meet his staff. In the interest of continuing the good relations between the two countries, he wanted us to feel free to consult his Embassy at any time. He mentioned the military team the U.S. is sending to Kuwait shortly. In response to Mr. Clements' questions about the team, Mr. Noyes said it would be headed by Colonel Kelly, who also headed the team last year. Mr. Timberlake added that the team would leave on 15 April for Kuwait, would consist of about six to eight members, and would be in Kuwait for about a week.

(S) Ambassador Sabah said the second purpose of his visit was to inform us about the situation between his country and Iraq. Mr. Clements said that Kuwait has been a balancing factor in its part of the world and that he admired the way Kuwait has handled its affairs. He noted his own extensive experiences and many friends in Kuwait. He asked how the U.S. could help Kuwait.

(S) Ambassador Sabah replied that he hoped the problem between Kuwait and Iraq would be solved diplomatically. Iraqi representatives were due in Kuwait that weekend. Through the active mediation efforts of Egypt, Syria, the Arab League, and, especially, Yasir Arafat, he felt the talks would succeed. If they failed, Kuwait would take the issue to the Arab League. If that failed, Kuwait would turn to its friends for help. That is why Kuwait wanted to inform its friends.

(S) Ambassador Sabah then turned to the Arab-Israeli problem. He was glad that President Nixon intended to place greater emphasis on the Middle East. Kuwait has good relations with the U.S., and so do some other Arab states. Some Arab states, however, do not. It would greatly strengthen the U.S. position in the Middle East, and strengthen Kuwait as well, if the U.S. would help restore the balance in the Middle East and achieve a just and lasting settlement. Mr. Clements replied that the Arab-Israeli problem had been going on for some time and that he thought Kuwait's immediate problem transcended that. He felt the two problems were separate. If the Saudis found themselves in Kuwait's predicament, they would be more specific. Ambassador Sabah replied that Kuwait is an Arab country and involved in the Arab world; it is affected by general Arab problems and has forces along the Suez Canal. A just settlement, he reiterated, would strengthen the U.S. position in the Middle East.

(S) Mr. Clements asked the Ambassador if he really thought the mediation effort would succeed in getting Iraq to yield. The Ambassador said yes; Iraq had counted on Kuwait's weakness to enable it to succeed. Instead, Kuwait had shown great firmness; and the people,

half of whom are non-Kuwaitis, had shown themselves solidly behind the government. It is also in the interest of the mediators, particularly Arafat, to obtain a settlement.

(S) Mr. Clements said that he was not surprised to hear of the loyalty shown by the Kuwaiti people. He was pleased to receive the Ambassador's optimistic views. He himself had been more concerned. The Ambassador replied that it was his job to be optimistic. He was prepared, however, to take a plane to Kuwait on Sunday if the mediation effort failed.

34. Memorandum from Harold H. Saunders and William B. Quandt of the National Security Council Staff to the President's Assistant for National Security Affairs (Kissinger)¹

Washington, May 25, 1973.

SUBJECT

Decision on F-4s for Kuwait

Now that our agreement in principle to sell F-4s has been conveyed to Saudi Arabia, the question of F-4s for Kuwait needs to be addressed. You will recall that we suggested separating this from the Saudi decision so you would have more time to think about it. The State Department is now seeking clearance of the attached cable informing Kuwait of our agreement in principle to sell them F-4s.

¹ Summary: After the approval in principle to sell F-4 Phantom fighters to Saudi Arabia, the NSC analyzed the desirability of approving a similar proposal for Kuwait, linking the possible sale of the F-4 to the recent Iraqi border incursion and potential Israeli and Congressional opposition to arms sales to the Middle East.

Source: Library of Congress, Manuscript Division, Kissinger Papers, Box CL 180, Geopolitical File, Middle East Chronological File, July 2, 1973–September 4, 1973. Secret; Nodis. Sent for action. Kissinger did not select an option for the recommendation. Instead, he wrote: "Let me think—Raise again next week," at the top of the memorandum. Attached but not published are May 18 and June 7 memoranda from Eliot recommending White House approval of a draft telegram to the Embassy approving the sale of the F-4 to Kuwait. Also attached is the draft telegram. This memorandum and its attachments were attached to a later July 30 memorandum on the same subject, published as Document 35. For the record of the approval of the sale of the F-4 to Saudi Arabia, see Document 87.

This decision is more difficult than the decision on Saudi Arabia. The pros and cons are spelled out in greater detail below, but, in brief, *the argument hinges on these two points:*

—On the one hand, our interests in Kuwait are less important than in Saudi Arabia; Kuwait has less of a regional role to play and less obvious military need for F–4s; Kuwaiti foreign policy has, until recently, been somewhat erratic; and Kuwait has not had the special relationship with the US that justifies selling Phantoms to Israel, Iran, Turkey and now Saudi Arabia.

—On the other hand, the recent Iraqi attack on Kuwaiti border posts and Iraqi territorial demands appear to have led Kuwaiti leaders to a fundamental reappraisal of their head-in-the-sand foreign policy. They turned immediately to us for military equipment, which we are selling, and this opens an opportunity for us to tie them more firmly into a system of states friendly to us.

In greater detail, the following are the *advantages of agreement* in principle:

—Kuwait appears to be at an important stage in the evolution of its foreign policy. Strong US political support, as demonstrated by agreement to sell F–4s, could be an important factor in bringing Kuwait within the orbit of states more closely related to us than to the USSR. This could be an important step in building up the US presence in the Gulf at a time when the Soviets are concentrating on building their own presence in the Gulf.

—The Kuwaitis are presently trying to strengthen their air defense capabilities and are on the verge of signing letters of offer for nearly \$500 million of US military equipment and services, including 32 F–8 Crusader aircraft. The Kuwaiti decision on F–8s, however, may depend upon assurances that eventually they will be able to graduate to the F–4.

—Actual delivery will be several years off. One squadron more or less of F–4s in the Persian Gulf area will not have a decisive military impact, especially when one assumes it will not be used very effectively in the foreseeable future.

—There is a real possibility that Kuwait will buy Mirage IIIs and subsequently Mirage F–1s if we do not agree in principle now to sell F–4s. This has two aspects: (1) they will get sophisticated aircraft anyway; (2) the French would very much like to break the strong American position in Persian Gulf oil. Admittedly, Mirages in Kuwait would not be as bad as MIGs and the Soviet presence they would bring; but if we are talking about strengthening the US presence in the Gulf, this is a significant opportunity and vehicle.

—By agreeing to sell F–4s to Kuwait, we will be able to establish a relationship with the Kuwaiti military that will to some extent enhance our influence in Kuwaiti military decisions and over the end use of the equipment through the control of spare parts. US influence, however limited, should serve the interests of Israel, Jordan, Saudi Arabia and Iran better than French influence.

The following are the *disadvantages* of agreeing to provide F–4s to Kuwait:

—The factor that has to be taken most seriously is that the Israelis will object sharply to any move that puts Phantoms into Arab hands. While the numbers are small and any deliveries are at least 3–4 years off, the Israelis will read this as somehow a diminution of their favored status. Their alternative, however, is French influence and behavior, to be considered against the background of Libya’s recent transfer of Mirages to Egypt.

—One cannot at all exclude that these planes would be transferred to the front lines in an Arab-Israeli confrontation, although again that is at least 3–4 years away at the earliest. Kuwait is extremely vulnerable to pressure from the radical Arab states. The US could cut off spare parts, but the planes might operate for a limited period.

—Coming in the wake of our decision to strengthen the defenses of Jordan, Saudi Arabia and even Lebanon, agreement to sell F-4s to Kuwait will be seen as part of an overall upgrading of Arab military capabilities. While this decision in itself will not affect the Arab-Israeli military balance soon, its symbolic importance in the eyes of Arabs and Israelis may be significant. If nothing else, it may contribute to the illusion of growing Arab power, which could lead to poor judgments on the part of Arab military men. It also suggests that the US is so concerned by the energy crisis that it is embarking on a crash program to arm its friends.

—The Soviets would see this as a further sudden deepening of US involvement in the Gulf and might in turn seek to strengthen their own activities in the area, via Iraq in particular. The Soviets, however, appear to be going ahead with a substantial buildup in Iraqi military capabilities without reference to our military programs in the Arabian Peninsula.

—Even with F-4s, Kuwait will not be strong enough by itself to resist Iraqi pressures.

—The F-4 does not make much sense in Kuwait. It is a sophisticated aircraft which the Kuwaitis may find difficult to operate effectively.

—Selling to Kuwait may make it difficult to refuse to provide F-4s for Jordan and Lebanon.

State and Defense recommend strongly that Kuwait be informed now that we are prepared in principle to offer the F-4 as a follow-on to the F-8. Training and manpower requirements will be discussed, and it will be made clear to Kuwait that deliveries of F-4s could not begin for several years. The offer of F-4s would assume that Kuwait will not undertake a Mirage program as well.

It should be recognized that a decision on F-4s for Kuwait is at this stage largely a political gesture. It is tempting to call it a “marginal” political gesture since Kuwait will still have a political incentive to

keep its lines out to France and other European countries in order to avoid being too closely associated with us and our Arab-Israeli policy. However, the present situation provides an opportunity to consolidate a significant change in Kuwait's orientation. In the context of our broader interest in upgrading our position in the Gulf, this cannot be lightly dismissed. Providing an American weapons system as the core of Kuwait's air defense—along with our position in Iran and Saudi Arabia—would quickly give us the dominant role in supplying the military forces of three of the four principal Gulf nations.

In a completely rational world we would not be selling this kind of equipment to a country like Kuwait, but Kuwait is going to get the equipment and the French are not going to hesitate to supply it. The US has a substantial stake in the Gulf, and the French have an interest in undercutting our oil position there, so there is an argument for competing. The Israelis will object, but their alternatives have to be considered. This decision will have no effect whatsoever on the military balance for the next four years or so and then it will be minimal. In any case, our interest is to attend to our position in the Gulf and to keep it as separate as possible from the Arab-Israeli impasse. Besides, a US military influence in Kuwait serves Israel's interests far better than a French influence.

Although it is hard to be enthusiastic, on balance it seems desirable to go ahead with this decision in principle to provide F-4s.

RECOMMENDATION: That you authorize clearance of the attached cable informing the Kuwaitis of our agreement in principle to sell them F-4s. There is a time factor in that a prompt answer is most likely to assure a decision on American aircraft.

35. **Memorandum From Harold H. Saunders and William B. Quandt of the National Security Council Staff to the President's Assistant for National Security Affairs (Kissinger)**¹

Washington, July 30, 1973.

SUBJECT

Aircraft for Kuwait

Since we sent you the memo at Tab B on F-4s for Kuwait, the Kuwaiti request has become somewhat less clear and the sense of urgency within our bureaucracy more intense. Mr. Clements has sent you an appeal [Tab A] to approve a somewhat more general statement on follow-on aircraft to the Government of Kuwait.

Recent Developments

It is now apparent that the Kuwaitis are not explicitly asking for the F-4 as a follow-on aircraft to the F-8, which they are now considering as a stop-gap measure to provide some immediate air defense capability. Increasingly the Kuwaitis seem to be interested in purchasing two distinct types of aircraft—an interceptor, perhaps the F-5E that at one time they rejected; and a ground attack or close support aircraft, such as the A-4, A-7, or eventually the A-10. The Kuwaitis are sending a team to the United States to look at all of these possibilities.

We cannot preclude, of course, that they will ultimately only be interested in the F-4. If that proves to be the case, the arguments we made in our previous memo remain valid. But it seems possible that the Kuwaitis may genuinely prefer two simpler aircraft rather than the more complicated F-4.

¹ Summary: The NSC summarized a discussion among the Department of Defense, the White House, and the Embassy in Kuwait regarding the Kuwaiti desire for an air defense fighter, the recent decision to sell the F-4 Phantom fighter to Saudi Arabia, and Israeli concerns about U.S. weapons sales to Arab countries. Saunders and Quandt recommended that Kissinger approve a follow-on aircraft in principle without specifying the F-4.

Source: Library of Congress, Manuscript Division, Kissinger Papers, Box CL 180, Geopolitical File, Middle East Chronological File, July 2, 1973–September 4, 1973. Secret. Sent for action. Brackets are in the original. Kissinger initialed his approval with the proviso that the FYI passage was dropped. Attached but not published is Scowcroft's August 1 memorandum, directing Pickering to draft a telegram to the Embassy including the approved language. Tab A, a July 12 memorandum from Clements to Kissinger urging the approval of an offer in principle to provide a new fighter to Kuwait and proposing the language approved by Kissinger, is attached but not published. Tab B is published as Document 34. See also Document 89.

What to Tell the Kuwaitis Now

Mr. Clements has proposed avoiding the issue of the F–4 now by telling the Kuwaitis that we are willing to offer for sale a “suitable, mutually agreed, advanced follow-on aircraft” to the F–8 now under consideration. Mr. Rush concurs in this recommendation. The full statement that they recommend is as follows:

“The Government of the United States is willing to offer for sale to the Government of Kuwait suitable, mutually agreed, advanced follow-on aircraft. These aircraft would be made available as the result of Kuwait experience with interim US aircraft and in conjunction with United States recommendations regarding pilot and maintenance training to provide Kuwait with the capability to absorb sophisticated follow-on aircraft.”

The Issue

The broader issues remain as stated in our earlier memo at Tab B. We have a strong interest in assisting in the defense of Kuwait especially now that Kuwait has turned to us for help and in tying it more closely to our other friends in the area. It will be more difficult to involve Saudi Arabia and Jordan in Kuwait’s defense if they see us participating only half-heartedly. On the other hand, at this early stage in the evolution of Kuwait’s defense and foreign policies, it seems premature to get locked into promising the F–4.

If the more general statement above is approved, it will not commit us to any particular future course of action. But it will commit us to doing something, and we should have in mind what we would be willing to provide for Kuwait. Two possibilities exist:

- A follow-on package, consisting of some combination of ground attack aircraft and interceptors (e.g., A–4, A–7, A–10, F–5E).
- A follow-on package which would include F–4s.

At some point we will have to tell the Kuwaitis which of these options they can count on. Our choices are essentially the following:

- Say nothing for now.
- Approve a vague statement as recommended by Clements and Rush.
- Add an FYI sentence to the above statement saying that we can not consider F–4s for Kuwait, but will approve A–4, A–7, A–10 and F–5E as suitable advanced follow-on aircraft.
- Explicitly agree in principle to F–4s for Kuwait, if they express an interest in them.

Israeli and Iranian Reactions

Israel is adamantly opposed to the sale of F–4s to any Arab state. They are less likely to object to the other aircraft under consideration. Iran, after initially welcoming the news of our possible willingness to

provide F-4s to Kuwait, has now, through its Foreign Minister, expressed some reservations, although the Shah told you we should sell Kuwait as much as we like.

RECOMMENDATION: That you approve the following statement for our Ambassador in Kuwait to deliver to the Kuwaiti Foreign Minister:

“The Government of the United States is willing to offer for sale to the Government of Kuwait suitable, mutually agreed upon, aircraft to provide for its defense. The appropriate aircraft will be selected on the basis of Kuwaiti experience with interim US aircraft and consistent with US recommendations regarding pilot and maintenance training necessary to provide Kuwait with the capability to absorb sophisticated follow-on aircraft. [FYI only: We have in mind the A-4, A-7, A-10 and F-5E as possible follow-on aircraft. We are not now prepared to offer the F-4, but might reconsider at some future date.]”

36. Telegram From the Department of State to the Embassy in Kuwait¹

Washington, August 3, 1973, 2019Z.

8235. Subj: Military Sales to Kuwait—Purchase of Follow-on Aircraft. Ref: Kuwait 1369, Kuwait 1371, Kuwait 2053.

1. After carefully examining advantages and disadvantages, we have decided that our interest in maintaining strong and friendly ties with Kuwait as an oil producer and our recent decision to agree in principle to the sale of F-4 aircraft to Saudi Arabia justify our also giving USG assurances about availability of follow-on US aircraft to Kuwait.

2. Accordingly, you should seek audience with the ruler or in his absence the Crown Prince and Minister of Defense Shaykh Saad to inform them that the USG is prepared to offer follow-on aircraft. You should convey following statement to GOK. Quote: The Government of the United States is willing to offer for sale to the Government of

¹ Summary: The Department transmitted to the Embassy the approval in principle to provide a follow-on aircraft for Kuwait.

Source: National Archives, Nixon Presidential Materials, NSC Files, Box 620, Country Files, Middle East, Kuwait, Volume I. Secret; Immediate. Drafted on August 2 by Dickman; cleared by Atherton, Tarr, Clements, Saunders, and Spiers and in NEA/IAI and NEA/IRN; approved by Sisco. Telegram 1369 from Kuwait City, April 20, is in National Archives, RG 59, Central Foreign Policy File, [no film number]. Telegrams 1371 and 2053 from Kuwait City, were not found.

Kuwait suitable, mutually agreed upon, aircraft to provide for its defense. The appropriate aircraft will be selected on the basis of Kuwaiti experience with interim US aircraft and consistent with US recommendations regarding pilot and maintenance training necessary to provide Kuwait with the capability to absorb sophisticated follow-on aircraft. End quote.

Rogers

37. Telegram From the Embassy in the United Arab Emirates to the Department of State¹

Abu Dhabi, September 1, 1973, 0500Z.

1219. Subject: US/UAE Relations and UAE Oil Policy. Ref: A. Abu Dhabi 1196; B. Beirut 10224.

Summary: Spent very cordial hour and half morn Aug 30 discussing variety of subjects (reported separately) with ForMin Suwaidi and UnderSec Ghubash, both of whom departing Sept 1 for series visits and Algiers Non-Aligned Conf. Suwaidi went out of his way to express UAEG conviction that continued close relations with US essential and Ghubash volunteered clarification of Zayid interview re alleged threat cut off oil to US. Total effect of both presentations was to reassure USG of UAEG determination strengthen rather than disrupt friendship with US. End summary.

1. Finally managed see ForMin Suwaidi 0930 local after having sought appt for several days. He apologized for delay and said he had been out of town, presumably making preparations with Zayid for visits to Qatar and Bahrain; Algiers Non-Aligned Summit; Arab League ForMins mtg. in Cairo; Zayid's visit to U.K.; and UNGA session. MFA beehive of activity as final arrangements being made, and I had expected have only few moments with two key officials.

¹ Summary: Embassy Economic Officer Nathaniel Howell met with UAE Minister of Foreign Affairs Ahmad Khalifa al-Suwaydi, primarily to discuss any UAE response to a possible oil embargo against the United States by other Arab powers.

Source: National Archives, Nixon Presidential Materials, NSC Files, Box 632, Country Files, Middle East, Trucial States. Secret; Exdis. Repeated to Kuwait City, Jidda, Manama, Tripoli, Cairo, and Algiers. Telegrams 1196 from Abu Dhabi, August 27, and 10224 from Beirut, August 29, are in the National Archives, RG 59, Central Foreign Policy File, [no film number].

2. Suwaidi seemed in very good mood and said he welcomed opportunity for talk. I told him I had several matters which I felt important to discuss with him prior to his departure (specific topics reported in septels). Central theme of entire conversation was importance UAEG attaches to close relationship with US. Suwaidi did not—rpt not—mention Zayid's alleged threat to cut off oil shipments if other Arab producers decided to do so, nor did I broach subject. He did, however, emphasize hope of UAEG that friendly relations with US, which he said vitally important, will continue grow stronger.

3. According Suwaidi, US is major power in which UAEG has trust and UAEG wants USG to be quote at top of list of its friends end quote. He said he felt UAE and US interests in stability and development of Gulf region essentially coincidental. Concluding, he remarked that UAE needs continued US friendship and friendly assistance in development. I thanked Suwaidi for his remarks and assured him USG recognizes mutuality of benefits from close relations and shares UAEG desire for deep and abiding friendship. Suwaidi agreed vigorously that among friends need for frequent and frank exchanges of views and room for occasional differences on approach so long as common bonds and interests exist on essentials.

4. Subsequently saw Ghubash to cover details of several topics. When review concluded, Ghubash said he wished clarify statements attributed in press to Sheikh Zayid. Ghubash said he was present at Zayid interview with Lebanese journalist (Suwaidi was out of country at the time) and Zayid's intent had been quote badly tilted end quote in published press reports. According Ghubash, there was language and psychological barrier between Zayid and journalist and this, coupled with effort to make good story better, had resulted in distortion of Zayid's views.

5. Ghubash said Zayid expressed two major ideas: (A) Oil-rich Arab states should assist those without oil revenues, but help should not be random or haphazard. Arab states should get together to establish channels for allocation of funds on rational basis. (B) Oil can serve as important means of promoting understanding of Arab, and specifically UAE, policy. Re energy crisis, Ghubash said that Zayid explained that, as Arab and Muslim, it not possible for him take undue advantage of situation and, as far as US concerned, UAEG does not—rpt not—demand that US become anti-Israeli. UAE seeks neutral US policy toward Arab-Israeli dispute and greater understanding of Arab feelings and viewpoints.

6. Ghubash said he interrupted, as reported para 1 reftel B, to Counsel Zayid that interviewer might construe what Zayid had said as threat to halt oil shipments to US. Journalist then asked what Zayid would do if Arab states took unanimous decision to ban oil for US

market? Ghubash said Zayid answered this provocative question by saying that, as Arab and under those circumstances, he would have no choice but to follow suit.

7. Ghubash asked that I convey his clarification to Dept. He said he felt Zayid had been had by interviewer, but admitted he had not had chance discuss question with Zayid since appearance of press reports. Said I appreciated his amplification of interview and would, of course, relay it to Washington. I added that I had not yet seen original interview but had naturally drawn attention of Dept to item which appeared in *Herald-Tribune* in low key manner pending clarification.

8. Comment: Had impression following talk with Suwaidi and prior seeing Ghubash that Suwaidi attempting forestall any damage to US/UAE relations which might result from alleged Zayid threat without, however, bringing subject into open. Suwaidi has spent last several days in close consultation with Zayid and news of my request for appt reached him while he still in Zayid's company. Whether it was anticipated that in under instructions raise subject or not, we shall probably never know, but assume Zayid and Suwaidi probably considered how best deal with possibility USG reaction. Have also recently heard radio accounts of interview by same Lebanese magazine with King Faisal in Saudi Arabia in which Faisal reportedly critical of those who urge use of oil itself rather than oil revenues in support of Arab cause. Zayid could be expected to be sensitive to this kind of criticism of position he alleged to have taken.

9. In fact, it out of character for Zayid and UAEG to get out in front on so sensitive an issue. Zayid undoubtedly sought in interview protect himself against attacks on his dedication to Arabism, but probably did not expect to find himself widely quoted as primary architect of oil boycott. Having made what he regards as proper noises, there evidence Zayid does not—rpt not—envisage having promise put to real test. Ghubash confided that, while hypocrisy is too strong a word, UAEG does not expect Arab states to meet criterion unanimous, binding policy decision and he implied that this in part because UAE among others, would work in inter-Arab councils to prevent development of consensus which UAE would have to endorse.

Howell

38. Telegram From the Embassy in Bahrain to the Department of State¹

Manama, November 14, 1973, 1005Z.

719. Subject: Amir Wishes Closest US-Bahrain Relations. Ref: Manama 698.

1. Summary: Despite Middle East war Amir wishes U.S. and Bahrain to continue same close relations as in past. His comments suggest he is determined to reverse GOB departure notice to MIDEASTFOR at unspecified future time. End summary.

2. When Chargé called on Amir Nov 13, Shaikh Isa said he wanted, as before October War, closest relations with U.S. He said he was most unhappy about GOB canceling U.S. Navy stationing agreement and wished USG to know events at that time forced this action. He spoke somewhat scornfully of fears and excitement which gripped some of Ministers at meeting when decision was made. Prominent among his targets was FonMin Shaikh Muhammad.

3. Amir also expressed contempt for Iraqis whom he said threatened to bomb Bahrain International Airport if latter was used by those aiding Israel. Regarding brief street demonstration during war, he pointed out to Iraqi Ambassador that slogans marchers were using came from Iraq. Ambassador vehemently denied any bad intentions. Amir observed to Chargé that he did not care what others thought. He would say and do what he thought best for Bahrain's interests.

4. In Amir's mind GOB notice to Navy is by no means final. He indicated without elaboration that problem would be worked out and Navy could continue here as before. To try to draw him out more, Chargé said DOD-supported Bahrain school would almost surely have to close when Navy departed and some hard decisions on new arrangements would have to be made soon. Amir replied simply that school should be told to continue as it has been. Make no changes.

¹ Summary: Chargé d'Affaires Stein met with Amir Isa ibn Salman al-Khalifa to discuss the recent cancellation of the U.S.-Bahrain agreement stationing the Middle East Force in Bahrain. The Amir indicated that the cancellation, made during the Arab-Israeli war in October, would be reversed.

Source: National Archives, Nixon Presidential Materials, NSC Files, Box 632, Country Files, Middle East, Trucial States. Secret. Repeated to Jidda, Kuwait City, London, Tehran, COMIDEASTFOR, the Secretary of Defense, and CINCUSNAVEUR. Telegram 698 from Manama, November 8, is in the National Archives, RG 59, Central Foreign Policy File, [no film number]. Bahraini Foreign Minister Shaikh Mohmmad al-Khalifa notified the United States of the cancellation on October 20 as part of the Arab response to the U.S. resupply of Israel, asking for MIDEASTFOR's departure within 1 year. (Telegram 671 from Manama, October 20; National Archives, RG 59, Central Foreign Policy File, [no film number])

5. Amir's comments and those of his brother PriMin Shaikh Khalifa (reftel) suggest they are determined to reverse GOB notice to Navy. They seem confident of being able to manage any internal opponents, including those who might gain seats in Bahrain's first elected parliament in December, and seem to be waiting and hoping for helpful developments in Arab-Israeli crisis before showing their hand.

Stein

39. **Briefing Memorandum From the Assistant Secretary of State for Near Eastern and South Asian Affairs (Sisco) to Secretary of State Kissinger¹**

Washington, undated.

KUWAIT: Possible Pressure Points

There are only limited ways in which the United States could apply pressure on the Kuwaitis. We have no economic or military assistance programs in Kuwait. Although Kuwait's economy, perhaps more than any other in the world, is trade oriented and almost totally dependent on the importation of goods and services, the United States' 12% share of this market—although significant—is not crucial to Kuwait. The industrial items, consumer durables, and small amounts of grains and foodstuffs we sell Kuwait can all be replaced by competing goods from Europe and Japan. The medium-size American community (about 1100) is almost entirely business and oil-oriented. Its departure would not have much of an impact on the economy or the country's oil operations. (There are only five or six American oilmen in key executive positions.) Therefore, any pressure unilaterally applied by the United States is unlikely to have any effect other than to increase the sense of anger and frustration Kuwaitis feel over our policies in the Middle East.

The ability for the United States to apply an effective pressure is also limited by the fact that Kuwait, because of its small size, great wealth, large Palestinian population, and resultant vulnerability must

¹ Summary: The NEA Bureau prepared a paper for Kissinger that discussed possible methods of applying pressure to Kuwait to end its oil embargo against the West and concluded that the U.S. had very limited means of doing so.

Source: National Archives, RG 59, Central Files, 1970–73, Box 2432, POL Kuwait, 1/1/1970. Secret; Sensitive; Nodis. Drafted on November 23 by Dickman.

maintain good relations with all the larger Arab states. It must stay carefully in step within the mainstream of Arab political thinking. Especially in response to unilateral American pressure, it could not afford to pursue policies on pan-Arab or Arab-Israel issues which were independent of the consensus of large Arab states.

The following is a list of possible pressures we might exercise in the economic, military and political fields:

Economic

A. *Terminate All Ongoing Reimbursable Technical Assistance (Federal Highway Administration, National Bureau of Standards)*

Means of Implementation: Withdraw existing personnel.

Kuwaiti Reaction: Annoyance but countermeasures unlikely.

Pro: This action would point to U.S. displeasure with Kuwait policy but not directly harm U.S. economic and business interests in Kuwait.

Contra: It would have little impact on Kuwait. The Kuwaitis could easily arrange to purchase technical expertise elsewhere.

B. *Discourage American Companies from Bidding on Kuwaiti Projects or Signing Contracts with Kuwait Government Agencies*

Means of Implementation: Public statements by senior Administration officials and informal contacts by State and Commerce with the American business community.

Kuwaiti Reaction: Official dismay; Kuwait National Assembly would probably press the government to take countermeasures such as boycotting American goods.

Pro: It would remind the Kuwaitis that they cannot count on U.S. technology or managerial skills if they take measures adversely affecting our economic relations.

Contra: Such action would have little impact and the business would go elsewhere.

C. *Embargo Food Shipments and Oil Equipment Spares*

Means of Implementation: The President would instruct Commerce and Agriculture to require and withhold export licenses under the 1969 Export Administration Act.

Kuwaiti Reaction: This would cause a great uproar in the Kuwaiti Assembly and the leadership would be under pressure to take countermeasures against U.S. interests; oil production would be further reduced unless other consuming countries agreed to make up the deficit.

Pro: The Kuwaitis are entirely dependent on imports of food, oil equipment and spares. This action would underscore their dependence upon keeping trade free of politically-contrived obstacles which must be avoided to maintain Kuwait's economic health.

Contra: The Kuwaitis could find alternative suppliers and place the burden on finding spares on the foreign oil operators. This action would run counter to our longer range objective of encouraging the Kuwaitis to increase their oil production.

D. Suspend International Financial Transactions with Kuwaiti Financial Institutions and Freeze Kuwait Government and Privately Owned Assets in the U.S.

Means of Implementation: President issues a national emergency decree and instructs Treasury to freeze assets under the 1917 Trading with the Enemy Act.

Kuwaiti Reaction: Convert any dollar holdings held in Europe to other currencies; nationalize all U.S. investments in Kuwait (currently about \$400 million).

Pro: Kuwaitis have about \$1 billion in public and privately held investments in the U.S. and it would be a severe psychological blow.

Contra: The majority of Kuwait Government and private holdings are outside the U.S. Moreover, many private Kuwait holdings may be difficult to identify since the U.S. has no investment laws requiring registration of ultimate ownership and these assets have traditionally been channeled through British and Swiss intermediaries.

Military

A. Withdraw Our Offer to Sell Kuwait any Military Equipment and Recall the DOD Military Sales Representative Now in Kuwait (we have pending with the Kuwaitis some 46 letters of offer amounting to some \$500 million for a variety of defense equipment and services) and Cancel Kuwait's Eligibility for Foreign Military Sales

Means of Implementation: Revoking Presidential determination making Kuwait eligible for FMS and DOD/State action to stop military discussions with Kuwaitis now being carried on by our Ambassador.

Kuwait Reaction: Since negotiations over possible arms sales have been held in secret, the Kuwaiti public would not be immediately aware of this step. The Government would be unhappy over this decision and might at a politically useful time use it to justify taking countermeasures.

Pro: Such a step would receive favorable Congressional reaction.

Contra: Discussions on arms purchases from the U.S. have been underway for over six months during which time no letter of offer has been signed. The Kuwaitis have also been negotiating with the British and French for the same types of equipment they have been discussing with us and could turn to these sources of supply or possibly to the Soviet Union.

Political

A. Let It be Known that the United States Does Not Feel Itself Committed to the Kuwait-Iraqi Border Described in the 1932 and Referred to in the 1963 Agreements (Iraq has never agreed to a formal demarcation of this border)

Means of Implementation: Statement by a senior State Department official.

Kuwaiti Reaction: The Government would be very upset and the National Assembly would accuse the United States of interference in a matter of domestic jurisdiction. The Kuwaitis would seek Saudi and Egyptian support on the boundary issue.

Pro: Formal demarcation and an end to the border problem with Iraq is Kuwait's primary foreign policy objective. A change in U.S. support for Kuwait's position would remind it of its vulnerability vis-à-vis Iraq and of the need to have good relations with world powers capable of exerting military force which indirectly serves Kuwait's security.

Contra: It would further weaken the position of a moderate government which is already under pressure from radical elements within and outside Kuwait. It would strengthen Iraq's territorial ambitions in the Gulf without gaining us any significant advantages in terms of our relations with Baghdad. It would upset the Saudis as well as the Shah of Iran.

B. Withdraw U.S. Ambassador from Kuwait

Means of Implementation: Department action.

Kuwaiti Reaction: Concern and frustration that the U.S. does not understand the reasons for Kuwait's inability to act independently. The Kuwaiti leadership would probably agree to National Assembly demands to nationalize Gulf's investment in the Kuwait Oil Company and would recall the Kuwaiti Ambassador in Washington.

Pro: Recall of the Ambassador would more than anything else point up to the Kuwaitis our concern over Kuwaiti policies which we found objectionable.

Contra: The Kuwaiti leadership would be under considerable pressures from leftist, Arab nationalist, and Palestinian elements to take drastic actions against U.S. interests in the country.

40. Telegram From the Embassy in the United Arab Emirates to the Department of State¹

Abu Dhabi, December 16, 1973, 0655Z.

1641. Subject: Arms for Yemen.

1. At recent encounter with Yemeni Amb Qubati, Chargé mentioned to him report from our Emb in Sana'a about desire of YAR Commander-in-Chief to move ahead on Abu Dhabi-financed arms procurement deal with US. Inquired of Qubati if he aware present state of financing commitment.

2. Qubati acknowledged that Yemeni military actively clamoring for modern arms, but he gave me definite impression that YARG not pressing Zayid for funds at this time because of area situation, and especially, high state of his irritation with US. Qubati said he felt deal, as far as Abu Dhabi concerned, shelved for time being as Zayid unwilling have it be known that he purchasing US arms for Arab country, which wants them for defense against hostile Arab state. Furthermore, YAR recognizes that commitments to Arab combatants have strained AD's reserves. Also gained impression from Qubati's uncharacteristic questioning of rationale behind US policy severely limiting sale of arms to Arab states, that Zayid may have sounded off to Yemeni Amb over difficulty [garble] has had in obtaining certain military hardware items from US over past year and half. On other hand, Qubati may also have been reflecting frustration of YARG over its failure to convince US of need for larger or more sophisticated arms package.

3. Do not intend to raise matter of US financing of arms for Yemen with UAEG or Zayid unless so instructed. With present dipl climate on chilly side, believe best policy for us is not get directly involved in this matter leaving any contacts strictly to parties concerned.

Griffin

¹ Summary: Chargé d'Affaires Philip Griffin reported on a meeting with Yemeni Ambassador to the United Arab Emirates Qubati regarding potential difficulties with the scheme for the UAE to purchase U.S. arms for the Yemen Arab Republic.

Source: National Archives, Nixon Presidential Materials, NSC Files, Box 632, Country Files, Middle East, Trucial States. Secret; Exdis. Repeated to Kuwait City, Sana'a, and Jidda.

41. Memorandum From the Secretary of the Navy (Warner) to Secretary of Defense Schlesinger¹

Washington, December 20, 1973.

Subj

Homeporting Middle East Force (U)

Recent events in the Middle East have reinforced the validity of maintaining a flexible military presence in the Arabian Sea area. The Bahraini Government decision to expel the homeported Middle East Force flagship was a direct reflection of relatively cohesive Arab bloc pressure directed against regional U.S. interests. In order that we may move ahead expeditiously in the development of alternative support options for continued flexibility of operations in that area, I seek your support for the proposal that we proceed through our embassies in Tehran and Addis Ababa to examine feasibility and, if feasible, to seek authority to conduct surveys of most promising sites for homeporting one to two destroyer size ships.

I consider an investigation of this alternative necessary for two reasons, even if the Bahraini Government ultimately reverses its decision on the Stationing Agreement. First, acquisition of an alternative homeport location would improve the U.S. bargaining position should we be afforded the opportunity to renegotiate for access to Bahrain. Secondly, in the eventuality that the Middle East Force is increased in size, additional homeport facilities would be necessary for one to two ships to avoid overtaxing limited facilities in Bahrain.

Furthermore, in reviewing that portion of the NSSM-110 follow-on that addressed our FY 1972 Indian Ocean naval presence, the Senior Review Group agreed to qualitative and quantitative upgrading of the Middle East Force, periodic CV deployments and random maritime patrols as an adequate counter-balance to Soviet naval presence in the Indian Ocean. This underscores the requirement for a continuing and

¹Summary: Secretary Warner advocated a search for alternative sites for MIDEASTFOR.

Source: Washington National Records Center, OASD Files: FRC 330-78-0001, Middle East 092 (July-December 1973). Secret. Attached but not published are the proposal letter to the Secretary of State and the proposed telegram, the latter of which was not transmitted. The Navy study of alternative sites viewed Iranian ports at Bandar Abbas and Kharg Island as the most desirable. (Washington National Records Center, OASD Files: FRC 330-78-0011, Indian Ocean 323.3 (April-December 1974)) NSSM 110 and minutes of the Senior Review Group meeting discussing it are in *Foreign Relations*, 1969-1976, vol. XXIV, Middle East Region and Arabian Peninsula, 1969-1972; Jordan, September 1970, Documents 54 and 58.

effective Middle East Force presence in the region. Considerations governing this decision, e.g., the importance of U.S. interests in the region plus Soviet naval presence, have become more significant since the decision was made.

The Navy has undertaken a comprehensive examination of operational alternatives available while keeping in mind the mission of the Middle East Force. As you are aware, this mission involves support of U.S. objectives in the Middle East and Indian Ocean by maintaining a presence centered around the Persian Gulf/Red Sea area but extending into the Indian Ocean as far as Sri Lanka. The options considered included:

- Afloat presence with negotiated base and airfield use rights.
- Anchoring in an area which affords proximate air support facilities.
- Homeporting the Middle East Force elsewhere.

In the first instance, an afloat presence is not feasible for maintaining a continuous presence considering the extended deployment times required and the limited ship assets available to devote to a rotational schedule. The same problem is encountered in the second option including the added liability of limited shore support. Homeporting a portion of the Middle East Force ships continues to offer the most viable option for continuation of an effective Navy presence.

A variety of potential homeporting sites has been considered. They include Assab and Massawa in Ethiopia, various ports in Iran, Victoria/Mahe Seychelles, Port Louis Mauritius, Diego Garcia and Karachi, Pakistan. For a variety of reasons, which include political considerations, the availability of support facilities and operational time-distance factors, the majority of these ports are considered unacceptable. The principal exceptions are Massawa in Ethiopia and Bandar Abbas in Iran. Both offer the best of limited dependent support facilities available on the Red Sea-Persian Gulf littoral and are optimally situated for operations in the area of our principal regional interests. A request to investigate potential sites for homeporting U.S. Navy ships in Iran may be more favorably received by the Shah if presented in a manner that emphasizes Iranian interests involved in the continuation of a U.S. presence in the Arabian Sea/Indian Ocean area. The recent message from our Ambassador in Tehran (DTG 031505Z Dec 73, cite #8507) reports the Shah's aversion to any U.S. Navy presence which could be perceived as establishment of a U.S. Naval base at Bandar Abbas. This concern notwithstanding, our national interests in maintaining our area presence indicate that every effort be made to persuade the Shah that modification of this position would clearly be in Iran's best interests. There are encouraging indications that this possibility is not remote based on the Shah's historical support for a substantial U.S. Indian

Ocean presence, his continued friendship during the Arab/Israeli conflict and his continuing support of the HANCOCK Task Group operations. By the same token, Haile Selassie is distinctly pro-western and should be agreeable to the concept of homeporting U.S. Navy ships in Ethiopia. This appraisal recognizes that he would have to contend with opposition from the African and Arab states and that some quid-pro-quo might be expected in return, such as increased military assistance.

Our initial action should be to query the ambassadors regarding the feasibility of gaining approval to conduct detailed low visibility surveys of potential homeporting locations. This would include as a minimum Bandar Abbas, Chah Bahar and Kharg Island in Iran and Assab and Massawa in Ethiopia. These surveys are necessary before any determination can be made of best location for additional homeporting facilities and the commensurate associated costs.

To this end I am attaching a proposed letter to the Secretary of State requesting his support for such action. If you concur with this course of action designed to facilitate continuation of a U.S. Arabian Sea/Indian Ocean presence, I request that you forward the attached letter. Included for the Secretary of State's consideration is a proposed message to the American Embassy, Tehran and Ethiopia.

John W. Warner

42. Airgram From the Embassy in Kuwait to the Department of State¹

A-41

Kuwait City, May 22, 1974.

SUBJECT

Power and Policies in Qatar

Summary

The ruling Al-Thani family has been pre-eminent in Qatar since the late 19th century. Their predominance has never appeared to be

¹ Summary: Ambassador Stoltzfus provided for the Department a current summary of Qatari governance and politics in preparation for the posting of a new resident Ambassador to Doha.

Source: National Archives, RG 84, Doha Embassy Files: Lot 79F187, POL 1-3, Qatar. Confidential. Drafted by DCM John Wheelock; cleared by Stoltzfus; approved by DCM Walter McClelland.

stronger than under the present Ruler, Sheikh Khalifa bin Hamad Al-Thani, who took power from his cousin Ahmed in February 1972 in a bloodless palace coup. Khalifa, a forceful and energetic man, runs a highly centralized, moderately efficient government, in which the only restraints on his power are traditional tribal and religious customs and his own moderation and common sense.

Government policies both domestic and foreign largely reflect Khalifa's views. Domestically, Qatar is a benevolent dictatorship or quasi-absolute monarchy run along traditional conservative tribal and religious lines. In foreign affairs many Qatari attitudes are similar to those usually attributed to King Faisal and the Saudi government: deep-seated distrust of Communism leading to a generally tolerant attitude toward the West, in the case of Qatar oriented particularly toward Great Britain; in oil matters a tendency toward conservation of natural resources combined with flexibility about supplying the United States, Western Europe, and Japan; in Gulf matters Khalifa has always taken publicly a line of cooperative relations with other Gulf States; in private he can be rather scathing about most of his Gulf colleagues.

Future relations with the United States will probably range from guardedly warm if we maintain a balanced posture in the Arab-Israeli conflict or are instrumental in de-fusing it, to tolerantly chilly if we appear to be favoring Israel.

End of Summary

[Omitted here is material unrelated to bilateral relations.]

Policies of the Government—Domestic

Qatar has had modest oil revenues for two decades, and substantial revenues for one. Sheikh Ahmed, who was ruler for the decade before Khalifa took power in 1972 distributed much of the State's income to the various Sheikhs of the Al-Thani family in accordance with a traditional formula, which reportedly allocated at least half the national income to the ruling family. Although the energetic and cautiously progressive present Ruler Khalifa was his Prime Minister, economic development was rather half-hazard and sporadic until the end of the 1960's. Khalifa's policy, both as Prime Minister under Ahmed and as Ruler, has been to cut back on hand-outs to the Ruling family, to put substantial sums into carefully chosen economic development projects, and to put aside a tidy proportion of national income each year in conservatively managed European bank portfolios. The funds expended on development have been large enough to have trickled down pretty effectively, and the result is a quietly booming economy, and a slowly but surely modernizing capital.

Political institutions and social conventions, however, have not kept pace even with a moderate economic explosion. The Advisory

Council to the Ruler, a group of non-Al-Thani Sheikhs and leading merchants, appointed by the Ruler, which is the nearest approach here to an embryo legislature, thus far has the power only attend official functions and occasionally to form the audience for a semi-public speech by Khalifa. There is no local regularly published press. Radio and television broadcasts are edited to the point of being, with respect to local events, little more than a chronicle of the daily comings and goings of the Ruler and leading Ministers without substantive content or comment. Public security is maintained by a large and constantly visible police force, which maintains an apparently largely benevolent but very tight lid on crime and all other forms of public exuberance.

The traditional desert *abbah* is still *de rigeur* for Qatari men. Qatari women are rarely seen on the street; if so they wear leather face masks under heavy black veils, an arrangement that seems to favor the ugly unduly. Men do the family shopping. The opening of a modern new hotel here in February 1973 touched off a struggle regarding the serving of liquor, which is normally prohibited, and mixed public bathing, which is still unresolved. These conservative Wahabbi customs, however, are softened by a remarkable degree of tolerance toward the dress and behavior of non-Qataris. In private, drinking by men, and pantsuits for women are becoming increasingly fashionable among the Qatari *avant-garde*.

Foreign Policies

The linch-pin of Khalifa's foreign policy is close brotherly friendship with his much larger and richer next-door neighbor Saudi Arabia. It is evident that he has deep and genuine admiration for King Faisal as a man and model Monarch. In the past relations have been so close that as much as 20% of the Qatari army and security forces was made up of Saudi troops. This arrangement ended in early 1973 when the Saudi contingent went on strike for higher pay. It was returned forthwith to Saudi Arabia. This incident, however, had no visible cooling effect Saudi-Qatari relations. This strong friendship with its largest neighbor allows Qatar to feel secure with token armed forces; an army of perhaps 3,000, a handful of obsolete tanks, 4 hawk hunter, and a patrol boat or two.

Perhaps more than any other Gulf Ruler Khalifa tends to follow Saudi-Arabia's lead in attitudes and dealings with the outside world. This starts with a deep distrust and fear of Communism in all its manifestations. Despite recurrent rumors, there are to date no Communist Block representatives here, no communist-manufactured products, and no technical assistance. Partly as the other side of the anti-communist coin, and partly as a result of years of close collaboration with the West, particularly Great Britain, Qatar has a strong bias toward the

West. The influence of the British Ambassador, who was formerly British Political Agent here, still probably rivals that of all but two or three of the Ruler's most intimate advisors. Fortunately the Ambassador is a very moderate and sensible man; unfortunately for the United States, he uses his influence very skillfully to promote British commercial, financial, and industrial interests, thus far largely to the exclusion of others particularly in the development and financial fields.

With respect to the United States, the government is basically well disposed, but seems to regard us with some reservation, much as one would a large animal who seems friendly, but who could cause a lot of damage. At the same time of the Arab-Israeli war last fall the attitudes of many Qataris stiffened perceptibly toward us, either by instinct, or because we made several announcements concerning aid to Israel. The Ruler was reliably reported to have been upset by what he regarded as our favoring of Israel, but more in wonderment that we would risk the displeasure of the entire Arab world for the sake of Israel than in anger. He and senior Qatari officials maintained an attitude of correct politeness toward the Embassy during this difficult period.

Qatar, both geographically, and in its interests is somewhat removed from the Arab-Israeli arena. Nevertheless the emotional ties of Arab brotherhood are very real here, possibly because of the country's smallness and isolation. Qatar is believed to have contributed very substantial sums to the combatants in the war. During the war the Ruler called an extraordinary session of the Advisory Council before which he delivered a tub-thumping and emotional speech.

With respect to the other gulf states Khalifa has always maintained a posture of cooperation and the desire for close fraternal ties. At the time the United Arab Emirates was established, he let it be known that he favored joining the union provided Bahrain did likewise. (He was Deputy-Ruler and Prime Minister at that time) However there is generally thought to be a degree of rivalry between Khalifa and Sheikh Issa of Bahrain. Qatar's relations with Dubai remain strained because former ruler Ahmad continues to live there under the protection of Sheikh Rashid. This strain extends to a degree to relations with Sheikh Zayyid of Abu-Dhabi, though to a lesser extent. In private Khalifa does not have many kind words to say about any of his fellow-rulers in the Gulf, although in fairness to him, one of his major complaints is that they are too narrowly oriented, and fail to think in Gulf-wide terms.

Future Outlook—Domestic Stability

Despite the fact that about one half its population is a polyglot mixture which comes and goes constantly, there appears to be a remarkable lack of ferment in Qatar. Qataris seem to be by nature conservative and tradition-oriented. Most outsiders here are laborers and artisans

from Iran, India, and Pakistan, many of them desperately poor, and disinterested in anything but trying to scrape together enough money to remit to their families at home and perhaps to build a small nest egg before returning themselves.

The security forces seem able to keep an effective watch on the few thousand outside Arabs including Palestinians, who live here more or less permanently. There appears to be no effective organization or leadership from this group in the direction of extremism or any movement of potential danger to the regime. The first generation of Qataris to have formal schooling is still in its teens. At least until this generation is able to make its weight felt, it seems a good guess that the Al-Thani dynasty will be able to maintain its present highly conservative and traditional form of rule.

Relations With the United States

Sheikh Khalifa and his top advisors do not seem to have the admiration for things American that one often finds in newly developing countries. Qatar has had a long and close relationship with Western Europe, particularly Great Britain, and seems to find European products, technical help, and advice satisfactory, comfortable, and safe. Qatar, of course, has enough oil wealth for perhaps another generation, so that it can afford to buy advice and help where it chooses without consideration of who will pay the bill.

In attitudes toward the United States, one feels a slight sense of reservation among high Qatari officials. This may be compounded of unfamiliarity, a vague uneasiness about our size and strength, and some doubts about our position in the Arab-Israeli conflict. These reservations do not seem to apply as much in the business community, which is more narrowly concerned with what will sell at a profit, although banking is still largely in British and Arab hands.

Despite these slight and vague reservations, Qataris are basically well disposed toward the U.S., and will probably become more so with increased contact, particularly if we can become instrumental in obtaining an Arab-Israeli settlement or semi-permanent cease fire. Although they are geographically and in national interest rather remote from the front lines, emotional ties with brother Arabs are genuine, and Qataris will be watching to see whether we maintain what they consider to be a balanced policy on the Arab-Israeli question.

Stoltzfus

43. Telegram From the Embassy in Bahrain to the Department of State¹

Manama, July 10, 1974, 0935Z.

491. Subject: Middle East Force—Meeting with Amir. Ref: Manama 475.

1. July 10 I called on Amir to present letter from Speaker Albert congratulating him on establishment National Assembly here.

2. Obviously pleased, Amir began to talk about U.S.-Bahrain friendship and how much Bahrain welcomes Americans here, adding “including the Navy”.

3. I expressed gratification to hear this. Amir said that he had recently told John Gatch he intended for Navy to remain and wanted me to know this too. I said this news would be greeted with relief in Washington since USG was growing quite concerned about Navy’s status here, particularly since Navy wives and children are uncertain about what plans to make.

4. Amir said “you may inform your government the Navy is remaining in Bahrain and so is the Bahrain school”. He added that some Ministers are still undecided but that he was going to make the decision in this case. Amir said this must be settled quickly, thought he would call the Cabinet together July 13, and let us know what formal decision had been taken.

5. He then stressed there are two major problems concerning Navy’s continuation here: (1) Bahrain must have legal jurisdiction over offenses by Navy personnel since present arrangement is unacceptable to Bahrain’s concept of sovereignty and Bahraini opinion (he was particularly forceful on this point); (2) Bahrain must be able to show more financial benefits from Navy’s presence. He added that I should know privately that Kuwaitis had offered to give Bahrain “twice” the rent that Navy is paying if Bahrain would not keep Navy here, and that this still rankles. I told Amir I was at call of GOB to discuss whatever alterations need to be made to existing arrangements in order for Middle East Force to remain. Amir said he wanted to settle matter quickly, well before return of National Assembly in October.

¹ Summary: The Amir assured Twinam that MIDEASTFOR would stay in Bahrain, provided Bahrain had legal jurisdiction over offenses by U.S. Navy personnel committed in Bahrain.

Source: National Archives, Nixon Presidential Materials, NSC Files, Box 632, Country Files, Middle East, Trucial States. Secret; Immediate; Exdis. Repeated to COMID-EASTFOR; repeated Immediate to CINCUSNAVEUR, CNO, DOD/ISA; and repeated Priority to Kuwait City.

6. I must caution addressees that Amir was alone without restraining influence of Prime Minister and Foreign Minister, that no formal GOB decision has been made, and that there is serious constitutional question in minds of GOB whether government can take this decision, or rescind termination notice, or adjust terms agreement or lease without at least consulting, and possibly seeking approval of, National Assembly. I must also point out that as of this moment we are under proper formal notification that stationing agreement is to terminate in October and if we are unable to satisfy GOB on jurisdiction it is not beyond realm of possibility that after October we will have Navy here but no agreement at all.

7. Dept may wish to pass above message to Jidda, Tehran, Cairo.

Twinam

44. Telegram From the Embassy in Bahrain to the Department of State¹

Manama, July 17, 1974, 1239Z.

519. Subject: Retaining Middle East Force in Bahrain. Ref: Manama 0514.

1. July 17 I had first opportunity to discuss in greater detail with Iranian Ambassador his July 16 meeting with Amir on Middle East Force. Amir had appeared uncertain what Iranian position might be and hence seemed especially relieved and appreciative that Shah supporting his own desire to see Navy remain. From Amir's remarks it clear to Iranian that Saudi message of support is getting through.

2. According to Iranian, Amir specifically mentioned Foreign Minister Sheikh Muhammad Bin Mubarak as among those GOB Ministers still opposing Navy's continued presence, and, as reported reftel, Amir said he tired of Cabinet's debating this issue and ready to make decision himself. (Comment: Constitutional government is new here, and Amir

¹ Summary: Twinam reported that Iran had supported Bahrain's retention of MIDEASTFOR in conversations with the Amir, noting Kuwait's continued opposition to the flotilla's presence in Bahrain.

Source: National Archives, Nixon Presidential Materials, NSC Files, Box 632, Country Files, Middle East, Trucial States. Secret; Immediate; Exdis. Repeated Immediate to Kuwait City. Telegram 514 from Manama, July 16, is in National Archives, RG 59, Central Foreign Policy File, D740190-0536. See Document 45.

sometimes displays nostalgia for a simpler, less vexing way of making decisions. I would guess odds his actually ordering Cabinet to decide to let Navy stay are only fifty/fifty.)

3. With Iranian (protect), Amir made much of fact that Kuwait continuing to urge GOB to stick by October 73 decision to terminate agreement. According Iranian, Amir said Kuwaitis now talk of paying Bahrain “five times” what U.S. Navy would have, as compensation for Navy’s going. (Comment: Figure seems to grow everytime Amir tells this story). From Amir’s remarks Iranian got impression that while Amir and Prime Minister unimpressed and irritated by this Kuwaiti advice, other Ministers, notably Foreign Minister, might be taking note of it. (Amir said he would be sending Prime Minister to Kuwait in near future to discuss broad range of Kuwaiti/Bahraini relations, about which he less than happy at moment.)

4. I would be very surprised if anyone, including USG, could get GOK to support actively Bahraini decision to permit Mid East Force to remain here. Wonder, however, if we should not consider pros and cons of approaching GOK on this subject, with maximum expectation of inducing them to stay out of it. I suspect GOK would be flattered by such approach and that it might therefore rebound to our benefit in overall relations with Kuwait. Whether on other hand it might intensify rather than muffle Kuwaiti interference in Middle East Force issue is question addressees in far better position to judge than I.

5. I have appointment for courtesy call on Amir Friday morning, July 19, the day before his reported departure for London.

6. Dept may wish to pass to Jidda and Tehran for info.

Twinam

45. Telegram From the Embassy in Saudi Arabia to the Department of State¹

Jidda, July 21, 1974, 1400Z.

4228. Subj: U.S. Presence in Bahrain. Ref: Jidda 4072; Jidda 3967.

1. Prince Fahd, Saudi Minister of Interior, asked me privately yesterday (July 20) during the Simon visit whether I had told you of his success in Bahrain. I said I had reported it immediately (reftels). He was very pleased.

2. He said the Kuwaiti attempts to bribe the Bahrainis not to annul the base cancellation order were not even in Kuwait's own interest; Saudi Arabia was disturbed and could not understand why Kuwait took this position.

3. He said Saudi Arabia would give financial assistance to Bahrain, but it was important, *per se*, for the U.S. to pay more for its base rights than it is paying today. The Bahrainis could then see tangible, positive evidence of the American presence on the island.

4. I don't know whether Fahd's claim of being solely responsible for this positive development is correct. The Bahraini Emir's backbone does seem to have firmed recently, and Fahd probably does bear some responsibility for it. But even if this is just another *post hoc ergo propter hoc*, could you send Fahd a short note of thanks on the line of "without whose help this wonderful achievement would not have been possible" as soon as the Emir delivers his promised letter?

Akins

¹ Summary: Akins reported on a conversation with Prince Fahd regarding Saudi support for the retention of MIDEASTFOR in Bahrain.

Source: National Archives, Nixon Presidential Materials, NSC Files, Box 631, Country Files, Middle East, Volume VI, Saudi Arabia, May 1974-. Secret; Cherokee; Nodis. Telegrams 4072 from Jidda, July 15, and 3967 from Jidda, July 10, are in the National Archives, RG 59, Central Foreign Policy File, D740188-1027 and D740184-0358, respectively.

46. Telegram From the Embassy in Bahrain to the Department of State¹

Manama, July 23, 1974, 1450Z.

538. Kuwait pass Doha, Muscat. Subject: Retention MIDEASTFOR in Bahrain.

1. Foreign Minister, when I called on him today, informed me “officially” that GOB has determined it will rescind notice of termination stationing agreement and that Middle East Force may continue to remain stationed in Bahrain. He emphasized this had been difficult decision in which all Cabinet took part and was taken not within narrow context of stationing agreement and U.S. Navy presence but in wider view of Bahrain’s desire for best possible relations with U.S. and hope for evolving U.S. role in Bahrain and Gulf generally over next generation.

2. FonMin stressed this must remain “confidential” understanding until certain problems worked out: 1) Modalities—exchange of confidential notes in which we acknowledge termination notice and express interest in GOB reconsideration in view changed circumstances in Middle East, and GOB reply indicating it has reconsidered and in effect withdraws notice, subject to resolution certain related problems, 2) “legal questions”—“most important” issue of legal jurisdiction plus GOB desire to see termination provision of agreement shortened from one year to six months, 3) “economic questions”—benefits, focused largely on technical assistance, as evidence stronger future U.S.-Bahrain relationship in which decision to permit Navy to remain is but an aspect. This could include rental fees directly related to Navy presence but more important a U.S. “technical assistance” role which must not be ostensibly tied to Navy presence. Also question of MIDEASTFORCE use of pier space at Mina Sulman.

3. FonMin emphasized again and again that at present stage GOB decision must be handled in closest confidentiality. He said “legal

¹ Summary: Bahraini Foreign Minister Shaikh Mohammad al-Khalifa informed the United States officially that MIDEASTFOR could remain in Bahrain under certain conditions, including the creation of a U.S. technical assistance mission. Twinam ascribed the Bahraini change of position to recent U.S. successes in the resolution of the 1973 October War.

Source: National Archives, Nixon Presidential Materials, NSC Files, Box 632, Country Files, Middle East, Trucial States. Secret; Niact; Immediate; Exdis. Repeated Priority to Tehran, Cairo, London, Kuwait, Jidda, Abu Dhabi, and COMIDEASTFOR. In telegram 163984 to Manama, July 28, the Department authorized the Embassy to officially request Bahrain to reconsider the termination notice. (Ibid., RG 59, Central Foreign Policy File, D740204–1081)

questions" must be worked out first, with great urgency, and then we must sort out "economic questions". He is looking toward having this business all tied up by end of August, leaving September for GOB effort to lobby to convince own people and neighboring states that its decision is in best long term interests of Bahrain, Gulf, and Arab world generally.

4. Septels, limited to addressees with direct interest in details, will expand on what GOB wants and how it sees negotiations developing.

5. Comment: From FonMin's remarks in hour long discussion it most obvious President's and Secretary's recent efforts toward Middle East peace have been decisive factor in turning GOB around. Although Foreign Minister careful not to acknowledge it to me, there is no doubt that approaches by Iran and Saudi Arabia have also played most helpful role in moving GOB to this difficult decision. In view of extreme GOB sensitivity about keeping decision confidential at this stage must request that any well deserved word of appreciation to governments of Iran and Saudi Arabia stress that GOB not yet ready to have its decision known to third parties, at least not through U.S. channels.

6. Dept pass DOD/ISA, CNO WashDC, CINCUSNAVEUR.

Twinam

47. Backchannel Message From the Ambassador to Iran (Helms) to the President's Assistant for National Security Affairs (Scowcroft)¹

Tehran, September 17, 1974, 1420Z.

981. Please pass the following message to Secretary Kissinger from me.

1. In Abu Dhabi Embtel 1252 of September 15 Ambassador Sterner reported a conversation in London with Shaykh Zayid of Abu Dhabi,

¹ Summary: Ambassador Helms alerted the White House of several possible risks inherent in Ambassador Sterner's approach to Shaikh Zayid of the United Arab Emirates.

Source: Ford Library, National Security Adviser, Backchannel Messages, Box 4, Middle East/Africa, Incoming, September 1974. Secret; [handling restriction not declassified]. In telegram 1252 from Abu Dhabi, September 15, Sterner accepted in principle a request from Shaikh Zayid to "do some missionary work" with the other Shaikhs of the United Arab Emirates "in a low-key fashion as the opportunities present themselves" to encourage the strengthening of U.A.E. internal structures. (National Archives, RG 59, Central Foreign Policy File, D740258-0335)

President of the United Arab Emirates (UAE), in which Shaykh Zayid discussed his desire to strengthen the central government of the UAE and criticized three of his fellow Shaykhly rulers for dragging their feet and resisting centralization. Ambassador Sterner seemed to have accepted the remarks of Shaykh Zayid at face value and indicated that he planned to do some missionary work with those other Shaykhs to persuade them to cooperate for a stronger federation.

2. Some of my resident and near-resident Arabists who have spent many years in and around the Gulf believe Ambassador Sterner should be cautioned as to the dangers of trying to broker a stronger UAE with the other Shaykhs on behalf of Shaykh Zayid. As so often happens in the Middle East, the reaction is likely to be stronger than the action, and quite negative in several respects.

3. The use is very much Zayid's show and Ambassador Sterner's cable, whether he realizes it or not, makes that point loud and clear. Zayid complains about each state having its own army and intel service, but his own state has the largest of both. If he feels so strongly about this, why does he not lead the way by combining his army (12,000) with the Union Defense Force (2,600)? This gesture might get a positive response from the other states. As long as he keeps his own force and intel service, how can he expect the others to do less? The fact is he wishes to bring them all under his control.

4. [*4½ lines not declassified*] Unlike Abu Dhabi, Rashid has very few foreign advisors—Dubai is run by native Dubayyans.

5. If Ambassador Sterner starts to talk "union" with Rashid, or with Sultan of Sharjah, or Saqar of Ras-al-Khaymah, he is likely to get caught in the middle of a nasty game, with the USG the ultimate loser. His moves will not be lost on Iran, which has its own ideas about the UAE and has close relations with Dubai and Sharjah. I am not stating that a strong UAE is not in USG interest, it most certainly is. There are, however, more and safer options open to US than those proposed in Abu Dhabi Embtel. Ambassador Sterner's proposals concern only our relationship with Zayid and do not take into account the broader area realities.

6. While we are all pleased by the Saudi-UAE (Abu Dhabi) border agreement, let us not forget that the agreement has not yet been implemented and there are still points to be ironed out on the ground. Also, let us wait until the first Saudi Ambassador arrives in the UAE before we conclude everything is smooth sailing. The question is, do we want to associate ourselves with Zayid's UAE, or with the UAE as a viable entity prepared to play a role with its neighbors in insuring the security of the Gulf? Right now Zayid's views are the UAE's views. His views [on] Iran, and on Arabizing the Gulf, are hardly compatible with USG policy. We should work on Zayid as well as the other Shaykhs, not on the other Shaykhs for Zayid.

48. Telegram From the Embassy in Bahrain to the Department of State¹

Manama, September 18, 1974, 1311Z.

746. Kuwait please pass Muscat, Doha. Subject: US-Bahraini Relations; Visit of Deputy Assistant Secretary Sidney Sober.

1. Summary: A resounding success, Sober visit to Bahrain made significant progress toward buttoning up Middle East Force problem. Of longer term significance, it evoked emphatic statements from Amir and Prime Minister on importance GOB attaches to special relationship with U.S. in context U.S. role in fostering stability and orderly progress in Gulf and peninsula. End summary.

2. Deputy Assistant Secretary Sober September 16 had brisk limbering up session with Development (Acting Foreign) Minister Shirawi, resulting in most illuminating exposition to date on what GOB wants from us in way of broader relationship, focused on technical assistance presence, to put continued U.S. Navy presence here in what Bahrainis will consider proper context. (septel). Then proceeded to standard 20–30 minute “courtesy call” on Amir and Prime Minister. The Khalifa leaders were lying in wait. Fifty minutes later, Sober emerged from significant exchange in which “Amir-Prime Minister show” had been most intense, emphatic and open in my experience, in telling how they view US-Bahraini relationship and how this relationship bears on future of the region and U.S. role in it. As usual, the Amir, who tends toward one-liners, provided the gracious broad brush touch while the Prime Minister moved in for the heavier and more specific articulation, with Shirawi adding the occasional nuance. Essentially they spoke in harmony, as follows:

3. Middle East peace and U.S. role. Bahrainis expressed deep gratification and relief in response to Mr. Sober’s persuasive reassurances that USG under President Ford continues without deviation to pursue energetically efforts to facilitate stability and enduring peace in Middle East. They voiced admiration for US efforts to date, noting that while little Bahrain could hardly make effective direct contribution to peace effort and could better concentrate on problems at home and in Gulf area, US peace efforts had enthusiastic GOB support. Bahrainis stressed

¹ Summary: The Embassy reported on Deputy Assistant Secretary of State for Near Eastern Affairs Sober’s visit to Bahrain to negotiate an agreement for the retention of MIDEASTFOR.

Source: National Archives, RG 84, Manama Embassy Files: Lot 79F118, POL 15, Bahrain Government. Secret; Priority; Exdis. Repeated to Jidda, Tehran, Abu Dhabi, Kuwait City, Sana’a, COMIDEASTFOR, and London.

crucial importance maintaining momentum toward peaceful settlement and expressed conviction that Arab world convinced peace must be achieved in Middle East.

4. Secretary Kissinger's visit. Amir, in emphasizing appreciation for role Secretary has played in Middle East peace effort, noted Bahrain disappointment, but understanding, that Secretary had been unable to pay brief visit to Bahrain last spring. He expressed hope Secretary's schedule in near future would permit a visit to Bahrain and Mr. Sober promised to convey personally to Secretary the Amir's standing invitation.

5. Soviet role in area. Mr. Sober discussed briefly his recent visit to YAR noting apparent desire YAR leadership to move away from reliance on Soviet assistance and to strengthen ties with US. Bahrainis expressed great pleasure in this trend (Amir twice noted his admiration for al-Ayni). In response to Bahraini question, Mr. Sober sketched Soviet role in recent Middle East developments noting that while there is no evidence Soviets seek to disrupt peace efforts, we can assume Soviets view their diminishing influence in Egypt particularly and in Middle East diplomatic initiatives generally with some disappointment. Amir said "We want them to be disappointed." Bahrainis noted need for continued vigilance re Soviet intentions in Gulf area, particularly Soviet efforts working through PDRY and Iraq to undermine regional stability.

6. Gulf stability and U.S. role. Evidencing interest in Mr. Sober's impressions of visit to Saudi Arabia, Bahrainis came down hard on key role of Saudis in Gulf. Prime Minister described Saudi Arabia as "backbone of stability of Arab side of Gulf" and King Faisal as "father" to smaller Arab states in region. Added that "all" of smaller states recognize importance of Saudi role, "even Kuwait though they don't like to admit it." Bahrainis also noted full awareness of importance Iranian role in security and stability in Gulf. They went on to emphasize importance of close relationship between US and Saudi Arabia and of increasing US efforts to support orderly Saudi development, welcoming this trend enthusiastically. Prime Minister expounded at some length on fact that King Faisal had stuck with US at lowest moments of American prestige in Arab world, expressing pleasure that USG appreciative of Saudi's good faith and friendship. Bahrainis noted they also had constantly maintained faith in US. They stressed importance US contribution to stability of Gulf region, describing US support to Saudi Arabia and Iran as major and welcome element in fostering the security of all the Gulf, but urging that USG also intensify direct relations with smaller Gulf states, notably Bahrain.

7. U.S. Navy presence. In response to Mr. Sober's expression of U.S. Government appreciation for Bahraini leadership's favorable attitude toward our desire to retain Middle East Force in Bahrain, Bahrainis

stressed their pleasure that Navy would remain. They noted this reflects long-standing goodwill toward U.S., and as evidence Bahraini leadership takes pride in its friendship with U.S. Government and desires even closer relationship. Prime Minister said there are certain "details" to be worked out in arranging continued Middle East Force presence but that these should pose no problem in context overall good relations. Bahrainis added, however, that continued presence U.S. Navy inevitably subjects Bahraini leadership to questions by Bahraini public and friendly Arab states and attacks by less friendly ones since fact that Middle East Force stationed in Bahrain implies GOB has a relationship with USG which no other Arab country has.

8. "Special" US-Bahraini relationship. Prime Minister added that GOB has "guts" enough to stand up to criticism of Middle East Force presence in Bahrain but needs evidence of US support to combat such criticism. GOB must be able to show its own people and friendly neighbors that in having special relationship with US, manifest in part by Middle East Force presence, it has some additional significant manifestation of US cooperation. This cooperation should focus on development of civilian economy. Long-standing cooperation between US private business and Bahrain is most welcome and GOB would be grateful for USG efforts to encourage, as a matter of policy, increased presence of American private business in Bahrain. Of particular and urgent importance, however, is need for some tangible evidence of official US economic cooperation and support. GOB has come to conclusion that USG technical assistance, through providing a number of expert American advisers on concessional terms, would be most effective way USG could assist Bahrain in handling political problems of continued U.S. Navy presence, while serving at same time mutual US-Bahraini interest in strengthening social-economic fabric in Bahrain, and hence in Gulf generally. Mr. Sober explained in some detail strong USG interest in providing technology and expert advice to Bahrain and other states in region, noting present statutory and budgetary restraints on providing such help on other than strictly reimbursable basis. He assured Amir and Prime Minister USG continuing to look at this problem urgently and would lose no opportunity to be of help where possible. Bahrainis indicated awareness and appreciation of USG good faith in this regard but stressed urgency of their need for significant token of USG support for Bahrain development, reiterating their conviction that Bahrain already and inevitably has a "special" relationship with US, and wishes to see it grow.

9. Comment. I consider Mr. Sober's visit especially beneficial in indicating to Bahraini leadership U.S. interest in Bahrain and Gulf region generally and in providing reassurances re U.S. policy in Middle East and Gulf. Both Mr. Sober and I were struck by intensity and

openness with which the Amir and Prime Minister expressed their desire for stability throughout Gulf area with U.S. effectively supporting Saudi and Iranian roles while intensifying direct relationships with smaller Gulf states. Bahraini perception of Gulf and our role in it is consistent with our own policy objectives. Amir and Prime Minister are obviously sincere in their desire to see U.S. Navy presence continue in Gulf, accommodated in Bahrain. At same time they are understandably sensitive to being exposed, both at home and in rest of Arab world, to criticism for maintaining only U.S. military establishment on Arab soil. Hence they feel strong and urgent need for evidence of “special” relationship with U.S. in which visibility of Middle East Force presence will be offset by some U.S. support for orderly development of Bahrain’s economy. Various indications of growing US-Bahraini cooperation are welcome, including continued USG encouragement to American business community to consider opportunities in Bahrain. Essentially, however, GOB has concluded that presence of small number U.S. civilian expert advisers in Bahrain, provided by USG under concessional arrangements, would best evidence evolving US-Bahraini relationship in which continued Navy presence might be more easily justified to public opinion. GOB leadership also sees U.S. technical advisory help as desirable for its own sake, serving mutual U.S.-Bahraini interest in orderly progress in Bahrain and Gulf region generally. One cannot escape conclusion that Bahraini request is urgent and based on sound reading not only of Bahraini interest but of our own interest, both political and commercial.

10. Department please pass DOD for ISA, SecNav, CNO, CINCUSNAVEUR.

Twinam

49. Telegram From the Embassy in Qatar to the Department of State¹

Doha, January 28, 1975, 0934Z.

112. Dept pass CINCUSNAVEUR London UK and other military addressees as appropriate. Subject: Gov't of Qatar Decides Against Permitting US Naval Visit. Refs: Doha 55 (Notal): Doha 59.

1. Summary: GOQ has decided against permitting requested Feb 24–26 visit of COMIDEASTFOR flag ship, *USS La Salle*. According Commander-in-Chief of Qatari armed forces, decision based on unfavorable atmosphere created by recent US statements about possible intervention in area and other related US actions. Believe it would be inadvisable to press issue further at this time. Since GOQ does not rpt not wish to give US formal refusal, for record and cosmetic purposes, we will withdraw our clearance request for *La Salle* visit. End summary.

2. After repeated requests to Foreign Ministry for reply to our note requesting clearance for visit of *USS La Salle* Feb 24–26, we were advised to take matter up directly with Shaykh Hamad bin Khalifa al Thani, Commander-in-Chief of Qatari Armed Forces, who is also Amir's oldest son. On evening Jan 27 I called on Shaykh Hamad and asked about our clearance request for *La Salle*.

3. Shaykh Hamad reminded me of our previous conversation during which he had raised question about advisability of *La Salle* visit in present atmosphere (Doha 59). He said, as he had promised, he had discussed situation with the Amir who had confirmed Hamad's judgment that visit inadvisable at this time. Hamad asserted that against background of Secretary's statement in *Business Week* interview about possible intervention in this area, which statement subsequently had been repeated and confirmed a number of times not only by Secretary but by President Ford and Secretary of Defense, US naval ship visit here would put GOQ in awkward position vis-à-vis domestic and Arab public opinion. Hamad indicated that current public furor over US request for facilities on Masirah Island and canard re alleged US formation of three divisions for service in Mid East, plus recent OPEC Minis-

¹ Summary: The Embassy informed the Department that Qatar decided not to allow the U.S.S. *LaSalle*, the MIDEASTFOR flagship, to visit Doha in retaliation for Secretary Kissinger's interview in *Business Week*.

Source: National Archives, RG 84, Doha Embassy Files: Lot 79F187, POL 7, Visits. Confidential; Limdis. Repeated Priority to COMIDEASTFOR; repeated to Abu Dhabi, Kuwait, Jidda, Manama, Muscat, and Tehran. Telegram 55 from Doha was not found. Telegram 59 from Doha, January 18, is in the National Archives, RG 59, Central Foreign Policy File, D750020–0555. For additional documentation on the *Business Week* interview, see Documents 125 and 126.

terial Conference in Algiers and further OPEC Ministerial and Summit meetings planned for late February/early March, were bound to keep pot boiling on alleged US intervention threats in area. It was in this atmosphere that GOQ would have to answer to Qatari people and other Arabs for its permission for US naval visit, and this had brought GOQ to decision that *La Salle* visit inadvisable.

3. Hamad said that he, the Amir and other GOQ officials appreciated US explanations re recent statements and actions, but first impressions were lasting ones and unfavorable to US, particularly in public forum. Hamad stated that he could not rpt not rule out subversive-inspired hostile demonstrations in Doha if *La Salle* visited, and he believed this could harm US/GOQ relations. He believed that GOQ's frank and friendly counsel for *La Salle* to stay away at this time would be best for all concerned.

4. I expressed disappointment with GOQ attitude which indicated that anti-US propaganda in area instigated by enemies of GOQ as well as US, had done its job well. Hamad replied that US statements had given anti-US forces their opportunity. I answered that *La Salle* visit would demonstrate, despite hostile propaganda, GOQ's understanding of real meaning and intention of US presence in area as force for stability. Hamad responded that GOQ could not rpt not ignore external and publicly understood implications of recent US statements, its perception of ex post facto explanations notwithstanding. He said his frankness with me indicative of solid basis of US/GOQ relations since only friends could be so candid. GOQ decision dictated by its own political environment and not intended to mar its excellent relations with US. He said decision should not rpt not become issue between us and since matter not rpt not in public domain it need never surface as problem or embarrassment between two countries. He asked for our understanding of GOQ's situation.

5. I said that I did understand GOQ's situation but did not rpt not agree that it leads to decided course of action. I found it ironic that Iraqis, who GOQ feared were actively engaged in subversion here, had had naval visit late last year. Hamad replied that GOQ could not refuse Iraq since it fellow Arab country and its ships had visited all other Gulf states. He said GOQ had made its attitude toward Iraq clear during visit by fact that neither he nor any other senior Qatari official had attended any of functions associated with Iraqi naval visit, and this was public indication of Qatari disfavor toward present GOI. I noted that US ships too called frequently at other Gulf ports and indeed were provided facilities in Bahrain. Hamad countered that he was not rpt not aware of any US naval visits since Secretary's and subsequent

statements from other USG officials on possible intervention in area. I also expressed great skepticism about danger of demonstrations against *La Salle* in Doha, saying it had been my impression that security situation here completely under control. Hamad said that nuisance potential of a few subversives should not be underestimated. In any case, the major concern of GOQ was to preempt cause of possible demonstrations by advising against *La Salle* visit.

6. Hamad reiterated that he did not wish this matter to become issue between our governments. I suggested that matter be reviewed again with Amir. He said that he could do this or I could do it myself, but he strongly advised against this course of action. He said Amir's displeasure with US statements had been clearly conveyed during Senator Percy's visit (Doha 46), and that other Arab moderates such as Sadat and Saudis had also spoken out strongly on issue. According Hamad, although moderate Arab views principal bench mark for Qataris, they could not ignore ravings of radicals such as Algerians, Libyans and Iraqis, and expose themselves to general Arab criticism by permitting US ship visit in this highly charged atmosphere.

7. I repeated to Hamad my disappointment over GOQ attitude but said that I would reluctantly accept his advice not to press issue further. I told him I would of course be reporting GOQ's decision and his remarks in detail to my government. He replied that this is exactly what he wished since the USG should have a very clear picture of the impact of its recent statements and actions on its friends in this area.

8. Comment: *La Salle's* non-visit is clearly casualty of Secretary's *Business Week* interview and subsequent statements and actions interpreted as confirming US intervention intentions in this area. I believe Qataris sincerely wish to believe our explanations but we have not been able to dispel their doubts and suspicions of our true intentions, and progression of events in past few weeks has done nothing to allay these suspicions. GOQ is wondering and apprehensive about what our next surprise will be in this region. I am too.

9. Comment continued: On immediate problem of ship visit, as indicated above, I do not rpt not believe it advisable to press further. GOQ typically wants to keep its head down. Although I have considered going over Hamad's head to the Amir, I think this would be a vain and counter-productive attempt to convince him to change his mind. It is un-realistic to expect Qataris to stand up for what we say is true; even though they want to believe it, they don't. Since it is indicated that GOQ does not wish to give US a formal refusal, for cosmetic and record purposes, we will send note to Foreign Ministry withdrawing *La Salle* clearance request citing "changed operational requirements". There are a number of officials in Foreign Ministry and armed forces who are aware of our pending request, and our initiative

in withdrawing it will provide a thin but plausible cover for GOQ's turndown.

Paganelli

50. Memorandum of Conversation¹

Washington, January 30, 1975, 9–9:45 a.m.

SUBJECT

Meeting with the Ambassador of Kuwait (U)

PARTICIPANTS

Kuwait Side

The Ambassador of Kuwait—Shaikh Salim Sabah al-Salim al-Sabah
Commercial/Military Officer—Mr. Abdul Razzak

United States Side

Secretary of Defense—James R. Schlesinger
Deputy Secretary of Defense—William P. Clements, Jr.
Assistant Secretary of Defense (ISA)—Robert Ellsworth
Deputy Assistant Secretary for Near East, Africa & South Asia—James H. Noyes
Military Assistant to SecDef—MG John A. Wickham, Jr.
Director, Near East & South Asia Region—MG Gordon Sumner, Jr.
Deputy Director, DSAA—MG James A. Grimsley, Jr.
Country Director, Kuwait—CDR Gary G. Sick

Ambassador al Sabah began by apologizing for missing the Secretary's lecture at Georgetown the previous afternoon but noted he was speaking at Johns Hopkins at the same time. *The Secretary* commented that it was not a lecture but a sermon.

The Ambassador stated that he wished to speak candidly as only friends are able to. Specifically, he wished to raise two issues. First, he would appreciate the Secretary's comments about Masirah Island and, secondly, would like his views concerning possible US interference in the Gulf and, specifically, Kuwait. *Secretary Schlesinger* responded that

¹ Summary: Secretary of Defense Schlesinger met with Kuwaiti Ambassador Salim al-Sabah to discuss the possibility of U.S. intervention in the Gulf, arms supply, Soviet influence, the situation in the People's Democratic Republic of Yemen, and other topics.

Source: Washington National Records Center, OASD/ISA Files: FRC 330–78–0038, Kuwait 000.1–333, 1975. Secret. Drafted by Sick; approved by Ellsworth on February 8. The meeting took place in Schlesinger's office. On Kissinger's *Business Week* interview, see Documents 125 and 126.

with respect to Masirah, there was no news to report. The US contemplated occasional flights into the Indian Ocean area via Diego Garcia, which would occasionally refuel at Masirah, since that is a "transition point". However, there was no plan to put military power in there and the event has no particular significance in itself. With regard to the second point, the Secretary stated that he assumed the Ambassador was referring to Dr. Kissinger's interview in *Business Week*. In that interview he had stated a number of propositions which could be characterized as "political science," e.g., the proposition that in case of strangulation or the gravest emergency, recourse to military action would have to be considered. This was not intended to refer to any specific actions. However, it has resulted in some complexities. At his recent press conference, SecDef was asked why the US sells arms to the Gulf states, as those arms might be used against the US in the event of an intervention. He had replied at the time that obviously he did not consider such an eventuality to be likely. Rather, our objective is to strengthen the indigenous military capability and security of nations in the Gulf. That factor should be kept in mind in understanding the context of Dr. Kissinger's remarks.

The Ambassador noted that the press, especially in the Gulf, treats intervention as an imminent occurrence. *The Secretary* replied that this was "hogwash". *The Ambassador* observed that it would be useful in such cases to have some statement of explanation or clarification, and he intended to make this point with the State Department in the near future. He noted that we are in a position where things are moving smoothly between our two countries, and such statements make things difficult. For example, Kuwait has just had a new election which will bring new faces into the National Assembly. He could not predict the attitudes of the new Assembly exactly, but it is possible that they would take up such issues for political purposes. He gave the example of a recent case where a rigidly Moslem member of the Assembly demanded that liquor be banned at embassies, on airlines, and other places under government control. Although the Ambassador was personally aware that three-fourths of the members of the Assembly do drink; nevertheless they could not oppose this proposition since elections were near. As a result, the Ambassador must personally take the blame if he serves drinks at a reception. Obviously, it is to our advantage to avoid creating misunderstandings which make our relations more difficult. *SecDef* replied that for his part, he wished the subject would go away, and he promised to raise the issue with Dr. Kissinger. He was amused by the Ambassador's story and recalled a similar situation when he was in Ireland 20 years ago, during the continuing decay of Irish nationalism, when only 20 percent of the Irish still spoke Gaelic. Nevertheless, when it was proposed to conduct all government business in Gaelic,

no one could come out four-square against it, even though the debate had to be conducted in English.

The Ambassador noted that Kuwait has no intention of strangling its friends. This had been told to the US Ambassador in Kuwait in the presence of Senator Percy during his call on the Crown Prince. The Government of Kuwait wishes to work together with the US to prevent any situation being *forced upon them* (repeated for emphasis) as was the case in 1973. He was personally optimistic about the composition of the new Parliament, but recognized that politicians will go their own ways. He was personally acquainted with many of the Deputies and believed they were reasonable and moderate. *SecDef* reiterated that Dr. Kissinger's comments were more in the form of an observation rather than a threat. The clear inference of these remarks is that in case of an embargo, the US could not remain passive. This was probably understood even before the statement was made, and whether the advantages of making it explicit outweighed the disadvantages was not certain. The Secretary observed that he was encouraged by the Ambassador's comments on the new Parliament. He noted that the independence of the Gulf states is a result of the balance of power and is indirectly related to a US presence. If the Soviets became paramount, the degree of freedom available to the Gulf states would diminish. Therefore, the interests of the area can not be disassociated from the utility to them of US power. Our relationship should be one of partnership. Egypt's experience with the Soviets over 20 years is a good example. The Egyptians appreciate the balance of power and their need to be able to act independently. Without such a balance, a move such as that 1½ years ago to remove the Soviets would not have been possible. In the case of Kuwait, with the proximity of Soviet power to the north, together with the role of Iraq, the importance of these factors should be well recognized.

The Ambassador noted with respect to the Iraqi situation that he found it sad. He noted, however, that there are those who say that when the US gives arms to Iran this prompts the Soviets to increase their military support of Iraq. *The Secretary* interjected that we do not give arms to Iran—we sell them. *The Ambassador* agreed that the US has the right to sell to whomever they please. But the continued military build-up in Iran gives the impression that they are “too big for the area”, and Iranian military involvement has extended as far away as Vietnam, where they sent aircraft. Kuwait was particularly concerned with increased Soviet presence in Iraq and Aden. *SecDef* asked his views on Soviet activities in Aden. *The Ambassador* replied that they “hear of this.” The Kuwaitis had invited representatives from South Yemen to visit and see Kuwaiti democracy for themselves. They were shocked to find that it did not resemble their propaganda picture of

Kuwait as a "pawn of the West". Kuwait had also tried to give them economic help and thus relieve some of the pressures which push them toward the Soviets. He noted that in Yemeni schools they ask a child to say "God give me food" and nothing happens. They then ask him to say "Mao give me food" and they give him food. This is very impressive to a 7-year old. Therefore, Kuwait has concentrated on food, schools, and hospitals. At least one result of this policy is that they no longer talk about "liberating" the Gulf. That doesn't include Oman, of course. *The Secretary* noted that the Sultan during his recent visit had not been pleased to be singled out that way.

The Ambassador stated that it was Kuwait's objective to try to moderate extremists, but to do so they need help from their friends, and not threatening words. "The danger is much greater than we are". The Soviets have asked once or twice to stop in Kuwait, but were always politely refused. "Many mistakes have been made in Palestine. We should try to avoid mistakes in the Gulf." He referred to an occasion at Johns Hopkins the day before when he had followed an Arab speaker who repeatedly referred to the Persian Gulf. He had pointed out the controversy over the name, and had suggested calling it just "the Gulf" as a compromise. The other speaker referred to a map behind him, only to discover the map said "Arabian Gulf". *The Secretary* joked that there is also a tendency to confuse the "Gulf of Florida" with the "Gulf of Mexico".

The Ambassador said that he was not concerned with names, but with security. Kuwait respects the Shah and has no reason to doubt his intentions. But if these arms should get into the wrong hands and operate from territory such as the islands off Ras al Khaima, "the Gulf would become a lake and it is the Arabs who would be strangled." *SecDef* stated that we view the Soviet forces north of Iran and Turkey in terms of possible expansionism into the gulf area where there was little power to oppose them. Strengthening Iran creates something more formidable for the Soviets to see when they look south. From the viewpoint of others, this gives the impression of regional imbalance. This has been a source of concern, a source of thought for us. If the Iranians do not obtain arms from us, they can easily turn to European suppliers or even to the Soviets. In view of the money allocated for arms purchases in Iran, nothing will stop the Iranian build-up—irrespective of US policy. We would hope that Iran would focus its military attention toward the north and that US supply would serve as a moderating influence should the need arise. As the Ambassador had noted, the concern is not with Iran, but with power falling into the wrong hands. In such a case, US influence would be highly desirable. *The Ambassador* asked whether such US influence in the event of a change of regime in Iran would not require a substantial presence on Masirah.

SecDef replied we have no present intention of having a substantial presence in Masirah, though certainly a major political change in Iran would bear consideration. He noted again that we have no desire to build up forces in the area, and if the Soviets keep their hands off we see no threat to the region. However, if the Soviets do look south again, we want to be able to match them.

The Ambassador reiterated that it is essential to avoid misunderstandings so the Gulf states can continue to resist Soviet requests. Statements, not only by government leaders but also by Congressmen, get a great deal of attention in Kuwait. *SecDef* noted that he believed we have made a number of statements concerning stability and the need for a peaceful settlement in the Arab-Israel dispute which we hope would have a settling effect in the region as a whole. We must remember that the Soviets have 4 million men and 160 divisions under arms, representing massive military power. Although we appreciate the desirability of resisting Soviet requests in the Gulf, that does not address Soviet power adequately.

At this point, Mr. Clements joined the group. *The Ambassador* noted that many nations have only the Soviets to rely on. President Sadat stuck his neck out in resisting such reliance. He hoped the US would help. *SecDef* stated that is our intention. *The Ambassador* then apologized to Mr. Clements that he must leave just as he arrived, noting “when angels come, devils must leave”. *The Secretary* wondered whether the Ambassador was not being diplomatic and reversing the order. *Mr. Clements* noted that he and the Ambassador were old friends and that they understand each other very well.

51. **Letter From the Ambassador to Bahrain (Twinam) to the Director of the Office of Regional Affairs, Bureau of Near Eastern and South Asian Affairs, Department of State (Palmer)**¹

Manama, February 1, 1975.

Dear Steve:

Thank you for sending me the Livingston-Wiley-Placke report on Gulf Policy, and inviting my comments on it.

Having been involved in Gulf matters most of the last decade, and having spent some time with the Inspector's in the course of their labors, I am especially interested in their findings. They have done a first rate job.

Less from the present vantage point of Bahrain than from past experience I must "vent feelings" informally on two major issues which the report properly addresses although they transcend the Gulf context in its strictest sense—oil policy and the Iranian/Arab connection:

1) The Inspector's urge departing from traditional wisdom by having the USG play a more active role in oil negotiations. Their recommendations are more or less overtaken by events. Events, however, may have departed not just from traditional wisdom but eventual wisdom in hindsight. In weakening the oil company "buffer" we take great risks, and we should seek a more direct role in negotiations with caution, and certainly not until we are satisfied that:

a) The USG understands the complexities of international oil at least as well as the companies;

b) the USG has a firm and long-term energy policy permitting sensitive control of the price and volume of our imports and exports;

c) the USG has a Middle East policy which protects rather than threatens Western access to Arab oil prices determined by market forces;

d) The long term ongoing USG interest in the Gulf is more directed toward access to oil than toward access to the capital resources the oil has produced.

If any of these conditions has not been met, we need to strengthen, not weaken, the oil company "buffer."

¹ Summary: Twinam provided an analysis of current and proposed U.S. policy initiatives toward the Gulf states.

Source: National Archives, RG 84, Manama Embassy Files: Lot 79F118, POL 15, Bahrain Government. Secret; Official-Informal; Nodis Attachment. A copy was sent to Dickman. The Livingston-Wiley-Placke report is not further identified.

2) As we contemplate whether Iranian/Arab cooperation will continue to keep the Gulf stable we should not fall into the delusion of thinking in narrow terms of Iranian/Saudi cooperation. Saudi/Iranian cooperation has been but a facade to keep the lesser Gulf sheikhs easy; in terms of real cooperation it is a hopeless contest between non-equals—and will be for at least a generation. The reason the British could “officially” leave the Gulf with grace (and by leaving, stay in a very meaningful and helpful sense) was that the Nasserist Revolution left before they did. Gulf stability hence depends on an easy relationship between Iran on the one hand and Egypt (bankrolled by Saudi Arabia) on the other. So far our luck is not only holding out but even getting better in this respect; and we should as a matter of basic policy seek to reinforce its onward chances.

Beyond these informal and gratuitous comments, I attach a “formal” comment on the Inspection.

With thanks and best wishes.

Sincerely,

Joe Twinam

Attachment

Report Prepared by the Ambassador to Bahrain (Twinam)

Manama, undated.

Embassy Manama comments on inspection report “U.S. Government policies and progress in the Persian Gulf States”

I. Basic Thrust

The report urges that the USG approach toward the Gulf States emphasize cooperation in the economic/social area rather than in military/security affairs. Only by rigid and forceful adherence to this recommendation will we truly serve U.S. national interests, particularly in the long term.

II. Technical Assistance

In pursuit of a stronger USG role in the economic/social sphere the Report suggests increased efforts to provide USG sponsored technical assistance, including advisors whose salaries are supported in part by US funds. The legislative and budgetary capability to pursue this recommendation in *all* the Gulf States (including the richest ones) should be vigorously sought. USG technical advice is the key to increased U.S. access to markets and funds in the area and, leaving aside

its significant political desirability, is urgently justifiable on purely economic grounds. In the absence of "Salary topping" American advisors are generally not competitive with roughly comparable European talent.

A Gulf Technical Assistance Office to oversee and administer USG technical assistance efforts should be seriously considered. For reasons discussed immediately below and because a US technical advisory assistance program for Bahrain is already planned, this office should be located in Bahrain, with adequate administrative support.

III. *Pursuing Economic Interests—Development Projects and Reverse Investment*

Among several meritorious recommendations to foster our economic interests in the Gulf the Inspectors suggest establishing two senior regional jobs dealing with (1) financial affairs and (2) project-oriented commercial activity.

The motive is excellent; the specific suggestions deserve a hard look. The need is broadly to absorb the surplus funds of the Gulf through sound investment in the area and in Western markets, with substantial benefit to the U.S. economy. Possibly a single Department of State activity would better serve this purpose than would the two positions proposed. They in any event are but a splitting of the now-abandoned Gulf Regional Economic/Commercial Officer slot as originally conceived. Earlier Inspectors made withering verbal critiques of that concept.

Assuming we come up with additional positions to serve our economic interests in the area, and these positions are designed to best serve real needs rather than to fall easily into Washington's bureaucratic pigeonholes the Inspectors concept of where such an operation should be based is questionable. The experience of American business in dealing with the Gulf is instructive and suggests the following formula: (A) If a US activity in the Gulf requires high quality but sporadic contact, it should be based in the United States. (B) If the activity requires almost constant presence in the area: 1) If the target is almost solely Saudi Arabia it should be based there; 2) if the target is the Gulf States generally, Bahrain is the natural base of operations; (c) In any event, a Beirut-based operation is the worst of all possible worlds.

Our alternative suggestion would be setting up a two to three officer operation in Washington to promote both reverse investment from the Gulf and US participation in projects there, with the officers involved traveling extensively both in the area and the United States. If and only if this experiment flourished should we consider extending the office into the region, with perhaps a representative for Saudi Arabia based in Jidda and one for the Gulf based in Bahrain.

IV. *The Middle East Force Presence*

We seem to have preserved for the moment the Middle East Force presence in the Gulf and its Bahraini base of operations. The effort cost us some political IOU's in Riyadh and Tehran and some increase in what our taxpayers give Bahrain.

In the wake of this effort it would be bad policy indeed to tamper significantly with the Middle East Force presence for at least a year or so.

But now is the time, as the Inspectors suggest, to begin reassessing whether the Middle East Force presence will continue to serve our real national interest.

The 1970 decision to keep the Force in the Gulf as the British withdrew was quite justifiable in manifesting a continuing US interest in the absence of other significant official presence in the lower Gulf. But this is 1975; there is now relatively substantial US diplomatic representation; there are good prospects for increased official US presence in the economic/technical development sphere. The time may be coming, in 1977 or beyond, for the Middle East Force "honor guard" to retire.

Specifically, continued Middle East Force presence, as it currently exists, presents the following problems:

1) As a militarily meaningful U.S. Navy presence becomes a semi-permanent fixture in the Indian Ocean, Middle East Force becomes, to those who trust its mission, increasingly quaint. It is pomp without circumstance;

2) Its innocent "flag showing" mission is sufficiently incredible to make it something of a political liability. Since no other Gulf State will publicly support its presence, Bahrain is asking \$4 million a year for the political burden of tolerating the Force;

3) Linking the meaningful U.S. Navy presence in the Indian Ocean with the Middle East Force Command would be instantly intolerable to the Gulf States, notably Iran. Hence the Force is locked in its present and increasingly "comic opera" role;

4) In seeking a fulfilling mission, the Force tends to emphasize an "intelligence gathering" function which seems at best exaggerated and at worst politically vulnerable;

5) Caught in this situation, the Force increasingly becomes a political liability in the area. Its ill-wishers can lie about its mission with a certain persuasiveness. Its well-wishers have difficulty describing what it really does convincingly.

6) Quite apart from the question, which has received all the attention over the last five years, "What harm does the Middle East Force do?", there is the question the Inspectors have finally raised, "What good does it do?" And here is where the burden of proof should lie.

In considering the future of Middle East Force the nature and function of its elements should be carefully differentiated.

A) The small shore support facility in Bahrain (NCSO), headed by a Commander, is not subject to major controversy; it could be maintained so long as the U.S. Navy has need of a logistic support base in the area regardless of the fate of Middle East Force.

(B) The role of Commander Middle East Force is subject to controversy, largely because the rank of the Commander (Rear Admiral) and the name of the command imply a scope and intent of activity for exceeding the modest mission of this small contingent of two transient destroyers and the large flagship *La Salle*. The Commander has a quasi-diplomatic visiting role in a wide area; customarily he fulfills it by traveling in his aircraft rather than riding the flagship. As we enter the latter half of the 1970's the utility of both the Commander's command and diplomatic roles is subject to honest question.

(C) The flagship *La Salle* spends about half its time in Bahrain; the rest on visits, exercises, or out of the area for maintenance. The Commander uses it as an office and site for representational entertaining both in Bahrain and other ports in the area. Seldom does the Commander ride the flagship underway. Since the flagship is seldom used as such in an operational sense yet its complement constitutes 3/4 of the U.S. Navy presence in Bahrain, its role is subject to serious review. If a "flagship", other than the transient destroyers, is essential, perhaps a hospital ship or some other vessel contributing to U.S. efforts to provide technology to the area would be more appropriate.

(D) The visiting destroyers are the primary manifestation of U.S. Navy presence in the area outside Bahrain. They call but briefly in Bahrain for replenishment during their tours with Middle East Force. The British and French mount comparable visits in the Gulf without relying on a permanent command structure or flagship in the area. It is not clear from the Bahrain vantage point why the destroyer visits could not continue without a Middle East Force Command. If the Command is needed for this purpose, could not the destroyers serve as flagship?

V. *Military Attachés for Gulf*

Insofar as Bahrain is concerned the low potential for developing our bilateral defense relationships, the political problems created by the present Middle East Force presence and the proximity of USMTM Saudi Arabia for *ad hoc* advice on military matters all argue against posting a U.S. Military Attaché.

Joseph W. Twinam

52. Telegram From the Embassy in Bahrain to the Department of State¹

Manama, April 17, 1975, 1330Z.

471. Subject: Deputy Secretary Clements Visit to Bahrain.

1. Deputy Secretary Clements had extremely effective exchange of views with Amir of Bahrain April 17 in over half hour meeting attended by Prime Minister, Foreign Minister and Crown Prince/Defense Minister. Substantive importance which Amir attached to exchange with Secretary Clements evidenced by fact this is first time he has talked in Arabic, with Foreign Minister translating, to official Americans since informing Chargé of decision to oust Middle East Force in 1973.

2. Secretary Clements made strong and effective approach along general lines Manama 446, stressing U.S. determination to proceed actively in pursuit of Middle East peace and U.S. concern for and willingness to contribute to efforts of Gulf states to provide for their own security and stability. In response Amir, with Foreign Minister occasionally amplifying his remarks as well as translating them, repeatedly noted GOB's long-standing friendship with U.S. and its welcome of an increasingly active U.S. role in Saudi Arabia in particular and in Gulf and Middle East generally.

3. Mentioning he had discussed importance US Navy presence in Gulf with Prince Fahd, who supported it, Secretary Clements expressed appreciation that question of continued Middle East Force presence has apparently been successfully resolved. Bahrainis replied, after noting their welcome of U.S. Navy presence, that "negotiations now in final stages" and GOB soon will take formal decision. (Ambassador's comment: Earlier in week, I tried some ploy on Amir who acknowledged that Middle East Force question had been successfully resolved and laughed about fact that Foreign Minister had not yet pushed through the final paperwork. In this light I have no basis for doubting GOB intentions on Middle East Force negotiations although it is possible GOB may be waiting until Parliament recesses in June to exchange documents.)

4. Secretary Clements noted useful nature his just concluded discussions in Saudi Arabia; determination USG to move actively to support

¹ Summary: The Embassy reported on Deputy Secretary of Defense Clements' meeting with the Amir and members of the Bahraini Cabinet on a variety of topics, including MIDEASTFOR.

Source: National Archives, RG 59, Central Foreign Policy File, D750134-1067. Confidential; Priority; Limdis. Also sent to the Department of Defense. Repeated Priority to Jidda and Sana'a.

Saudi development plans; and our impression that leadership transition in Saudi Arabia had been notably smooth. Amir welcomed these assessments and our activities in support of SAG but turning to broader Middle East situation generally stressed importance GOB attaches to role of Sadat as moderate, pro-Western Arab leader seeking peaceful settlement and GOB's concern about pressures facing Sadat. Secretary Clements, mentioning U.S. policy reassessment and President and Secretary Kissinger's determination to push on with quest for peace, expressed personal confidence that constructive movement toward peaceful settlement would take place in coming months prior to reconvening of Geneva Conference and personal optimism that hostilities are not on verge of being renewed. Amir, stressing GOB's support for U.S. role in peace settlement, maintained he is "optimistic" about peace prospects. (Ambassador's comment: This is first time in recent months that Amir has expressed optimism about Middle East situation.)

5. Secretary Clements referred to Soviet naval presence in Indian Ocean and Soviet facilities in Somalia. This led Amir to assessment of (a) Soviet intentions in the Middle East: Soviets are seeking exploit every opportunity to destabilize area and to "gain foothold" and it is essential that U.S.-Arab relations develop in manner closing door to Soviets and (b) role of PDRY: GOB feels it essential that Arabs, led by Saudi Arabia, bring PDRY into moderate fold to prevent Soviets, once Suez Canal reopened, from exploiting South Yemen's political isolation and poverty to establish major Soviet foothold in south of peninsula. Foreign Minister expanded on this point noting GOB had been approached by PDRY for relations but had refused to establish relations with South Yemen until Saudi Arabia does so. He indicated that Arab Foreign Ministers at April 21 meeting plan to persuade Saudi Arabia to focus on South Yemen problem and to reach some kind of accommodation with PDRY. Secretary Clements noted that if this is GOB's strategy, time is of the essence in persuading Saudi Arabia to take lead in reconciling Arab relations with PDRY since Suez Canal apparently will be opened shortly.

6. In response to Secretary Clements' question Amir and Foreign Minister gave notably bland and optimistic assessment of recent Iran-Iraq accord along lines that anything relieving antagonism between major Gulf powers was beneficial to stability of Gulf area including Bahrain. (Ambassador's comment: Amir seemed to be speaking for record on this one since his own private assessment of Iraqi intentions generally and viability of Iran-Iraq accord in particular has to date been notably less sanguine.)

7. Near end of discussion Foreign Minister urged at some length that U.S. interests in Middle East as a whole, unlike "transient U.S.

interests in Southeast Asia”, are long-standing and major and now is time for USG to be formulating a long-term strategy for strengthening its relations with all the Middle East. Secretary Clements responded persuasively to this presentation, noting USG’s intense interest in Middle East and efforts to work out long-term good relationships with entire area.

8. Amir noted importance GOB attaches to Secretary Clements’ visit as manifestation of strong U.S.-Bahraini relations and asked Secretary to convey his wish that President Ford and Secretary Kissinger at some point visit Bahrain.

9. Ambassador’s comment: Secretary Clements’ visit provided extremely useful opportunity for high-level USG exchange with GOB; Bahraini leaders obviously appreciated opportunity and Secretary Clements was quite persuasive in indicating to them USG’s interest in and desire for cooperation with Bahrain and other states of area.

Twinam

53. Telegram From the Embassy in the United Arab Emirates to the Department of State¹

Abu Dhabi, May 6, 1975, 0910Z.

971. Subject: Invitation to Shaikh Zayid to Visit the U.S. For Under Secretary Sisco from Ambassador.

1. In our recent assessment we made observation that while we are not doing badly in terms of our overall interests here, impetus imparted by our establishment of Embassies in Gulf has begun to slow down, and there are things we should be doing to restore momentum to our relations with Gulf states. Of recommendations we made in last of our series of messages (Abu Dhabi 276), in my judgment most effective step we can at this juncture take to strengthen our position

¹ Summary: The Embassy recommended that the Department invite President of State Shaikh Zayid ibn Sultan Al-Nuhayan of Abu Dhabi to visit the United States in order to strengthen relations with the United Arab Emirates.

Source: Ford Library, National Security Adviser, Presidential Country Files for the Middle East and South Asia 1974–77, Box 32, Trucial States, State Department Telegrams, To SecState—Nodis. Confidential; Nodis. In telegram 127936 to Abu Dhabi, June 2, the Department postponed Ambassador Sterner’s request because of the additional invitations a Gulf ruler’s visit would necessitate. (National Archives, RG 59, Central Foreign Policy File, P860035–0794)

in UAE is to invite Shaikh Zayid to visit the U.S. He has never been to the U.S., and we know from several sources close to him that he has been hoping for invitation for several years.

2. Zayid has now been in power for three years, during which period he has grown steadily in stature and authority as UAE Chief of State. Agreements he has just concluded with oil companies assures him of oil production level (1.5 million BPD for Abu Dhabi alone) and income this year that will give UAE voice within OPEC of some significance, and wherewithall to continue large handouts of assistance to Egypt, Syria, and Jordan, where we have important objectives. It is worth the USG taking some trouble to cultivate Zayid. He responds handsomely to personal treatment, and it is observable fact that UAE's relations with countries Zayid has visited are particularly strong. From point of view of his own internal and inter-Arab politics, prestige of visit to the U.S. would help him and he can be counted on to reciprocate in terms of our own interests here. I am moreover concerned that, with invitations having been extended to Zayid by almost every important European state, the absence of one from us has been noticed and will soon begin to have a negative effect.

3. Best time for visit would be middle of late July, immediately following State visit which Zayid is planning to make to France on July 7. If this not convenient time for us, another good period from Zayid's point of view would be at end of his European summer vacation around mid-September. However, this begins to be busy season for U.S. officials and I believe July date would be preferable. We hear from one of Zayid's advisors that if invitation in early summer is received Zayid would like to prolong stay in U.S. as private visit for part of his summer vacation, an excellent opportunity to maximize his exposure to the U.S. without additional burden to the USG. One thing we should try to avoid is having Zayid do a "Qabous" on us, arranging visit privately and thereby presenting us with fait accompli at time which may be inconvenient for us. It will have far more impact on Zayid if he feels we have extended invitation to him on our own initiative.

4. I enlist your personal support to enable us to invite Shaikh Zayid for visit to U.S. in July. While it would be mistake not to extend Zayid full honors since this will be his first trip to U.S., period of time he stays in Washington can be short (day or day and a half) and burden on President and other U.S. officials need not be great.

Sterner

54. Telegram From the Embassy in Qatar to the Department of State¹

Doha, May 20, 1975, 1215Z.

595. Subject: Remarks by Secretary of Defense Criticized in Qatar.
Ref: State 116290.

1. Secretary Schlesinger's May 18 "Issues and Answers" remarks indicating possible US military intervention if there is another oil embargo, have been fully covered in Qatari media. Daily "Al Arab" on May 20 carried sharply critical editorial entitled "Schlesinger and Vain Threats". Editorial covered waterfront of alleged US failures from Indochina to Mid East, and asserted such threats betrayed another US failure, i.e. its mistaken perception of Arab nation and Arab reaction to such threats. Editorial claimed that Schlesinger remarks latest revelation that US does not rpt not want true peace in area and implied that Secretary's step by step diplomacy another facet of US deception of Arabs. Editorial stated that US still did not realize that era of colonialism, with its intimidation of subject peoples, has long been over, and that US apparently has not learned any lessons in Indochina, since it continuing its repressive intentions in this area through threatening statements and massive arms assistance to Israel.

2. At social events May 19 connected with visit of Kuwaiti Prime Minister, number of senior GOQ officials and Arab Ambassadors who had precise reading of context of Schlesinger remarks berated Ambassador about Schlesinger comments. These officials expressed dismay that US threat syndrome being renewed just after issue appeared to have

¹ Summary: The Embassy reported that Secretary of Defense James Schlesinger's recent comments in Qatar on possible U.S. intervention in the region in the event of another oil embargo were received poorly.

Source: National Archives, RG 84, Doha Embassy Files: Lot 79F187, POL, Political Affairs and Relations 1975. Limited Official Use. Drafted and cleared by Ambassador Paganelli. Repeated to Abu Dhabi, Beirut, Cairo, Jidda, Kuwait, Damascus, Manama, Muscat, and Tehran. Schlesinger's May 18 interview on ABC "Issues and Answers" program was reproduced in telegram 116290 to multiple posts, May 21:

Q: "[W]ould we peacefully go along with [another] embargo as we did last time?"

A: "Well, as I have indicated before, we might be less tolerant of such an embargo than we have been."

Q: "But in your view military action against the Arab World could still be a viable option if there were an oil embargo?"

A: "I think that it could be achieved but we regard that as a very improbable event in the first place and it certainly is not an option that is attractive on its face, save in desperate circumstances." (National Archives, RG 59, Central Foreign Policy File, [no film number])

For additional material on Schlesinger's interview, see Documents 22, 130, and 136.

been laid to rest by Secretary Kissinger's recent disclaimer of any US intention to invade area.

3. COMMENT: Reinforcement of Schlesinger's remarks scheduled to appear in May 26 "U.S. NEWS AND WORLD REPORT" issue will further aggravate matter.

Paganelli

55. Telegram From the Department of State to the Embassy in Qatar¹

Washington, May 30, 1975, 2352Z.

126783. Subject: An Arms Supply Relationship With Qatar. Ref: Doha 0503 (Notal); Doha 0546 (Notal); State 104007 (Notal).

1. We are prepared to enter into a modest arms supply relationship with Qatar which is consistent with our 1972 arms sales policy for the lower Gulf. This policy is governed by the following guidelines:

A) As a general rule, USG will approve the sale of equipment to the lower Gulf Emirates which will enhance the internal security capability of these states. USG will not approve the sale of equipment, sophisticated or offensive in nature, which could by its presence in this area, create a destabilizing factor. Sale requests will be considered on case-by-case basis within this guideline.

B) USG will support efforts by American commercial interests to sell reasonable amounts of defense articles and services of a type that will meet real security needs of these countries. Where commercial channels are inadequate, cash sales of U.S. military equipment and services under Foreign Military Sales Act will be considered if the sale of this equipment is consistent with our objective of furthering cooperation among these Gulf states.

¹ Summary: The Department informed the Embassy that the United States was prepared to authorize the sale of military equipment to Qatar.

Source: National Archives, RG 59, Central Foreign Policy File, D750190-1087. Secret. Drafted by G. Quincy Lumsden, Jr. (NEA/ARP); cleared by Sober, Dickman, and Ather-ton, and in NEA/RA, PM, L/NEA, DOD/METG, and NSC; approved in P by Sisco. Repeated to Jidda, Tehran, Kuwait City, Manama, Abu Dhabi, and Muscat. Telegrams 104007 to Doha, May 3, and 546 from Doha, May 12, are *ibid.*, D7501156-0366 and D750165-0498, respectively. Telegram 503 from Doha was not found. On U.S. policy on arms sales, see *Foreign Relations*, 1969-1976, vol. XXIV, Middle East Region; Arabian Peninsula, 1969-1972; Jordan, September 1970, Documents 119 and 120.

C) In general, USG will wish to avoid sales that require presence of U.S. military personnel in these states on other than a temporary basis for providing technical assistance or maintenance. Private American companies will not be discouraged from providing, in connection with supply of U.S. equipment, administrative and training personnel to the region, but efforts will be made in this respect to avoid direct competition with ongoing foreign advisory programs.

2. Given policies described above, Qatar's small size, modest military role in Gulf, and absence of palpable external threat, we are prepared to authorize the sale of some of items in which GOQ is interested. Conclusions on specific military hardware and training requests which GOQ has put to Embassy Doha have also been reached through process of defining what we believe to be most proper and feasible military supply relationship with Qatar as well as other lower Gulf Emirates.

3. Embassy may therefore inform GOQ that, if requests it has received have been approved by ruler, FMS cash sales, within normal lead times, of following amounts and types of equipment are hereby authorized:

A) 12 TOWed M101 105 mm Howitzers;

B) 12 106 mm jeep-mounted anti-tank recoilless rifles;

C) 12 trucks and 12 jeeps (including mounts) sufficient for support of Howitzers and recoilless rifles purchased in A) and B) above;

D) Ammunition in amounts DOD deems appropriate for weapons purchased under A) and B) above;

E) Unclassified training materials and aids appropriate to purchases made under A) through D) above.

4. Embassy Doha should verify GOQ understanding that we no longer produce 30 mm and 40 mm AAA guns about which its Brigadier Attiyah inquired and that we will thus be unable to meet Qatar's particular anti-aircraft needs. (Begin FYI for Embassy only: We are not in a position to authorize exception to our arms policies which would be required to permit sale of automatic rapid-fire Vulcan air-defense system to Qatar. See para 3, State 037105 End FYI).

5. Embassy should also inform GOQ that, while we would support any military equipment sales made by sending quality assurance teams to Qatar for temporary periods, USG does not believe it to be in best interests of either country to consider assignment of US military instructors at this time. USG believes development of regional cooperation among lower Gulf states indicates that it would not be advisable for US to assign military instructor/advisory personnel for extended tours of duty this region. This is a policy decision which we have adhered to since small Gulf states became independent in 1971 and which we wish to maintain in view of recent congressional sensitivities to US

military sales arrangements to countries in the Gulf region generally. We would therefore want to carry out all direct training of Qatar armed forces personnel necessitated by future equipment sales in the U.S. Also, in keeping with our policy of encouraging regional cooperation in the area, we hope GOQ will consider possibility of seeking training in Saudi Arabia, Jordan, or Iran for its military personnel.

6. P and A data for equipment approved for sale above will be forwarded by septel. FYI: Material listed in para 3 above will not be diverted or withdrawn from assets dedicated to U.S. Army active and/or reserve component units. End FYI.

Ingersoll

56. Telegram From the Embassy in Bahrain to the Department of State¹

Manama, June 25, 1975, 1536Z.

737. Subject: Middle East Force Status.

1. Foreign Minister informed me June 25 GOB has decided to conclude present negotiations on Middle East Force status but to ask at same time that we place a "two year limit" on Navy presence in Bahrain. GOB wants to inform us formally that it wishes Middle East Force to depart Bahrain by June 30, 1977.

2. In conveying this decision, the Foreign Minister went to great pains to express GOB's satisfaction with its long-standing relationship with U.S. Navy and its desire to see an increasingly closer overall relationship with USG. He continued that GOB did not want to rush U.S. Navy out of Bahrain and extremely reluctant to make the gesture of formally exercising termination clause in 1971 stationing agreement.

¹ Summary: The Bahraini Government informed the Embassy that MIDEASTFOR would be allowed to remain only until June 1977, noting the domestic political, regional, and diplomatic costs of the U.S. Navy's presence.

Source: National Archives, RG 59, Central Foreign Policy File, D750220-0521. Secret; Immediate. Repeated immediate to CINCUSNAVEUR, DOD, the Secretary of Defense, CNO, and COMIDEASTFOR; repeated to Abu Dhabi, Doha, Jidda, Kuwait City, Muscat, and Tehran. According to telegram 115851 to CINCPAC, May 17, Bahraini Foreign Minister Shaikh Mohammad Al-Khalifa informed the Embassy that his government was "totally satisfied" with negotiations to extend the U.S. presence, but complained of parliamentary opposition. (Ibid., D750174-1189) The Embassy discussed the Bahraini Parliament's opposition in telegram 528 from Manama, May 5. (Ibid., D750157-0407, D750158-0019)

At same time GOB considers the concept of a permanent U.S. Navy presence in Bahrain politically unsupportable at home and in the region. Foreign Minister described U.S. Navy presence as ranking behind security decree issue as the most difficult potential problem government is facing with National Assembly next fall. He also noted that while GOB considers the proposed Gulf security pact “years away” from being implemented, Bahrainis feel they must be in position to offer U.S. Navy’s departure as a bargaining chip in negotiations among Gulf states for closer cooperation. He specifically noted need for “pro-American” Gulf states like Bahrain to try to bring South Yemen and Iraq into more harmonious relationships with their neighbors and a less antagonistic attitude toward U.S. GOB feels it’s taking position that U.S. Navy presence in Bahrain is of limited duration will be helpful in that endeavor.

3. Foreign Minister urged that I try to convey to USG Bahrain’s conviction that eventual departure of Middle East Force from Bahrain will serve not only overall Bahraini national interests but broader U.S. interests in stability of Gulf. He pleaded for USG understanding of GOB’s position which he described as “compromise” in meeting Bahrain’s political problems while permitting U.S. Navy to remain for almost three years longer than original October 1974 deadline for its departure.

4. Foreign Minister said GOB of course wished to conclude promptly the protracted negotiations on conditions for U.S. Navy presence, expecting that we would honor our commitment to increase rent to \$4 million per year from July 1, 1974, and to implement jurisdiction arrangements as we have agreed in principle.

5. I told Foreign Minister I was certain USG would appreciate and sympathize with the spirit in which this GOB decision had been made and conveyed, that I would have to seek further instructions and would be back in touch with him soonest.

Twinam

57. Telegram From the Embassy in the United Arab Emirates to the Department of State¹

Abu Dhabi, July 30, 1975, 0710Z.

1581. Subject: U.S. Policy Toward "Gulf Security."

1. Summary. In two respects which we comment on in this message we see opportunity for us to get on more positive footing with Gulf states, which are both rapidly growing in political self-confidence and beginning to consult among themselves on regional problems. End summary.

2. Although no UAE official has raised subject of U.S. military presence in Gulf or Indian Ocean directly with us (which is in character with this government's cautious approach to issues affecting—or appearing to affect—strategic balance between superpowers), we believe there has been subtle but palpable shift in UAE's attitude on this subject over past year. When these small Gulf states were abruptly cast loose from British control and protection three and half years ago there were so many uncertainties as to how political future of area would evolve that most of newly independent states probably saw US naval presence in area as vaguely comforting. In past year, however, there has been increase in self-confidence among states of this area that we think has changed attitude toward outside military presence. There is greater feeling that "this is our Gulf, and we can take care of it ourselves." Red banner headline in government-owned daily *Al-Ittihad* recently proclaimed "Bahrain states there are no bases on its territory." One might argue that this kind of headline is designed to help GOB off the hook, but we think this would be wrong interpretation in this case. Rather, we believe it indicates that in its own quiet way the UAE is adding its voice to those in Gulf Councils who are urging removal of all "foreign" (including Soviet) military forces from Gulf. We suspect this attitude has grown among other Gulf riparians generally in past year, and that it is realization of this that has led Bahrain

¹ Summary: Ambassador Sterner argued that MIDEASTFOR should be allowed to retire without an attempt to find an alternative home port in the Gulf.

Source: National Archives, RG 59, Central Foreign Policy File, D750263–1184. Confidential; Limdis. Repeated to Jidda, Dhahran, Sana'a, Muscat, Doha, Manama, Kuwait City, Tehran, London, Paris, CINCUSNAVEUR, and USUN. With the exception of the Embassy in Sana'a, which responded in favor of MIDEASTFOR in telegram 2164, August 6, (ibid., D750271–0766) all of the Gulf states Embassies concurred with Sterner's assessment. (Telegram 884 from Muscat, August 5; (Ibid., D750269–0739) telegram 894 from Manama, August 2; (Ibid., D750267–0894) and telegram 939 from Doha, August 2 (RG 84, Doha Embassy Files: Lot 79F187, POL, Political Affairs and Relations 1975))

Government to seek to put terminal date on COMIDEASTFOR presence on island.

3. Casting a backward glance at history of this area since British left, we are impressed by the overall success story it represents. This is particularly true if achievement is placed in juxtaposition to anxieties everybody felt in 1969 about what might happen in wake of British withdrawal. Of course money always helps, and these are uniquely rich countries, but even with money there could have been some serious untoward developments. Instead the ledger is positive on several accounts that are highly important to U.S. interests. Governmental upheavals have been very few given number of states involved, and where they have occurred (Qatar, Yemen) they have turned out to be for the better. Elsewhere there has been for most part not only political stability but steady growth in governmental experience and competence. Equally impressive has been energy which states in this area have recently brought to bear to resolve disputes among themselves. Most significant of these is Iran-Iraq settlement which—if it lasts, and if Iraqi policies continue to evolve positively—could have profound effect on Gulf political development. There has also been Abu Dhabi-Saudi border settlement, Iraqi-Saudi border settlement, and practical assistance—both military and economic—that Oman's neighbors have given it to help suppress Dhofar insurgency. On the Arab-Israel issue the Gulf states have given bulk of their important financial support to states committed to negotiations rather than to radicals. Perhaps most important of all, early fears that Iranian and Arab interests would clash across the Gulf have so far proven unfounded.

4. This is naturally not to say that everything is perfect in this area. We have serious policy differences over oil with Gulf OPEC members. There is still more than enough corruption and governmental incompetence to go around, and problems that traditional regimes will have in coping with rapid development may yet produce good deal of political volatility. But so far, and taken as a whole, the record is an impressive one of political maturity and pragmatism. For one thing states in this area have spent more time attending to their own problems than they have lecturing others about theirs, a phenomenon that is as rare as it is wholesome these days.

5. Two observations occur to us about this trend, and implications it has for the US. First is that as a matter of public posture that would serve our objectives, it seems to us that US could do more to take note of, and indicate support for, progress in political stability to date and recent incipient moves toward regional cooperation. We liked what Mr. Sisco had to say on Hill the other day but unfortunately impact of his remarks was lessened by fact that they were made in context of defense for U.S. arms sales policy in area. Perhaps Gulf political

development as success story of regional development might be made prominent theme in one of Secretary's speeches. Accomplishments to date could be praised and point made that with resources these states possess possibilities for collaboration among them in regional framework are substantial. USG has said many times in past that this is region where it looks primarily to area states themselves to assure their own security; point can now be made that in past 3 years actions area states have taken have had just this effect. USG might also express willingness to cooperate in building regional framework by providing technical assistance on development projects that might best be undertaken on regional basis. Main point would not be expectation that we would soon become involved in any such projects (they will be a long time getting off the ground) but to adopt positive public posture toward what we see as long-term trend here, and to make individual governments feel that US interests are in harmony with line of development that Gulf states increasingly see in their own self-interest.

6. Second, related observation concerns how we respond to Bahrain Government's request that we put terminal date on COMIDEASTFOR presence in Bahrain. We have not seen Department's instructions in response to Joe Twinam's telegram reporting GOB request, but we gather from ARP's pouched summary that Washington's chosen tactic is to play for time, presumably in hope that developments could occur—particularly further state of agreement in Arab-Israel negotiations—that would take pressure off GOB and cause it to forget about demands. It certainly seems true that renewal of Arab-Israel warfare would seal demand for removal of COMIDEASTFOR. But we question whether converse can be confidently asserted—that if agreement for second stage of withdrawal in Sinai is reached, pressure will be off Bahrainis to divest themselves of COMIDEASTFOR presence. While we doubt that Gulf riparians will themselves move to establish formal security pact or joint forces anytime in near future (there is little enthusiasm for this idea on this side of Gulf), idea of periodic consultations on security among Gulf states seems broadly favored. If mood of self-reliance among Gulf states grows, we think these consultative get-togethers will treat our homeporting arrangement in Bahrain increasingly as distasteful anachronism regardless of what happens in Arab-Israel theatre.

7. Fighting to preserve COMIDEASTFOR by one tactic or another is not likely to produce major rupture between USG and Gulf states, but question is whether we perceive COMIDEASTFOR as providing sufficient utility in nineteen seventies and eighties to offset growing political liability that we believe it will entail in our relations with most of governments in this area. Unlike facility at Diego Garcia, COMIDEASTFOR presence in Bahrain has no effect on our global force posture.

Its show-the-flag function could be adequately (if somewhat less conveniently) performed by ships on Indian Ocean station. The frequency of such visits might be lower but would still be adequate. Main loss as far as we can see would be lesser proximity of US naval vessels to sizable American communities in Gulf which might have to be evacuated in time of emergency. But again we wonder if this factor cannot be largely compensated for by increase in US naval ship days that we are projecting for our units in Indian Ocean.

8. We believe also that US agreement to phase out COMIDEASTFOR would have effect of bringing added pressure against Soviet use of facilities in Iraq and Aden. We know, for example, that PDRY reps visiting here have countered queries about Soviet presence in Aden by pointing to "US base" in Bahrain. US facility in Diego Garcia is not in same category because it is far off, and it is not "base" on "Arab soil". We do not believe Arabs of this area, at any rate, regard US presence at Diego Garcia with nearly same sensitivity as they are beginning to feel about our token presence in Bahrain. Large part of problem is psychological. Gulf Arabs remember time when British forces were stationed at Bahrain and tend to see US presence there as lingering reminder of colonial past.

9. In my view COMIDEASTFOR presence exerted stabilizing influence during uncertain transition period between precipitate British departure and time when Gulf states could demonstrate they could stand politically on their own feet. Transition period is however now rapidly phasing into new psychological climate in which area states feel greater confidence that they can manage their own affairs, including security. Central question for USG now is whether it is worth trying to maintain a presence that runs counter (or is viewed subjectively by area states as running counter) to these new political trends. We are inclined to believe it is not, and that wisest course would be for USG to accede gracefully and matter-of-factly to GOB request to have COMIDEASTFOR leave Bahrain in 1977.

Stern

58. Telegram From the Embassy in Bahrain to the Department of State¹

Manama, August 1, 1975, 1001Z.

887. Subject: Middle East Force Status. Ref: (A) Manama 0884; (B) Manama 0879.

Summary: GOB's apparently rigid determination to have the Middle East Force out by 1977 represents a "political setback" for Bahraini leadership, who feel forced to bow to anti-Middle East Force pressures. In our reaction we must be careful to avoid turning this into political humiliation for USG. Possible scenarios for reacting are outlined below: there are no real options. End summary.

1. Reftels indicate rigidity GOB's insistence that it notify USG in writing of its decision to terminate U.S. Navy presence by June 30, 1977. In considering how we react, we must realize that if this decision is a "political setback", as State 174770 suggests, it is a setback essentially for the al Khalifa leadership which has been forced by local and area pressure to compromise on its stated intent to keep the U.S. Navy in Bahrain as long as possible. In that context GOB obviously feels, however inaccurately, that it is doing as well by us as it possibly can by permitting Middle East Force to remain for almost four years after October 1973 termination notice. Desperately wanting to get this issue off its back, it correctly suspects that any imprecision or flexibility of language in notifying us of this decision will open the door to later uncomfortable U.S. pressure.

2. Since transmitting ref A, we have reconsidered what possible ploys might be open to us in seeking to maintain some flexibility (I cannot stress too strongly that this is essentially a theoretical exercise since the hard political reality is that GOB will have Middle East Force out by mid-1977 unless the local and area situation changes in some unforeseen and unlikely manner). In considering these approaches, it is essential that we ponder realistically just how much continued U.S. Navy presence operating out of Bahrain would be in our interest after mid-1977 given the present circumstances. Faced with its own "political

¹ Summary: The Embassy considered options regarding Bahrain's demand that MIDEASTFOR leave by 1977.

Source: National Archives, RG 59, Central Foreign Policy File, D750266-0028. Secret; Niact Immediate. Repeated Immediate to COMIDEASTFOR, USCINCEUR, CINCUSNAVEUR, CNO, and the Secretary of Defense. Telegrams 879 from Manama, July 30, and 884 from Manama, July 31, are *ibid.*, D750263-0297 and D750264-0474, respectively. Foreign Minister Shaikh Mohammad al-Khalifa officially notified the Embassy of the decision to terminate the naval basing agreement on August 12, according to telegram 948 from Manama of the same date. (*ibid.*, D750278-0587)

setback”, the GOB is of course looking to us to accept its decision gracefully. We should avoid reacting in a manner which might turn Bahrain’s “setback” into our own political humiliation.

3. We can visualize five possible scenarios for reacting to GOB decision (there are no real options):

A. Low key temporizing. I could, under instructions, reiterate the argument that no written notification of GOB’s decision is necessary, that we are appropriately informed of 1977 planning date and that there is nothing further to discuss at this time while we review situation. This, of course, is essentially what I have been doing to several key officials since we first were informed of 1977 date. It is not working and, in my view, continuing this approach will not forestall GOB’s written notification. It will intensify GOB’s determination to get this matter set in concrete.

B. High level temporizing. We could try the ploy of delivery, not later than August 3, of a letter to the Foreign Minister from the Secretary (or, alternatively, perhaps Under Secretary Sisco) noting the GOB’s policy decision re 1977, reassuring Foreign Minister of our acceptance in principle that Middle East Force agreement is for a limited duration and asking GOB to take no further steps until Foreign Minister has had a chance during UNGA to talk with Secretary (or Under Secretary Sisco) about this question, particularly in the light of broader, global issues on which we would like to exchange views with Foreign Minister. This ploy might delay things until National Assembly opens in October, but is unlikely to alter GOB’s decision. I cannot in good conscience recommend engaging prestige of the Secretary in such a mission, particularly in light of the mood likely to prevail at UNGA and the many more serious issues we will face there.

C. Low key acquiescence. The course I recommend is that I be instructed immediately (not later than August 2 if it is to have any effect) to respond to Foreign Minister along following lines:

(1) USG, while understanding perfectly Bahrain’s position, frankly does not see need for written notification re 1977 date at this time;

(2) In view of GOB’s desire to make such written notification, we have suggested an approach which GOB has rejected;

(3) GOB fully entitled to give us written notification if it wishes. We can merely ask that such notification be worded as carefully as possible with a view to maintaining future freedom of action (along lines I have suggest); and

(4) We thus stand ready to receive such notification if GOB insists on sending it. (Comment: In following this approach we should then seek to ignore this issue for awhile, letting GOB stew in its own juice while waiting until early 1976 to see if there is any possibility of altering

GOB decision, or modifying its implementation, should we find this desirable. End comment.)

D. Full-dress breast-beating. More for our own psychic satisfaction than for any good it would do, we could seek to arrange a full dress meeting with the Amir and Foreign Minister in which we express, by cold and bitterly worded aide-mémoire, our recognition of Bahrain's right to do what it is doing, however misguided it may seem to us, and however harmful to our long-term mutual interests in the stability of the region. I am convinced such an approach would have no rpt no effect in changing GOB decision at present. It could well be viewed by top Bahraini leaders as an attempt to bully them when they are trying to convince themselves they are doing all they can for us in a difficult situation. If there is any future hope of turning around GOB decision, such an approach might kill it. At best, it would warn GOB with more melodrama than the situation warrants that our love may be growing cold.

E. Seizing the initiative with a clean break. If being warned by the GOB that Middle East Force must leave by 1977 is politically intolerable to us, there is a way to save face. We could, not later than August 3, implement on our own initiative termination clause of the stationing agreement giving notice that Middle East Force will leave by August 3, 1976. I assume such a step would not be considered in our interest.

4. Given our lack of options and increasing rigidity of GOB, I recommend I be instructed immediately to make approach outlined sub-para C above. I would expect to receive GOB's written notification about August 4, in any event. Having received it, it is important that we lay low for awhile since Baharna in July 31 meeting began for first time to mutter about desirability of our acknowledging in writing GOB's notification of 1977 "deadline." I think we should continue to take position I did informally July 31: That USG acknowledgement unnecessary until it becomes timely in accordance with terms of stationing agreement for one party or the other to serve termination notice.

Twinam

59. Memorandum of Conversation¹

Washington, August 20, 1975, 11:30–11:50 a.m.

SUBJECT

Meeting with Ambassador Twinam

PARTICIPANTS

Assistant Secretary of Defense (ISA), Robert Ellsworth
US Ambassador to Kuwait, Joseph Twinam
Acting Director, NESA, COL Richard Lawrence
State Country Desk Officer, John Lyle
Acting DOD Country Director, COL Robert Burch

(S) *Ambassador Twinam* opened the conversation by saying he wanted to talk with Mr. Ellsworth before having lunch with the VCNO, Admiral Shear, during which the subject of the Middle East Force (MEF) would be discussed. *Mr. Ellsworth* asked the Ambassador what State wants to do about responding to the termination notice. More importantly, he wondered what would be the wise thing to do. *Ambassador Twinam* replied that State's concern involved political symbolism. NEA/ARP favored a joint announcement. The Bahrainis have already told some people of the termination notice. *Ambassador Twinam* then described briefly the internal pressures which affected the *Bahraini* decision. There was no public support in Bahrain for retention of MEF and no encouragement from the Saudis either. *Mr. Lyle* indicated that past overtures had been made to the Saudi Arabian and Iranian rulers to support MEF presence; their responses were negative.

(S) *Ambassador Twinam* described the situation that the Bahrainis feel themselves in, with leftists seizing upon MEF status as the most convenient issue to dispute with the Government. We can expect nothing in the next 18 months to change this situation and thus lead to withdrawal of the termination notice. *Mr. Ellsworth* wondered whether we should not leave open the question of a formal response to termination and thus not be on record as committed to leave on a specific date. *Ambassador Twinam* responded that the Government of Bahrain would like a joint statement. It would not have to be issued immediately. Basically, the Bahrainis do not want to be in the position of

¹ Summary: Ellsworth and other Department of Defense officials met with Ambassador Twinam to discuss MIDEASTFOR.

Source: Washington National Records Center, OASD/ISA Files: FRC 330–79–0040, Folder BA–1, Bahrain General and Miscellaneous Items. Secret. Drafted by Col. Robert Burch (OASD/ISA/NESA); approved by Ellsworth on August 22. The meeting took place in Ellsworth's office.

appearing to have thrown us out. *Mr. Ellsworth* than suggested that we might delay the joint statement until next summer. He wondered whether we could not simply wait a year, until such time as the prior year's notice had to be given. *Ambassador Twinam* indicated that there was nothing rigid about the June 1977 date.

(S) *Mr. Ellsworth* asked what the impact of the Berbera revelations had been on Bahrain. *Ambassador Twinam* answered the Bahrainis were unhappy but that they looked to the US to more or less keep the USSR at bay outside the Gulf. The Bahrainis felt that the Soviets tricked the Somalis; however, they are not alarmed.

(S) The discussion shifted back to MEF when *Ambassador Twinam* said we delude ourselves if we think the Bahrainis will extend MEF. A joint statement does limit our flexibility somewhat; however, the news of the termination notice is already seeping out. *Ambassador Twinam* indicated that the foreign minister of Bahrain will be in New York during September and that he was amenable during his stay to work out a joint declaration.

(S) *Mr. Ellsworth* asked whether there were any Soviet facilities at Um Qasar. *Ambassador Twinam* went on to say that when Senator Scott visited Bahrain and talked to the Foreign Minister, one of the points raised was the tendency of the major powers to increase their posture in the Gulf. It was once thought that we could bargain MEF departure from Bahrain in exchange for Soviet departure from Um Qasar. This might have been possible had MEF been based in Saudi Arabia or Iran.

(S) *Ambassador Twinam* stated that this had been a bad year for Bahrainis. They have become rather tricky to deal with since discovering just how much they have become dependent on Saudi Arabia. Shaikh Isa always relished the connection with MEF and thus the US Navy may be his last link with the past. *Mr. Ellsworth* indicated he thought that the Bahrainis would be unwise to throw us out. In the long run, it would be clearly in their strategic interests to allow MEF to stay. It seemed that Bahraini changes of attitude were related to Saudi and Iranian declarations of opposition to MEF.

(S) *Mr. Ellsworth* said he thought *Ambassador Twinam* had done a fine job in Bahrain. *Ambassador Twinam* expressed his thanks for the confidence and described how challenging the Bahrainis are to deal with. They are "tricky" but very smooth. They harbor a strong attachment to the US, but he foresaw a difficult year ahead. *Ambassador Twinam* explained that in his view the foreign minister was not yet astute enough to realize how much US interest in Bahrain is on the wane. It will be very hard to try and explain this in Bahrain, especially since the Bahrainis are more pro-US than pro-British.

(U) *Mr. Ellsworth* asked if there were any US businesses in Bahrain and what the advantages were. *Ambassador Twinam* responded in the

affirmative and identified several firms that were setting up offices there, including Exxon, Gulf, and Bechtel. Some of the advantages were as follows:

- The best communications facilities in the area.
- Excellent air transportation.
- Central location.
- A certain ambience.
- No taxes to speak of.
- Free port.
- Approximately 20 banks, 3 of which are US.

(U) *Ambassador Twinam* then indicated that when compared to others in the Middle East, the Bahrainis were not as rich as some but not necessarily destitute. Their basic future problem will be the attitude of their neighbors; for example, if the Kuwaitis went heavily into the banking business, which they have the resources to do, this could adversely affect the Bahraini banking community.

(U) *Mr. Ellsworth* asked if the Ambassador cared to discuss the school. Here *Ambassador Twinam* asked Mr. Ellsworth for DOD support. In general, he requested DOD help with the situation in Bahrain by being especially careful on little matters in general, and especially with regard to the school. *Ambassador Twinam* indicated his opinion that not one cent in US taxes should be spent on the school (now supported almost 50 percent by DOD subsidies) if DOD enrollees become negligible. However, in terms of withdrawal, he requested that we be very flexible when phasing out the school. It would be most helpful to have US personnel stay on until they can definitely be replaced adequately and in order to make a rather difficult transition as smooth as possible. It would be very hard to keep the school going, for example, if the entire faculty left at one time. So he asked Mr. Ellsworth for assistance in avoiding an abrupt changeover. He wondered if DOD could be flexible enough on the teachers to secure a year's absence with career status protected but salaries unpaid by DOD. The teachers could then remain and assist with the transition. This would be particularly helpful because the Bahrainis were most interested in keeping the school. Its presence is an advantage, in attracting business and for other reasons.

(U) The meeting concluded with an exchange of pleasantries.

60. **Memorandum From the Under Secretary of State for Political Affairs (Sisco) to the President's Assistant for National Security Affairs (Kissinger)**¹

Washington, September 12, 1975.

SUBJECT

Future of Middle East Force at Bahrain

The Problem

We recently completed negotiations with the Government of Bahrain on our Navy's Middle East Force (MIDEASTFOR), which effectively superseded the one-year termination notice the GOB gave us in October 1973 and provide a basis for MIDEASTFOR's remaining on at Bahrain. At the same time, however, the Bahrainis told us they intended to set a two-year limit on the Navy's continued presence, or until June 30, 1977, and on August 12 they delivered a letter notifying us of this decision. We need to consider how to deal with Bahrain's June 1977 deadline: to fight it, or to accede to it; and, if the latter, how to make the best of the situation.

Background/Analysis

The US Navy has had a small contingent in Bahrain since 1949 consisting of one command ship homeported at Bahrain and two destroyers assigned to MIDEASTFOR on a six-month rotational basis. With the departure of the British, we negotiated a stationing agreement with Bahrain in December 1971. The one-year termination clause in that agreement was invoked by the Bahrainis in October 1973, in reaction to the Administration's request for \$2.2 billion in military aid for Israel.

After immediate sensitivities associated with the 1973 war subsided, the GOB informed us it would reconsider its notification that the Navy leave by October 1974, subject to satisfactory negotiation of several conditions for continued Navy presence. Early this year, we

¹ Summary: Reacting to U.S.-Bahraini negotiations on MIDEASTFOR's retention in Bahrain, Sisco provided Kissinger several policy options, along with recommendations from the Departments of State and Defense.

Source: Ford Library, National Security Adviser, Country Files for Middle East and South Asia, 1974-77, Box 32, Trucial States (2). Secret. Kissinger did not express a preference from among the four alternatives. Sisco signed above his typed signature. Attachment 1, not found, is a copy of the Bahraini letter of August 12. See Document 58. Attachment 2, not published, is a draft joint U.S.-Bahraini statement acknowledging the termination of the MIDEASTFOR basing agreement. Also attached, but not published, is guidance for press questions on the termination. See Document 75. For further developments, see Documents 61 and 71.

agreed to: (a) raise the rent from a concessional \$600,000 to \$4 million per annum; (b) accept Bahraini jurisdiction over criminal cases considered politically sensitive; and (c) undertake to withdraw MIDEASTFOR in six months instead of a year should the GOB decide in the future to invoke the termination clause. In an indirectly related understanding, we also undertook to seek Congressional approval of a small AID-administered technical assistance program for topping off salaries. For this purpose, AID's FY-76 budget requests \$400,000.

In June, the GOB told us it was ready to formalize these understandings through an exchange of notes, but it also informed us that it had decided to set a two-year limit on our continued naval presence. By then, Bahraini leadership had become increasingly sensitive to domestic and external developments it saw as impinging on MIDEASTFOR. It had barely averted the Navy's presence becoming an issue for debate before the country's National Assembly recessed for the summer. It felt uncomfortable over the misinformed allegations of US invasion plans in the Gulf. The lack of explicit support for MIDEASTFOR from the two largest countries in the Gulf region (Iran and Saudi Arabia), the Shah's recent statements on the eventual removal of "third parties" from the Gulf, and recent discussions of a possible Gulf security arrangement added to Bahrain discomfort.

At the end of July, we formalized the different understandings on the retention of MIDEASTFOR. Despite our several attempts to try and convince the Bahrainis not to set a deadline for MIDEASTFOR's departure, the GOB officially notified us of its decision on August 12 (see Attachment 1). In presenting the letter, the GOB Foreign Minister noted that it was considered confidential and he wanted to work out some mutually agreed formula to make the decision known after he returns from the UNGA in September. He hoped that the US would understand that the decision in no way reduced the high value Bahrain placed on a continued friendly relationship.

The MIDEASTFOR mission has in recent years been heavily political in addition to its military functions. Its role has been one of showing the flag and reflecting our interest in the stability of the Persian Gulf region. It has also participated in CENTO exercises and provided intelligence-gathering on Soviet fleet movements in the Indian Ocean. Its present functions could be performed, albeit less efficiently, by other support arrangements.

There remains a slight possibility that Bahrain might be willing to reconsider its position in the next two years if the situation in the Middle East improves. On the other hand, there is no indication that the recent dissolution of the Bahrain National Assembly has changed the GOB position, and it appears that Bahraini leadership did not want to have MIDEASTFOR an issue at the time it cracked down on leftists

in the country and called for revising the constitution. Firm planning to phase out MIDEASTFOR now could be seen as bringing added pressure against the Soviet use of facilities at Aden and at Umm Qasr in Iraq. In any event, the littoral states in the Gulf have increasingly taken on responsibility for regional security, and any efforts to maintain our own naval presence are likely to be viewed increasingly as anachronistic.

The question now before us is, do we try to get the GOB to withdraw its letter because of the importance of our interests in the Gulf and Indian Ocean and the need to avoid potentially adverse repercussions in other countries, or do we accede to Bahrain's decision. If we accede, do we accept the Foreign Minister's suggestion to devise a joint statement indicating our mutual understanding regarding the withdrawal of MIDEASTFOR.

The Options

(1) *We go back to the Bahrainis by making a high-level appeal from the President to the Ruler* which would reassure them that we have never intended MIDEASTFOR's presence to be a permanent one but ask that the August 12 letter be withdrawn. This approach would be coordinated with similar appeals to the Shah and King Khalid seeking their support for a continued, open-ended MIDEASTFOR presence.

Advantages

—A high-level appeal would indicate to the Bahrainis that we felt strongly about the importance of maintaining MIDEASTFOR and, by implication, that damage could take place to our bilateral relations if Bahrain is seen to have forced us out.

—It would require the Shah and the Saudis to weigh this request in light of our strong bilateral relations.

Disadvantages

—Even if high-level pressure succeeded, it could substantially weaken Bahrain's present moderate leadership in the face of domestic left/nationalist opposition which would be contrary to US interests in Gulf stability.

—We would be drawing heavily on our credit with Iran and Saudi Arabia to save a facility of limited strategic utility or importance. Our earlier, lower-level attempts have not been successful, and neither the Shah nor—with less certainty—the Saudis are likely to back away from previous statements favoring eventual removal of foreign forces from the Gulf region.

(2) *Accepting the Bahraini letter but not acknowledging its receipt*

Advantage

—It would give us the greatest latent freedom of action to reopen the question of MIDEASTFOR's future at a later date, should favorable Middle East developments give us new opportunities to do so.

Disadvantages

—If we try not to respond, we can expect that the GOB will eventually let its unilateral decision become publicly known. When it does, it could be seen as a political setback to the United States by one of the smallest nations in the world in a region where we have substantial interests.

—Congress could balk at the \$4 million rent knowing full well the Force is due to leave.

(3) *Acknowledging receipt of the Bahraini's notice with a written reply which, in effect, accepts the June 1977 deadline*

Advantages

—To reply to the Bahraini letter would permit us to try to portray our departure from Bahrain in any light we wished.

—A demonstration of sympathetic understanding of the conditions leading the GOB to take this decision would strengthen the prospects for future bilateral political relations (apart from MIDEASTFOR).

Disadvantages

—We would limit our freedom of action, should we wish later to try to have the deadline withdrawn.

—Possible Congressional opposition to a higher rent as in Option 2.

(4) *To devise, as the GOB Foreign Minister has suggested, a joint statement indicating our mutual understanding regarding the withdrawal of MIDEASTFOR*

Advantages

—It would portray the eventual departure of MIDEASTFOR in the best possible light for us politically in the region.

—The GOB could be expected to keep its unilateral decision and notification to terminate MIDEASTFOR confidential and possibly might agree to withdraw its formal notification.

—This approach would also enable increased pressure by other Arabs on Aden and Iraq to restrict the use of their facilities to Soviet naval vessels.

—Various elements in the Congress would welcome the flexibility shown by the Administration in this case.

Disadvantage

—It would contrast with statements which Defense has made to Congress up to now in connection with the strategic importance of our

naval presence in the Indian Ocean/Persian Gulf area. (However, the eventual availability of Diego Garcia and the buying of two more years' time would tend to lessen this disadvantage.)

DOD Views

The Joint Staff and the US Navy recommend the adoption of Option 2. In their view, it would be misleading and untimely to go on record with a joint USG/GOB statement implying that a mutual agreement for the USN to withdraw from Bahrain on June 30, 1977 had been reached for the following reasons:

(a) The Bahraini note to withdraw notwithstanding, the USG has not reached a decision that it is in its best interest to accede to such a withdrawal.

(b) Until the current Bahraini political situation is resolved, the US should maintain maximum flexible options.

(c) The fluid situation in the Middle East will continue to affect Bahraini thinking on the status of MIDEASTFOR. Events which may occur within the next eighteen months could alter present GOB views.

(d) No approach to the GOB has yet been made to obtain their views on the possibility of retaining the MIDEASTFOR staff at Bahrain while discontinuing the homeporting agreement for the MIDEASTFOR flagship at Bahrain.

The Joint Staff and Navy therefore recommend not acknowledging the proposed Bahraini letter. Such a course of action would best convey existing USG attitudes, provide maximum flexibility in future negotiations, follow the same procedures that were successfully employed in response to the previous GOB notification of termination in October 1973, provide the GOB with a cooling-off period during which future events in the Middle East may reshape Bahraini attitudes, and allow for exploratory conversations on the feasibility of discontinuation of homeporting the flagship at Bahrain but retaining MIDEASTFOR staff functions ashore.

OSD/ISA believes that the decision by the GOB to terminate the MIDEASTFOR presence on Bahrain is unlikely to change and that it is in the interests of the United States to accept this decision as gracefully as possible while maintaining maximum flexibility for subsequent negotiations with the GOB and for the formulation of US policy options. This objective could be achieved by the choice of either Option 3 or 4, each of which provides the opportunity of spelling out the US position. If Option 4 is chosen, the present draft should indicate that the initiative for a reassessment of the MIDEASTFOR presence originated with the Government of Bahrain. This is a fact which will necessarily emerge in any event, and it will be essential in answering Congressional questions about our motives in accepting increased rent and other concessions

to the GOB just prior to determining that MIDEASTFOR's presence would be terminated. It is also likely that the GOB will want the record to be straight on this issue for its own policy reasons. It is also recommended that the USG take action to have the joint declaration accompanied, if possible, by separate declarations from Iran and Saudi Arabia noting the US–GOB decision and expressing their desire that other external powers observe a similar policy with respect to the establishment of a military presence in the Gulf area.

Department of State Views

The Department of State believes we have pretty well exhausted our options for trying to keep MIDEASTFOR and that the GOB will insist on the June 1977 termination date. It believes the best way to cut our losses is to accept the Bahraini decision gracefully and to work out a statement reached jointly by the GOB and the USG. This could avoid at least a public indication that the US had had to accede to a unilateral decision by Bahrain to force the Navy off the island. We would also get some credit for adopting a flexible and accommodating position on this issue. This approach would still give us a small option to reopen the matter during the next eighteen months, should future circumstances allow.

Recommendations

1. That the NSC approve Option 4 to devise a joint statement (along the lines of Attachment 2) reflecting mutual understanding between the United States and Bahrain to withdraw MIDEASTFOR within two years. (State recommends this option; DOD/ISA recommends either this option or Option 3.)

2. Alternatively, that the NSC approve Option 3 that we simply acknowledge the GOB unilateral notice thereby indicating our acceptance of the June 1977 deadline.

3. Alternatively, that the NSC approve Option 2 not to acknowledge the proposed Bahraini letter. (Navy and the Joint Staff recommend this option.)

4. Alternatively, that the NSC approve Option 1 to make a high-level approach to Bahraini leadership to withdraw the termination notice and appeal to the Shah and King Khalid to support MIDEASTFOR.

Joseph J. Sisco

61. Memorandum of Conversation¹

New York, September 29, 1975.

SUBJECT

US-Bahraini Relations

PARTICIPANTS

H.E. Shaikh Muhammad bin Mubarak al-Khalifa
Minister of Foreign Affairs of Bahrain

Ambassador Salman Mohammed al-Saffar
Bahrain Permanent Representative to the UN

Alfred L. Atherton, Assistant Secretary, NEA
Francois M. Dickman, Director, NEA/ARP

SUMMARY: During a discussion of US-Bahraini bilateral relations, agreement was reached on what public position the US would take in response to press queries that the GOB had asked the US Navy to leave its facilities in Bahrain in June 1977. Mr. Atherton reviewed potential problems we saw in obtaining Congressional approval for the much higher rent for the Navy's use of the facilities and for our request to establish a technical assistance program in Bahrain in view of MIDEASTFOR's short tenure. In response to the Foreign Minister's questions, Mr. Atherton reviewed US intentions regarding the use of Masirah Island, the significance of the Sinai agreement for the peace-making process in the Middle East, and Israel's request to the US to buy Pershing missiles. The meeting ended with Mr. Atherton asking for GOB support for our resolution on Korea at the UNGA. End summary.

MIDEASTFOR

Shaikh Muhammad said he first wanted to discuss US-Bahraini bilateral relations. He thanked Mr. Atherton for Ambassador Twinam's help in completing the series of understandings on MIDEASTFOR, which we believed would be in the best interests of both countries. Bahrain's relations with the US were older than with any other country except for the UK. The GOB wanted to maintain its good relations with the US and have American presence in Bahrain on the same basis as it is in neighboring Saudi Arabia, Kuwait, and Iran. He realized the problems which the announcement ending MIDEASTFOR in mid-1977

¹ Summary: Bahraini Minister of Foreign Affairs Shaikh Mohammad al-Khalifa met with Assistant Secretary of State Alfred Atherton to discuss MIDEASTFOR.

Source: National Archives, RG 84, Manama Embassy Files: Lot 79F118, POL 15, Bahrain Government. Secret. Drafted by Dickman. The meeting took place at the Waldorf Towers Hotel.

posed for the Navy and he hoped that some new arrangement could be worked out that would suit both countries.

Mr. Atherton said bilateral relations were very good and the whole MIDEASTFOR negotiations had been carried out in an excellent atmosphere. However, we saw two problems, each had a different order of magnitude. The first was our official response to the GOB's August 12 note setting a June 1977 deadline for MIDEASTFOR. The USG was still trying to sort out its position and we hoped there would be a reply soon. We saw several choices: formally acknowledging the GOB's note, issuing a joint statement announcing the decision to leave, or issuing an oral statement unilaterally. Mr. Atherton said he would welcome having the Foreign Minister's views, and what the GOB might most hope for.

Shaikh Muhammad said that a low key joint announcement would be best. He thought that a continued US presence in the Gulf was very important but he did not want Bahrain to be singled out. Periodic visits by the Navy to Bahrain would be fine and the US and Bahrain should give some thought to this. After Mr. Atherton pointed out that there is the practical problem that the fleet must have a home port, Shaikh Muhammad suggested that thought should be given to another arrangement (but offered no suggestion).

Mr. Atherton said the other problem we had, and it was more immediate, was how we respond to the *Al Anwar* article that the Bahrainis had asked us to withdraw MIDEASTFOR. We had put off answering questions since the article had appeared last Thursday to have this opportunity to consult on a reply. Here too we had several choices. We could state that the agreement provides for termination and that the GOB had told us that we should look to removing MIDEASTFOR by mid-1977. Or we could be less forthcoming and say simply that we are in consultation with the GOB about the future presence of MIDEASTFOR. The US would be prepared to be specific if the GOB wished.

Shaikh Muhammad said he would prefer not to be too specific. After some discussion, it was agreed that we could respond to a question from the press by stating that: "The 1971 Stationing Agreement provides that either party may terminate the agreement. The Bahrain Government has told the United States that it would like to phase out the US Navy's Middle East Force during 1977. The United States Government is in consultation with the Bahrain Government on this matter in the spirit of the close and friendly relations which have existed between the two countries over many years."

Mr. Atherton said there was one other matter he wanted to raise which affected MIDEASTFOR. This was Congress' attitude toward the rent and our request for a topping off technical assistance program.

The Administration intended to go through with both commitments. For the rent, it was explaining that a higher figure was justified in view of the higher real estate values of the land now occupied by MIDEASTFOR and for the use of the commercial pier and other facilities. But taken in conjunction with the short period of time that MIDEASTFOR would remain, Congress might well react negatively and ask if we are getting out, why should we pay this very high rent. Mr. Atherton added the Administration would take the position that this is a reasonable arrangement without regard to the number of years that the Navy might remain and try to keep the two questions from being connected. We had also taken the position of not linking our request for technical assistance with continued MIDEASTFOR presence but there was considerable risk that Congress would make the link and refuse to approve our technical assistance program for Bahrain.

Shaikh Muhammad said he could understand Congress' reaction about the rent but it would be a great mistake if Congress should use this excuse to stop technical assistance. The latter was more effective than anything else. This is what the man in the street understands. There were many areas where US technical assistance was needed—water supply, agriculture, housing—and Bahrain was sorry that the US had not done more in this field. In response, Mr. Atherton reviewed the recent activities of the Joint Commission in Saudi Arabia and reimbursable technical assistance programs in other Peninsula states.

Other Bilateral Issues

Asked if there were any other bilateral issues he wanted to raise, Shaikh Muhammad said only one—Secretary Kissinger had promised to visit Bahrain and he must keep that promise.

The Foreign Minister then asked what US intentions were toward Masirah. In reply, Mr. Atherton said that the US never had any intention of a build-up on the island. We had asked Sultan Qaboos when he was in Washington if we could work out with the UK an arrangement for the occasional use of Masirah when we had naval exercises in the Indian Ocean and if aircraft connected with the fleet visit could use Masirah on an emergency basis or for practice exercises. We were not interested in basing any personnel, equipment or aircraft at Masirah.

[Omitted here are sections dealing with the Arab-Israeli dispute.]

62. Telegram From the Department of State to the Embassy in the United Arab Emirates¹

Washington, October 24, 1975, 2341Z.

254114. Subject: Abu Dhabi Request for TOW Missiles. Ref: Abu Dhabi 2007. For Ambassador from Under Secretary Sisco.

1. You have made a strong case for the sale of TOWs to Abu Dhabi Defense Force but after a good deal of reflection, we have come to conclusion that there are good and compelling reasons to disapprove both release of TOWs and sending an expert to Abu Dhabi to discuss issue at this time:

(A) Basic reason for this decision is that TOW system bears no plausible relationship to any threat which Abu Dhabi, or UAE for that matter, might conceivably face. Only armor within feasible striking range of Abu Dhabi to our knowledge is small number of armored cars in Dubai Defense Force and Union Defense Force and that is hardly the kind of threat we want to build up ADDF to defend itself against.

(B) Our various national security studies on arms sales in lower Gulf states, carried out in early seventies and related to withdrawal of protective British presence, produced conclusion that we should sell equipment which enhanced internal security capability of small states but which would whet appetites of other lower Gulf states (or in case of UAE appetites of armed forces of other Emirates), and which could be destabilizing. We think this policy has stood the test of time well. We have made only one sale which might be construed as an exception to that policy: we agreed to sale of a small number of TOWs to Oman because it is engaged in a war against an enemy supported by PDRY and PDRY could conceivably, if Dhofar rebels were pressed to point of near extinction, throw Soviet supplied armor into direct action against Oman.

(C) We have had ample opportunity in recent weeks to sample the congressional mood on arms sales in region. It is not receptive. Each case of significance has had, or will have, to be argued in detail on its merits. To argue that sale of TOWs will gain us significant political

¹ Summary: The Department declined to offer TOW missiles to Abu Dhabi.

Source: National Archives, RG 59, Central Foreign Policy File, D750371–0533. Confidential; Priority; Exdis. Drafted by Richard Aherne (NEA/ARP); cleared by Atherton and in PM/SAS; approved by Sisco. Ambassador Sterner informed the Department of the request in telegram 2007 from Abu Dhabi, October 9. (Ibid., D750350–1159) The Department confirmed the denial in telegram 178831 to Abu Dhabi, July 20, 1976, insisting that the United Arab Emirates faced no threat from any regional armored force. (Ibid., D760278–0206) Sterner appealed this decision in telegram 2135 from Abu Dhabi, August 5, 1976. (Ibid., D760303–0427)

advantages in UAE is simply not persuasive on the Hill. Arguments having to do with previous sales of weapons to other nations in the area are probably equally non-persuasive; they may well be interpreted by some in Congress as evidence of past irresponsibility in arms sales rather than as a rationale for future actions.

2. In reaching this conclusion, we have taken into account the larger political framework in which you have placed this request and we are of course pleased that Shaikh Zayid has made this gesture toward us. Consistent with what you were told here, we have also taken into account that given the pattern of US arms sales in region, we cannot over the long-term hope to pursue our interests successfully in Abu Dhabi without being responsive in some realistic measure to requests for US arms. But it seems to us that our political relations can only be strengthened by our responding to this request with utmost forthrightness and pointing out to Zayid that he has simply picked the wrong symbol for his gesture. While our disapproval of this sale may make it more difficult for us to develop a relationship in this sensitive area with Abu Dhabi, our concurrence, followed by congressional action against it, would do far more to damage US-UAE bilateral relations and it could hurt our credibility with Congress in cases which we believe to be justifiable.

3. In presenting our decision to ADG, you should make a maximum effort to separate our general policy from the outcome of this particular case. We do wish to be helpful to Abu Dhabi in meeting its legitimate defense needs, but an honest relationship is essential in this field as in others. It would not help Abu Dhabi for us to go along with a request for a weapon such as TOW, which is unrelated to their real needs and on which they are admittedly not well-informed themselves; on the contrary, it would, in the long run, have a destructive effect as it became clear to ADDF just how useless TOW would be in their environment. Part of the reason for the success of our military supply and training programs in Saudi Arabia, for example, is that we have tried to tell the Saudis the truth about what we thought they needed, and what was superfluous or unworkable. The result has been that although the Saudis do not always like what they hear, they keep coming back for more because our approach has fostered a relationship of frankness and honesty, and the Saudis respect that. It is ultimately only on that basis that we can foster a cooperative relationship in the military field, and I hope that whatever Abu Dhabi Government officials you discuss this with can be persuaded of the validity of that approach.

Kissinger

63. Telegram From the Embassy in Qatar to the Department of State¹

Doha, January 12, 1976, 0501Z.

34. Kuwait pouch Baghdad. Ref: State 303856, Abu Dhabi 0021, Manama 0014.

1. SUMMARY: Because of its vulnerability to Arab bloc and other pressures, Qataris cannot be expected to snap to when US barks in multilateral fora. There is some hope of improving Qatari performance if we pay more attention to their representatives abroad at earlier stages of development of our positions. Threats of curtailment of relations to enforce conformity are not credible, and stand to lose us more than we would gain. END SUMMARY.

2. From perspective of Qatar too, Ambassador Sterner's observations, comments and suggestions on US multilateral diplomacy applied to Arab bloc are generally relevant.

3. On most multilateral questions, GOQ not only shelters under umbrella of Arab bloc but, despite its conservatism and anti-Communism, cowers within it in fear of Algerians and other Arab radicals. Saudi inertia and death of father figure Faisal substantially diminish Saudi influence on Qataris in international fora. GOQ is perhaps more influenced by consistent Egyptian adherence to anti-U.S. positions, in part because most of Foreign Ministry's senior substantive advisors are seconded Egyptian diplomats.

4. GOQ's disposition to line up against us on international issues, or at best to take a negative abstention stance, is further conditioned by its status as nonaligned, Third World, and OPEC nation. In all these contexts, at least at present, confrontative aspects of relationship with US outweigh cooperative ones. Although GOQ does not as yet have capacity to think through clearly most international questions, its usually fuzzy-headed conclusions, influenced by factors aforementioned, often put it on wrong side of argument as far as USG is concerned.

5. There is a positive element, suggested by Qataris themselves, that may hold some promise of better GOQ cooperation with us in

¹ Summary: The Embassy transmitted to the Department an analysis of Qatar's likely positions on multilateral issues, regional issues related to the Arab-Israeli dispute, and the limited means at U.S. disposal for putting pressure on the government.

Source: National Archives, RG 84, Doha Embassy Files: Lot 79F187, POL, Political Affairs and Relations 1976. Confidential. Repeated to Abu Dhabi, Algiers, Cairo, Damascus, Jidda, Kuwait City, Manama, Muscat, and USUN. Drafted by Paganelli on January 11. Telegrams 303856 to all diplomatic posts, December 29, 1975; 21 from Abu Dhabi, January 6; and 14 from Manama, January 7, are *ibid.*, D750449–0471, D760003–0783, and D760005–0547, respectively.

international fora. After Qataris' backsliding performance from positive to abstention position on Friendly Korean Resolution at 30th UNGA, GOQ Foreign Minister told me that fuller consultation with Qatari reps in Washington and New York early in game as U.S. positions being developed would help improve support of U.S. views. He strongly criticized what he described as our "last minute fireman" efforts in capital to secure GOQ support. Closer consultations at earlier stages is worth pursuing, although we have no illusions about how much difference it will make in GOQ's performance.

6. Finally, I too would caution against loose use of threats in effort to compel conformity to U.S. positions. I agree fully with Ambassador Sterner that these threats would soon be exposed as not credible, since U.S. has more to lose than gain by curtailing relationships with Qatar and other small states in this area.

Paganelli

64. Telegram From the Embassy in Saudi Arabia to the Department of State¹

Jidda, January 27, 1976, 0910Z.

606. Subject: Regional Support for MIDEASTFOR. Ref: (A) State 17267, (B) Manama 76, (C) Jidda 99.

SUMMARY: We do not think that the SAG can be induced to make a public declaration of support for the retention of MIDEASTFOR. In recent months Saudi officials have moved from a position of private support and public silence on a US naval presence in the Gulf to a more consistent private and public advocacy of the removal of all non-littoral forces from the Gulf. An approach at the presidential level might stand some chance of success if we were prepared to argue that very major US interests are involved, but this would require a decision

¹ Summary: The Embassy expressed reservations about recent requests from the Department and the Embassy in Manama asking for a public Saudi declaration of support for MIDEASTFOR's retention.

Source: National Archives, RG 84, Jidda Embassy Files: Lot 79F80, DEF 12-5, Bahrain. Secret; Priority. Drafted by Murphy; cleared by Jesse W. Lewis (POL/MIL) and Porter; approved by Horan. Repeated to Abu Dhabi, Amman, Cairo, Doha, Khartoum, Kuwait City, Manama, Muscat, Sana'a, Tehran, COMIDEASTFOR, CINCUSEUR, CINCUSNAVEUR, and the Secretary of Defense.

that retention of the Force merits the expenditure of such a sizeable chunk of US political capital. END SUMMARY.

1. We do not believe that the SAG can be persuaded to issue a public statement of support for the retention of MIDEASTFOR in Bahrain, in spite of the fact that there are some advantages to the SAG in the presence of such a US force in the Gulf. The most obvious advantage is the on-the-job training provided to Saudi sailors mentioned ref A, but this is vitiated by the Saudi understanding that the US is obligated to provide the same kind of training in connection with the Saudi Naval Expansion Program. The force probably also has some attractiveness as the representative of the only friendly naval power capable of keeping the Shah from turning the Gulf into a Persian lake at Saudi expense.

2. However, there are more compelling reasons why the SAG will be prepared to see the force go and, in fact, the private views of Saudi officials have in recent months swung into line with their public position that all foreign naval forces should depart the Gulf. This was most recently enunciated by Foreign Minister Prince Saud on January 3 during a call by the Charge and Ambassador Paganelli who was visiting from Qatar (ref c). Perhaps the most important of the reasons why the SAG will be reluctant publicly to support retention is that the Saudi leadership would regard doing so as inconsistent with Saudi Arabia's new role as a leader of the Arab world maintaining close and friendly relations with the US but no longer hiding behind US skirts. An appearance of Saudi independence from the US is important to this role.

3. Additionally, in terms of the politics of the Gulf, the Shah's unequivocal public position on the removal of foreign naval forces has further tied the SAG's hands. The SAG is extremely sensitive to statements emanating from Tehran that Iran has a special responsibility for Gulf security. In response, Saudi leaders have frequently stated that there is no power vacuum on the Arab side of the Gulf which must be filled by a power from elsewhere in the Gulf or external to it. In this light, publicly to advocate retention of the force could be interpreted as an admission that Saudi Arabia is not confident of its ability to look after the security of its coasts and waters. It could invite an Iranian riposte that the Iranian navy is capable of looking after the interests of other Gulf states until they are prepared to do it for themselves.

4. Finally, the Saudis no longer regard MIDEASTFOR as quite the benign presence they once considered it to be. The Saudis were disturbed by public statements by US officials early last year on the subject of seizing the oil fields in certain circumstances and quite badly shaken by the subsequent flood of articles detailing how and why this should be done. For a time they believed that there was an orchestrated series

of threats. "Routine" operations by a US carrier task group in the Persian Gulf last spring seemed to give substance to these threats. Saudi fears and suspicions have since been dissipated, but the SAG can probably never again look at MIDEASTFOR in the same way.

5. For the foregoing reasons we do not believe that an approach by the Ambassador to even the highest levels of the SAG would result in a public Saudi statement of support for the retention of MIDEASTFOR. The most we could reasonably hope for would be private Saudi assurances to the GOB that the SAG is not concerned about the continued presence of MIDEASTFOR in Bahrain and would have no objection if the GOB were to allow the scheduled date for departure to slip.

6. It is possible that we might get a more positive response if the President were to take the matter up directly or by letter with King Khalid. To do so in the light of our extensive interests in Saudi Arabia would be to portray retention of the force as a major US interest in the region. Before taking such a step we must decide that retention of the force merits the considerable drawing down of political capital which would be involved. From the Jidda perspective it is not immediately apparent that such a step is merited.

Porter

65. Intelligence Memorandum Prepared in the Central Intelligence Agency¹

OCI No. 0463/76

Washington, January 29, 1976.

SUBJECT

Situation in the United Arab Emirates

The four-year-old United Arab Emirates (UAE) is a confederation of seven small city-states that are autonomous in such important areas as the use of oil revenues, defense, and internal security. The rulers of the sheikhdoms still regard each other with a good deal of suspicion and jealously guard their prerogatives against the encroachment of

¹ Summary: The CIA assessed the United Arab Emirates' regional diplomacy and its relationship with the United States.

Source: Central Intelligence Agency, DI/OCI Files, Job 79T00866A, Box 25, Folder 8. Confidential.

the central government. Economic and social forces are, nevertheless, slowly knitting the sheikhdoms together.

Much of the credit for the development of the UAE belongs to its president Sheikh Zayid, who is also the ruler of Abu Dhabi, the largest and by far the wealthiest of the sheikhdoms. Using a deft combination of consensus politics and timely handouts, Zayid has managed to maintain generally good relations with his squabbling fellow rulers. He has cautiously steered a middle course in both domestic and foreign affairs, thus reducing factionalism and eliminating issues his opponents might exploit. He has seen to it that certain traditional bedouin and Islamic features remain prominent, in order to reduce the impact of foreign workers inundating the country.

Though he tries to rule largely by consensus, Sheikh Zayid has taken care to make the Abu Dhabi Defense Force—responsible to him personally, not in his capacity as president of the UAE—the largest and best equipped military force. Zayid has promoted the unification of the UAE and local military and security forces, but his fellow rulers have thus far been able to stave off this development.

The tension between central and local interests is likely to remain a permanent problem for the UAE. Zayid himself would have trouble holding to the larger view if he were not president of the union, and it is not surprising that Zayid's major obstacle in establishing an effective central government is Sheikh Rashid, the ruler of Dubai, the second most important sheikhdom. Although Sheikh Rashid is the UAE's vice-president, he sees no reason to contribute to the strengthening of the central government to Zayid's benefit, and at his own expense.

[1 paragraph (8 lines) not declassified]

The UAE in its first four years has sought to obtain recognition as a united entity, while avoiding any foreign antagonisms that could impair the knitting together of the sheikhdoms—a problem compounded somewhat by the existence of large foreign communities, including Palestinian, in the sheikhdoms, and the UAE's dependence on foreigners for many critical functions.

Although Zayid seems to be personally inclined to inject the UAE into Arab and international affairs, even if he has to use a major portion of Abu Dhabi's resources to do it, he is somewhat constrained by the other rulers who believe that his money, if not his time, would be better spent at home. He must also tread carefully so as not to step on the toes of Riyadh or Tehran, who expect him to follow their lead. The result has been a cautious, pragmatic, middle-of-the-road policy.

Zayid keeps his Arab credentials in good order, tries to avoid taking a position on intra-Arab differences, and is aloof on most east-west issues—but he is maintaining a society that is western-oriented

and capitalistic. He has not, so far, permitted communist states to establish a presence in the UAE, although some of his advisers have been pushing for relations with the Soviet Union and Zayid may be giving some thought to this.

The UAE has consistently supported the traditional conservative regimes of the Arabian Peninsula. Zayid has given assistance to both Oman and North Yemen, mostly economic but including some discreet military assistance as well, largely to strengthen them against South Yemeni subversion. He worked hard to reach an agreement with Saudi Arabia on a border dispute that had poisoned relations between the two countries for years. He accepts Iran's role in the area as a fact of life and is not too concerned by the Shah's claim to have primary responsibility for security in the Gulf.

Much of Zayid's foreign policy consists of lavish handouts, first to the Arab confrontation states, then to other Arab states needing assistance, and finally to other Islamic states. In 1974 alone, he gave away nearly a quarter of Abu Dhabi's income. Last year's drop in oil production, however, combined with increasing complaints from the other rulers, has forced Zayid to curb his commitments.

US-UAE relations are basically good. The UAE values US technological strength; Americans are personally popular there. But Zayid is sensitive to the ups and downs of the Arab-Israeli situation; Abu Dhabi was the first Arab state to announce an embargo against the US during the October 1973 war. Zayid has since probably come to a greater appreciation of the complexity of the problem and US negotiating efforts. He knows that renewed war would disrupt the UAE's ties with the west and possibly extend radical interests in the Gulf. He nevertheless is also subjected to the arguments of those who oppose a negotiated settlement and would like to see US efforts fail.

Oil policy is an additional area of difference. Following the quadrupling of oil prices, the speculation in the US media about the possibility of US action against Gulf oil fields caused feeling against the US to run fairly high. With the world-wide economic slump since, however, the UAE seems to have come to a better realization that oil decisions cannot be taken in isolation of world economic conditions.

Regardless of the outcome of Middle East peace negotiations, the UAE will be careful to balance US interests there with those of other friendly industrial powers—the UK, France, eventually perhaps Japan. Should the Arab-Israeli situation deteriorate sharply, of course, US commercial interests would suffer.

66. Telegram From the Embassy in the United Arab Emirates to the Department of State¹

Abu Dhabi, March 14, 1976, 0630Z.

640. Subj: Visit of Secretary Simon—Substantive Discussions. Ref: (A) Abu Dhabi 596 (B) Abu Dhabi 592.

1. Secretary of Treasury Simon during his one-day visit to Abu Dhabi had three substantive discussions morning March 4 (first, group discussion re financial, development and aid matters; second, audience with Shaikh Zayid; and third, meeting on energy matters with MinPet Otaiba). These were followed by luncheon hosted by Minister of Finance Shaikh Hamdan for all members of party and cross section of Abu Dhabi business/financial community. Prior to departure Secretary Simon held brief press conference and made social call on Otaiba who wished return hospitality extended to him in Washington. Following is report on first of morning meetings. Report and discussions with Shaikh Zayid and Otaiba and highlights of press conference follow septel.

2. First session was group meeting lasting one hour forty minutes. Accompanying Secretary Simon were Presidential Adviser Seidman, Treasury Asst Secty Parsky, Commerce Asst Secty Reed, Dept Deputy Asst Secty Biller, AID Special Asst Kendrick, Treasury Middle East Affairs Director and Deputy Newman and Wahl, and Ambassador and DCM from Embassy. UAEG side chaired by Min Finance Shaikh Hamdan and included MinState for Finance Habroush; Presidential Adviser Pachachi; Hassan Abbas Zaki, Director Abu Dhabi Fund for Arab Economic Development (ADFAED); Under Secty MFA Abdulla Mazru'i; newly named Secty of Investment Board Ghanem Mazru'i; Presidential Investment Counselor Abdulla Darwish; MFA Economic Adraser Adel Shukri; and Presidential Press Adviser (acting as interpreter) Zaki Nuseibi. Secretary Simon opened session by stating that USG attached great importance to strengthening economic cooperation with UAE, noting that we had much experience, both in private sector and within government and felt there were number of ways we would be able assist UAEG. Before turning to Asst Secretary Parsky for general

¹ Summary: Simon and other U.S. Treasury officials visited the United Arab Emirates and discussed economic cooperation with Emirates officials.

Source: National Archives, RG 59, Central Foreign Policy File, D760096–0770. Confidential. Repeated to Doha, Jidda, Kuwait City, Manama, and Muscat. Telegrams 596 from Abu Dhabi, March 7, and 592 from Abu Dhabi, March 6, are *ibid.*, D760086–0873 and D760086–0579, respectively. Parsky met previously with Emirates officials to discuss the possibility of U.S. assistance for the United Arab Emirates, as reported in telegram 2444 from Abu Dhabi, November 26, 1975. (*Ibid.*, D750412–0250)

overview, Secretary Simon mentioned in particular program of reimbursable technical assistance which he described as heart of USG effort in Saudi Arabia. He noted presence of Kendrick on delegation and fact he (Kendrick) would remain behind to pursue further this extremely important area.

3. Overview—Parsky noted that we pursuing two avenues toward greater economic cooperation in Middle East. (A) In some cases we have established formal procedures such as Joint Commission in Saudi Arabia. Under this mechanism we sought to achieve two things: First, to provide technical expertise in various areas, both from government sources and private sector—all, of course, reimbursable; and, second, to facilitate U.S. private sector involvement in host country development program. (B) Alternative was less formal approach. This might involve some loose structure such as he, Parsky, had outlined in recent letter to MinPet Otaiba (Abu Dhabi 461 and previous). Under such a formula Embassy in Abu Dhabi would be major channel while “we in Washington” would mobilize various agency efforts, State, Commerce, ExIm, Treasury et al. Point was USG ready cooperate. We assume UAEG might prefer less formal setup but we prepared discuss. Shaikh Hamdan responded noting that UAE welcomed increased cooperation and that in UAE, having as it does free capitalist system, both private and government involvement welcomed. In area of technical expertise, UAE recognized that U.S. was leader and help needed in number of areas.

4. Investment policy—Secretary Simon reiterated U.S. belief in strong free market system. We welcomed investment and believed fear of OPEC takeovers largely dissipated. In fact we need outside capital for our own development. Secretary asked for statement of UAEG policy in this area and what we might do to assist. Habroush responded that UAE already had most of its investments in U.S., some 63 percent, reflecting fact U.S. (a) had biggest market, (b) had free economic system and (c) offered best opportunities. UAE not seeking involvement in sensitive areas or controlling interest, just good return. In subsequent give-and-take Habroush said most funds invested in U.S. were in equity holdings; that while revenues will be around \$4.5 billion in 1976 there would be relatively little for foreign investment—most would be spent internally or given away abroad; that UAEG had not yet reached degree of sophistication where it concentrated its investments in particular sectors or on industries exporting to this area. Parsky mentioned U.S. policy of being prepared consult in advance about possible major investments. Habroush, as mentioned ref A, reiterated commitment to use this offer at such time such investments might be contemplated.

5. Technical assistance—Secretary Simon asked Kendrick to give status of our program in reimbursable technical assistance. Kendrick noted we had had this capability for some time, but only in 1975 had

Congress made funds available to permit US promote it. Kendrick said we can draw on resources of both some 100 government agencies as well as total private sector. In time he hoped to have representative in Gulf but in meantime Embassy would serve as channel to get requests for assistance into Washington. Kendrick specifically mentioned arrival of Berger team following day which with UAEG permission would seek explore this area further. [garble–Pachachi], echoing welcome expressed by others on UAE side for exploration of this field, noted there already considerable cooperation with U.S. private sector in technical fields—e.g. ADNOC. Both Secretary Simon and Parsky welcomed this and expressed wish to encourage more of same. At same time they noted there were areas where U.S. Government might have best expertise or could help identify best sources of assistance.

6. Parallel financing—Secretary Simon, noting interest both countries had in helping ease burden of developing countries, said he knew UAE target of many requests and that UAEG might well have difficulty in some cases in making evaluations. With our 30 years experience we in position to help. Secretary also noted we would like to cooperate with UAE to discuss joint ventures on case-by-case basis, something which we felt could be mutually beneficial. Hassan Abbas Zaki described ADFAED activities noting existing commitments of \$250 million to be disbursed over next four years. He expected additional \$50 million in commitment this year with actual disbursement in 1976 perhaps totalling \$80 million. Re cooperation, Zaki mentioned existing joint efforts with World Bank and bilaterally with some other countries. Said Fund welcomed cooperation with USG on case-by-case basis, with both sides feeling free to raise possibilities to other. When Parsky suggested earmarking specific sum (he cited figure of \$100 million) to give concrete evidence of efforts to aid developing nations, Zaki replied this would be difficult. If done in one instance, others would request similar commitment and Fund would find its options limited. Secretary Simon then said specific amount not critical; there was no reason to tie hands, intention to cooperate was the key. In response to Ambassador's query, Zaki noted that Fund no longer limiting itself to Arab world, but focus did remain largely Africa and Asia (Habroush wryly noted "Latin America is yours"). Zaki stated they did not wish spread selves too thin.

7. Turning to assistance offered outside scope of ADFAED, Habroush cited government's impressive record. As percentage of revenues UAEG aid totaled 19 percent in 74, 27 percent in 75, and was anticipated to be 23 percent in 76 (Habroush noted latter figure might be higher, with \$150 million donated during recent [garble] of Sadat presumably being one of points he had in mind). If calculated on basis of actual expenditures, Habroush said figures were 41 percent in 74

and 37 percent in 75—and much of this was in straight grants. Both Secretary Simon and Parsky noted how impressive these figures were and said story should be publicized. It would very much help UAE's public image in oil consumer countries. Pachachi noted effort had been made to tell story but "we have small voice." On final point, Habrourh responded to Ambassador's question by stating that UAE would like to give greater emphasis to aid through multilateral channels, but he was rather vague as to when and how this might occur.

8. Trade—Simon, noting USG interest in promoting trade and our desire to set a target figure, asked Commerce Asst Secty Reed to address this issue. Reed cited figures reflecting major expansion of bilateral trade in both directions over past few years. He stated U.S. wished to remain major trading partner and to increase its position if possible. Noting 1975 level of U.S. exports at \$370 million he said he would like to see target set for 1976 of \$500 million. He thought this realistic and we would encourage UAEG to establish similar target figure for its exports to U.S. Reed then described Commerce's efforts both in U.S. (field office programs) and here (upcoming trade missions) to further this effort. Hamdan responded noting that success of U.S. exports depends on competitiveness, delivery dates, and suitability. UAEG with free enterprise system could not set trade target, but it certainly expected trade to expand—U.S. exports should rise to over 20 percent of UAE total imports. Delivery dates and maintenance were keys, Hamdan noted—and he said U.S. doing well in these areas at same time Europeans slipping. Reed mentioned our concern that when U.S. bids come in high UAEG not think U.S. firms being frivolous—our firms making best efforts and sometimes do not understand how others can offer prices as low as they do. Secretary Simon went on to note that while we must obviously be competitive, we have heard cases where others will deliberately bid low with idea of subsequent adjustment. He urged UAEG to keep eye out for such practices.

9. Joint statement—Parsky, noting that we hoped to be able to issue joint statement reflecting results of Secretary's visit, said U.S. side would of course be willing to add or expand in existing draft on any points discussed during group meeting. He noted specifically that UAEG side might wish consider some reference to ongoing relationship—e.g. some form of committee of more informal nature. This would demonstrate "special relationship" existing between two countries. UAE side expressed some interest in this and suggested further discussion after lunch. There was also brief interchange between Parsky and Zaki re some form of specific arrangement for reviewing possible third country investment projects (e.g. such as list of projects under consideration which World Bank sends to UAEG on regular basis for review). (Note: Neither of these points made final communiqué, but there was

nevertheless definite interest in them and they are worthy of further exploration under conditions where pressure for early decision and public commitment does not exist.)

Peale

67. **Telegram From the Embassy in Bahrain to the Department of State¹**

Manama, June 16, 1976, 1254Z.

762. Subject: Middle East Force and Security Assistance for Bahrain.
Ref: Manama 741.

Summary: June 15 Prime Minister made to me “official government request” that USG consider supplying military assistance to Bahrain on concessionary terms to enable Al Khalifa regime to justify “extending the agreement” under which Middle East Force enjoys facilities. Prime Minister and Crown Prince/Defense Minister clearly want concessionary arrangement “like Jordan and Turkey, not like Saudi Arabia and Kuwait”. In promising to forward request to USG, I stressed I was without instructions and hence unable to predict substance or timing of USG response. I explained at some length, however, on “personal basis” why this request seems to call for a new departure in U.S. Gulf policy requiring the most careful top-level consideration in the executive and possibly legislative authorization. Therefore on basis its own recent experience with proposed technical assistance program GOB should not necessarily anticipate a quick U.S. response. Meanwhile June 1977 deadline GOB has placed on U.S. Navy’s departure

¹ Summary: Ambassador Twinam and Bahraini Prime Minister Shaikh Khalifa Al-Khalifa discussed the Bahraini request for military assistance in exchange for an extension for MIDEASTFOR.

Source: Ford Library, National Security Adviser, NSC Staff for Middle East and South Asian Affairs, Convenience Files, Box 1, Bahrain (2). Confidential; Immediate; Exdis. Telegram 741 from Manama, June 14, is in the National Archives, RG 59, Central Foreign Policy File, D760229–0013. In telegram 761 from Manama, June 16, Twinam argued that an extension on MIDEASTFOR should be the *sine qua non* for any negotiation on military supply. (National Archives, RG 84, Manama Embassy Files: Lot 79F118, DEF 15, COMIDEASTFOR) According to telegram 129738 to Manama, May 26, the Department approved sending a survey team. (Ibid., Lot 79F80, DEF 12–5 Bahrain) In telegram 904 from Manama, July 10, Twinam reported that the United States would have to make an additional “extensive military assistance commitment” in order to secure an extension longer than one year. (Ibid., Lot 79F118, POL 15, Bahrain Government)

is drawing nigh and Middle East Force will soon need to start taking some practical steps to meet it. Should not GOB as first step, and without additional commitment by either government, unilaterally extend the deadline? Prime Minister ducked this suggestion, asked for official response to his request, and reiterated he would be willing to come to Washington to discuss this question personally with top USG officials, if he could be assured a definitive response there. Our own policy problems aside, this request, serious though it may be, seems flawed even from Bahraini perspective. End summary.

1. June 15 I spent an hour with Prime Minister Shaikh Khalifa bin Sulman discussing his desire, first raised June 13 with Commander Middle East Force Admiral Bigley and reported in Navy channels, to develop a military assistance relationship with the U.S. to enable ruling Al Khalifa family to justify retaining Middle East Force in Bahrain. Subsequently I spent an hour with his nephew Crown Prince/Defense Minister Shaikh Hamad bin Isa re-emphasizing points I had made to Prime Minister and trying to pin down more definitively what price these two senior members of government are asking this time. With apologies, I am persuaded this must be reported in some detail.

2. Prime Minister uncharacteristically raced through pleasantries to get right down to business, first ploughing the old ground of long-standing Bahraini friendship for U.S. and his unhappiness with the two decisions Cabinet has made to ask the Navy out. In October 1973 Cabinet in his absence had been swayed by Arab-Israel emotions. Last summer government had been under pressure re the Navy from Gulf neighbors and National Assembly at home. Now he is "in stronger position": gone is the National Assembly, the people no longer want to "get mixed up in politics", and he is hence free to serve the best interests of his people. He has "personal assurances" from Iran, Saudi Arabia and Kuwait that they would not object if Bahrain let the U.S. Navy keep using "facilities which have no aspects of being a base". He understands the U.S. Navy would like to stay in Bahrain and he has been thinking of ways to make it possible. (Shaikh Hamad later was eloquent in lamenting the great cost and human hardship of removing the Navy's wives and children from this garden of Eden to some "desolate island" (Diego Garcia?) thousands of miles from nowhere.)

3. Prime Minister continued he had understood "USG is seeking" some sort of Saudi/Iranian approval for continued Middle East Force presence and wanted me to know that both the Shah and Prince Fahd had assured him Bahrain is "free to make its own decision" re Middle East Force. I corrected him, noting in first place USG would not be surprised to learn of such private assurances from Tehran and Riyadh since Middle East Force is in the Gulf because we believed in 1970 that it would continue to serve mutual interests of us and all Gulf states

in contributing to region's security. We were not seeking Saudi/Iranian approval; rather GOB had told us Middle East Force is a domestic political liability which it could no longer bear in absence of public, not private, Saudi/Iranian statements of support for Bahrain's retaining it. (Shaikh Hamad later described Middle East Force as a political liability which is bearable only with significant evidence of benefits, like military assistance, which accrue to Bahrain by virtue of the US Navy's presence;)

4. This provoked somewhat heated response from the Prime Minister that he, "not the Shah and King Khalid", determines Bahrain's policy and if he decides the Navy should stay he does not need Saudi and Iranian approval. Bahrain has best of relations with "all Gulf states, even Qatar though they are sometimes unreasonable", but Bahrain is "independent". Yes, Saudis, Kuwaitis and UAE are being helpful to Bahrain's economic development and public welfare schemes but Bahrain cannot let its neighbors make its policy and cannot become dependent on them for arms. (Comment: This is most impassioned display I have witnessed of the deep aversion of the proud and "aristocratic" Al Khalifa to increased subservience to richer and more powerful neighbors, and their consequent unrealistic longing for the return of the "special relationship" with Anglo/America. See Manama 181, "Bahrain awash in the Gulf" and previous reporting. We could exploit this tendency for limited bilateral gains but to do so would work against our broader objective of fostering regional cooperation in security matters.)

5. Prime Minister continued that "he and Shaikh Hamad" are trying to build a proper defense force, "small but effective", not equipped with "obsolete weapons or second-hand equipment from Jordan or Saudi Arabia". Bahrain needs "modest things" like guns and jeeps and a few helicopters and something "more than a coast guard but less than a navy". (Shaikh Hamad later said while he did not really want to have jet fighter squadrons he would, of course, have to acquire them if only to prevent a "vacuum in the Gulf defense belt" which would invite Iraq or Kuwait pose embarrassing requests to station their aircraft in Bahrain.) Prime Minister wants "to build a defensive wall around this island" so that Bahraini people will feel their government can protect them, so that "our neighbors will not laugh at us", and to sustain "the morale of our officers". (Comment: That means largely Shaikh Hamad and his cousins.) Prime Minister continued that he is determined to arm Bahrain adequately from whatever source but obviously preferred American arms and training. Bahrain, however, cannot pay the "inflated prices" private American companies and the British and French ask and that the Saudis and Kuwaitis can pay. As he looks around he sees USG "helping all Bahrain's neighbors" modernize their defense forces, "seconding" military advisors and "giv-

ing" weapons and training. The US Navy wants to stay in Bahrain, yet Bahrain has nothing of U.S. military help to show its people and its neighbors. Could not the USG "give" Bahrain some tangible evidence of military assistance to justify the continued US Navy use of Bahraini facilities?

6. I asked Prime Minister if this were a "personal inquiry" or should I report it as a "formal government request"? Bristling somewhat, he assured me this was "an official government request". (Comment: This is important point in considering our response. Prime Minister obviously considers himself "the government" and yet sometimes prefers that we believe the Cabinet is "the government". While I was with Prime Minister, his first cousin the Foreign Minister was receiving Admiral Bigley for a farewell courtesy call, and he hewed to the "party line" that, sad as it may be, Bahrain cannot keep the Navy in the absence of public support from neighboring states for doing so. Recently Development Minister Shirawi told me he had raised in Cabinet possibility of extending Navy's departure and had found scant sympathy (Manama 711); Cabinet Affairs Minister Urrayed recently told me America's "best friends" in Cabinet would not touch OPIC's agreement until Navy left (Manama 620). These straws suggest to me Prime Minister and Shaikh Hamad are off on a private feeler (probably with Amir's blessing) in asking for military assistance to justify keeping the Navy: that the Cabinet, which has twice voted the Navy out of Bahrain, has not yet been cut in. We have seen several indications over last two years that Prime Minister has special problems when it comes to Bahrain's defense force. Personally he seems quite prone to arm the Al Khalifa to the teeth, but he serves an Amir and presides over a Cabinet both openly disdainful of military pretensions in this mini-state. And he must try to keep his nephew the Crown Prince, who is also his subordinate the Defense Minister, somehow active and amused without bleeding the public purse. Hence we have long suspected they have a "deal" going in which the Prime Minister will not press the Cabinet to divert public funds to buy Shaikh Hamad weapons but will try to help him persuade other countries to pay Bahrain's defense tab. If this interpretation is correct, then the Prime Minister is looking to us to make an offer of military assistance he cannot refuse and can use both to persuade the Cabinet to let the Navy stay and to keep the Crown Prince content.

7. After repeating standard remarks about US regard for Bahrain and its welfare and our appreciation for Bahrain's hospitality to US Navy, I told Prime Minister (and later Shaikh Hamad) that I was of course not instructed to reply to this request and could but refer it to Washington with the recommendation that it receive urgent and high-level consideration. But before I did so, both he and I must clearly understand what he is asking:

(A) Did he understand USG “gives” nothing in military assistance to Bahrain’s neighbors: they pay for it. Our present relationship with Bahrain is similar type: GOB is eligible for “Foreign Military Sales”, we have provided a coastal survey and training for Bahrain’s officers in the US, and are offering to send a helicopter force survey team. What sort of relationship does Bahrain seek that we are not already able to provide? A concessional one like Jordan and Turkey, countries in very different situations, enjoy? Prime Minister specifically acknowledged (and Shaikh Hamad later confirmed) that he is indeed seeking a concessional arrangement such as “Jordan and Turkey” have “not like Saudi Arabia, Kuwait, and Iran”. Prime Minister said Bahrain wants to pay for US help, but at “special low prices”. (Shaikh Hamad later said Bahrain was fully prepared to pay reasonable prices but “not double the price like the Saudis do” for US military assistance and furthermore would not deal directly with commercial companies and would need “FMS credits” or “loans” from the USG to permit it to pay over time for what it gets.)

(B) Did Prime Minister understand that even should USG be able to provide a military assistance program for Bahrain the types and quantities of assistance provided would still be subject on a case-by-case basis to the limitations imposed by our policies toward providing arms in various parts of the world. He (and Shaikh Hamad later) professed to understand this, contending that Bahrain’s needs are reasonable by any definition. (Comment: I am still not sure they accept this reality.)

8. Then, stressing that I was now speaking “personally”, without instructions and “as a friend”, I reminded Prime Minister that when Foreign Minister Shaikh Mohammad had pressed Chargé Gatch back in 1971 for some sort of tangible evidence that Bahrain would benefit from continued US Navy presence I had fielded that request in Washington. Hence, counting the 1974–75 negotiations, this was the “third time around” for me in the GOB’s ever more expensive efforts to demonstrate to neighbors and citizens that the Navy’s presence is beneficial. I reminded Prime Minister that prior to Bahrain’s independence in 1971 USG had formulated a carefully reviewed and publically enunciated policy toward the Gulf. One element was the decision to keep Middle East Force operating out of Bahrain. We had felt this served the interests of all Gulf states including Bahrain and hence have had subsequent difficulty in accepting the GOB’s contention that the US Navy presence is a liability for which the USG must compensate in other ways. To the extent our Navy imposed any inconveniences on its Bahraini hosts, we had tried to adhere to the sound approach of paying for this in rent because, subject to budgetary vicissitudes, the GOB could be assured the Navy was good for its commitments in

this regard. In 1974 GOB had suggested that our providing civilian US technical advisors would broaden the US-Bahrain relationship to make the continued US Navy presence more acceptable. This had given USG little philosophical problems since making civilian expert advice available to Bahrain and other Gulf states had all along been a notably popular element of overall US Gulf policy. How to provide a modest contribution of US public funds to this end had been a problem, but the proposed technical assistance was not directly linked to the US Navy presence and was justifiable on broader political/economic and commercial grounds. Still it had required legislative authorization, and thus eighteen months after the US executive had agreed to try to help with technical assistance the commitment is still not absolutely in hand, nor are the advisors in Bahrain. Now Prime Minister was suggesting a very different sort of condition for keeping Middle East Force in Bahrain, a concessionary military aid program which would be a new departure in US policy toward the Gulf. Personally I thought this request would require the most intensive top-level consideration in US executive and that responding favorably to it would probably require seeking legislative authorization for a commitment far more controversial than providing civilian advisors to assist public administration.

9. Thus I thought Prime Minister faced an awkward timing problem. It seemed to me USG might need a lot of time to sort out his request, and much longer yet to deliver thorough legislation on any tentative commitment it might feel able to make. Yet GOB, quite by its own choosing and despite our pleadings to contrary, had imposed a June 1977 deadline for US Navy's departure, and some time soon the Navy must start taking practically irreversible steps to meet it. Therefore, in my "strictly personal" view, the first step should be for GOB to extend the deadline so that, without any commitment by either party, USG and GOB could in propitious circumstances consider under what if any conditions the Middle East Force presence might continue to serve mutual interests.

10. Prime Minister ducked this by reverting to suggestion made earlier in the conversation that he would be willing to make working visit to Washington at appropriate time (he would prefer early fall) to discuss his proposal at high level in USG. He would come with "something in black and white in hand" (I took this to mean an offer to "extend the agreement") but would have to be assured in advance that he would be "received as a friend", and that USG officials would talk with him "frankly and honestly" and be prepared to give him a "definitive answer". (Comment: I take that to mean a positive commitment to provide military assistance on concessional terms.)

11. I assured Prime Minister that, whenever he came to Washington, it would be as a "friend" and that USG officials would always talk

with him in candor. But insofar as a “definitive answer” is concerned, I would have to inquire. He again urged that I seek an official response to his request.

12. Comment: This request by Bahrain’s Prime Minister (and his nephew the Crown Prince/Defense Minister) is far from frivolous. He would regard it as sincere, reasonable and in a long-standing tradition of Bahraini-American friendship. It must be handled with care. Nevertheless, quite apart from fact this Bahraini attempt to raise the price for keeping Middle East Force poses for US difficult question of national purpose and policy the request is flawed even from the Bahraini perspective.

(A) The Prime Minister is not conceding that the US Navy presence serves Bahrain’s interest; it is rather to remain the perpetual liability in the US-Bahraini relationship. Hence, we are expected to be ever in Bahrain’s debt for its being here, and to pay, in ever more controversial currency and seemingly open endedly.

(B) Apparently the Cabinet, which we have been led to believe has sole power to let the Navy stay or make it go, is not offering us a deal. Rather the Prime Minister is dropping us a hint that if we offer a military assistance deal to the Cabinet he might be able to persuade it to let the Navy stay.

(C) These “people of Bahrain”, whom the Prime Minister criticizes for having wanted to “get mixed up in politics”, are being trotted out again so that we might believe they can be taught to dislike the idea of our Navy’s presence less as they learn to love Shaikh Hamad’s army more. We have substantial reason to believe Bahrain’s defense force has scant support in the Cabinet, to say nothing of among the populace at large. Hence a significant USG role in developing the defense force, particularly if it involved presence of US military advisors here, threatens to be controversial among Bahraini public, and among some of Bahrain’s neighbors. How then could such a US contribution turn critics of the US Navy presence around?

13. Department at its discretion may wish to repeat this message to appropriate regional posts and military addresses.

Twinam

68. Telegram From the Embassy in Kuwait to the Department of State¹

Kuwait City, August 9, 1976, 1043Z.

3775. Subj: New Multi-Year Kuwaiti Defense Budget: Implications for US Military Sales Policy.

1. Summary: Recently approved \$3 billion defense procurement budget will permit Kuwait to resume extensive military purchases through mid-1984. As in the past, principal suppliers probably will include US, UK and France, but alleged initial deal with Soviets would give them about 10 percent of purchases during this period. Bulk of actual intended Kuwaiti purchases still a mystery. There is some cause for concern that, using ample budget to acquire still more sophisticated weapons systems, Kuwait MOD will strain its absorptive capacity, rather than consolidating numerous systems already purchased but not all delivered. Given fundamental rationale for military sales to Kuwait, to create new US political influence and leverage where little now exists, Embassy believes that new procurement budget strongly justifies our policy (reftel) to avoid major new commitments for the present, since added purchases from other sources will make absorption of additional US systems still more difficult. Further, our best insurance against US sales causing bilateral friction due to absorption problems will be to let Kuwaitis resolve these problems as best they can, to refuse sales we judge difficult of absorption and to implement previously approved sales only in well-planned packages of training, support systems, and equipment. Otherwise, purchases from US could not only net US no political gain, but US could also be made scapegoat for Kuwaiti aspirations frustrated by shortages of manpower and technical skills. End summary.

2. Kuwaiti National Assembly approved July 19 a generous defense procurement budget of 877 million Kuwaiti dinars—just over three billion US dollars. (This amount is over and above Ministry of Defense single year routine operating budget of about \$260 million for July 76–June 77 period.) Procurement budget figure was arrived at, as usual, during closed sessions of the Assembly and prior private “hearings” of Assembly’s financial committee. No procurement budget line items

¹ Summary: The Embassy relayed information on the Kuwaiti defense budget and discussed the wisdom of U.S. arms sales policy towards Kuwait, given Kuwait’s wealth and limited absorptive capacity.

Source: National Archives, RG 59, Central Foreign Policy File, D760305–1138. Confidential. Repeated to Abu Dhabi, Amman, Baghdad, Cairo, Damascus, Doha, Jidda, Manama, Muscat, Tehran, the Secretary of Defense, and USCINCEUR.

are available publicly, but we understand that budget is intended to cover MOD procurement through mid-1984. (The last multi-year MOD procurement budget of approximately \$1.5 billion was intended to suffice over 1973–1980 period, but the 1973 funds apparently were exhausted in the spring of 1976.)

3. We have no clear idea yet how the GOK will use the bulk of the procurement funds provided in this latest budget. We can, however, forecast some probable and possible purchases in the next few years which logic says it would pay for. With this caveat in mind, Department may be interested in the following preliminary estimates of the major military matériel and services which GOK may acquire with multi-year procurement budget:

A. Military Technical Training Center, which USG has refused to provide under FMS, but for which US private source may yet receive contract.

B. Navy-associated purchases, including patrol boats (from as yet unknown source—the GOK is now receiving bids); missile system for patrol boats (probably French); hovercraft (probably British); basic naval training (possibly US) for 200 sailors; and port equipment and supplies.

C. Ground equipment, which reportedly will include Soviet tactical missiles, may include Soviet anti-aircraft guns, and apparently will involve considerable additional equipment and presence of Soviet personnel, all part of alleged \$300 million sales package. Other ground matériel may include US-source equipment for two self-propelled Howitzer battalions in addition to 160 APCs, for which FMS contracts are now under preparation.

D. National Command and Control System of as yet unknown origin. The GOK apparently plans to request bids and then bargain with a number of private firms, probably including US firms, for manufacture and installation of this expensive system.

4. Adding together order of magnitude values of items noted above, we come nowhere close to \$3 billion total budget level. Figure may include considerable sum for military construction, including naval ports, airfields and facilities for conscripts, and it may reflect Kuwaiti experience with previous multi-year budget of half this amount which was used up in less than half the seven year obligation period.

5. In Embassy's view, the GOK would be wise to delay future purchases of major items of equipment until items already purchased are received and absorbed into Kuwaiti military forces. Major items ordered, but not all delivered include: Mirage, A-4, and C-9 aircraft; Gazelle and Puma helicopters; Chieftain tanks; IHawk; and TOW. Kuwaiti absorptive capacity (particularly in Air Force) is already

strained and will, in our estimation, reach embarrassingly critical point in 1977 when French and US aircraft deliveries are in full swing and IHawk program is well underway. Moreover, we learned recently that, contrary to our earlier understanding, Air Force plans to retain its old British lightning fighters until 1980, which will delay needed improvement in overall Kuwaiti aircraft maintenance capability.

6. Also, Soviet ground equipment deliveries in 1977, if any, on top of British Chieftain tank deliveries (beginning in September 1976) could well aggravate absorptive problems of ground forces unless Soviets are as careful as British will be to prepare the Kuwaitis to receive new matériel. Owing to long lead times contemplated for major US ground equipment, we are unable to estimate yet the absorption problems which the delivery of such equipment would cause—the possible sale of equipment for two US self-propelled Howitzer battalions is the leading case in point. On the plus side, Kuwait's first conscription law is scheduled to go into effect in 1977 and, we assume, US self-propelled Howitzers (and related equipment) and APC's would not be delivered until at least two years thereafter. On the other hand:

A. There is now serious shortage of both people and technical skills required for any major new ground equipment:

B. Purchase of major equipment would require permanent expansion of ground forces with large numbers of raw recruits;

C. We are not persuaded that GOK is prepared to make conscription work. It is anybody's guess whether what will be politically controversial conscription system will provide Kuwaiti soldiers in sufficient numbers, be structured to retain them, or will be accompanied by major technical training effort necessary to enable conscripts to operate and maintain exotic purchases from various sources; and

D. We are not convinced that MOD will be able to organize Army logistical system to service new purchases from all sources, though careful packaging and implementation of US sales could reduce logistical problems peculiar to US equipment.

7. Underlying rationale for US military sales to Kuwait is fundamentally political and bilateral—we now have little leverage on GOK and we seek more. Hence, we have strong interest in seeing that Kuwaiti military modernization proceeds with minimum bilateral irritation. We are concerned, however, that Kuwaitis may well not postpone further major equipment purchases, given their apparently ample new budget. We are also concerned that Kuwaitis' attention may be taken up by glamorous new purchases and that they will continue to have relatively little interest in the consolidation of their matériel position (insufficient attention to administrative and logistical systems, particularly parts control, technical training and basic military construction necessary for proper storage, maintenance and repair.) Our British colleagues here

share these concerns, and even the French acknowledge that the Kuwait Air Force will have difficulty maintaining up to high standards the bulk of its past and current French aircraft purchases within the foreseeable future. There is some risk, therefore, that US could become a scapegoat for what seems to be developing into an increasingly expensive and perhaps even more disorderly modernization of Kuwaiti forces.

8. In this situation, we believe that the rationale for US policy on US military sales to Kuwait and the central policy provided reftel—no major new commitments in Kuwait until ongoing programs are well established—remain realistic and valid. We also believe that we should continue to eschew broad military advisory effort in Kuwait, though the Kuwaitis might possibly request this as their absorption problem mounts. (But this is their problem; USG should merely avoid contributing to it.) In addition, we would underline the need for USG to refuse sales we judge difficult of absorption and to resolve that any FMS sales implemented under this policy will be structured only as full-cost packages, including adequate training and support services in addition to matériel. To do otherwise would invite long-term bilateral irritation over our military supply relationship—rather than political gain.

Maestrono

69. Telegram From the Department of State to the Embassy in Qatar¹

Washington, September 4, 1976, 1758Z.

220256. Subject: Qatari Interest in Information on F–5s. Refs: (A) Doha 862, (B) Doha 863, (C) Tehran 8443.

¹ Summary: The Department declined to offer Qatar information it had requested on the F–5 aircraft.

Source: National Archives, RG 59, Central Foreign Policy File, D760336–1107. Secret; Exdis. Drafted by Dickman; cleared in PM/SAS, NEA/RA, DOD/ISA, ACDA/IR/AT, NEA/IRN, and NEA; approved in P by Habib. Telegrams 863 from Doha, August 17, and 8443 from Tehran, August 19, are *ibid.*, D760315–0660, and D760318–0380, respectively. Paganelli reported on the Qatari request for information on the F–5 in telegram 862 from Doha, August 17. (*Ibid.*, D760315–0634) The Department had informed the Embassy earlier that the United States was prepared to sell military equipment to Qatar. See Document 55.

1. We do not believe it would be useful for us to furnish Shaikh Hamad with unclassified technical and promotional material on F-5 aircraft. Sale of F-5s is outside existing criteria for arms sales to lower Gulf states, and we simply do not see exceptional military or political justification for change in policy now on this issue.

2. We are concerned that furnishing unclassified material could be misunderstood by GOQ, despite best effort on our part, as constituting some USG obligation to sell F-5s if GOQ so requested. We therefore conclude such material should not be provided. Should GOQ read our position as indicating lack of interest in country's security, you might wish reiterate broad general lines of our arms policy to Qataris, emphasizing that we see their security in terms of regional cooperation particularly in close cooperation with their two larger neighbors. We are prepared to consider defense items needed for Qatar's internal security purposes. F-5 aircraft, however, are sophisticated weapons whose sale could be misunderstood by other small states in the Gulf where we have established same restraints. Thus, we are not discriminating against Qatar.

3. We agree with Embassy Tehran's view (ref C) that regional cooperation for military supply, training and facilities will have to come from the states themselves. We think restraint on our part in responding to bilateral requests for sophisticated equipment from lower Gulf states is more likely to bring about regional cooperation than acceding to this type of request from GOQ. FYI: If, for example, Qatar and Saudi Arabia or Qatar and other lower Gulf states sought reasonable number of F-5s in context of a joint air defense cooperative endeavor, we would be willing to give this proposal careful consideration. End FYI.

Robinson

70. Telegram From the Embassy in Qatar to the Department of State¹

Doha, September 15, 1976, 1035Z.

968. Subj: Qatari Interest in Information on F–5s; US Arms Policy in Lower Gulf. Ref: State 220256, Doha 0862, Doha 0863.

1. I accept Dept's judgment that it better to cut off discussion of F–5s with Qataris at this point since eventual sale cannot rpt cannot be considered under present policy guidelines, and since there appears no justification for any change in policy. I hope we can get some mileage out of this with congressional critics of massive U.S. sales in area—not only do we refuse to sell to Qatar, but we even deny it opportunity to window shop.

2. I intend to delay conveying this word to Shaykh Hamad until after Ramadan, although I wonder whether it any more desirable on full than empty stomach. I will also take early opportunity after it to explain this whole matter to the Amir. With both the Amir and Shaykh Hamad, I plan to reiterate in detail our lower Gulf arms policy and, unless Dept has objection, to illustrate by telling them without naming specific recipient countries about our current military activities in lower Gulf states, e.g. helicopter survey with possible follow on sales, supply of M–16s but denial of TOWs, etc. I think we owe Qataris this much, but it is not my intention to whet their appetites for other military goodies. I'd be perfectly content if we never sold Qataris as much as one bullet. We have avoided taking any initiatives in military supply field here, and will continue to do so.

3. Although I do not expect Amir or Shaykh Hamad to say so directly, I know they will be disappointed by our refusal to provide info re F–5s. All explanations of our lower Gulf arms policy and examples of its implementation notwithstanding, they will see picture elementally, i.e. billions of dollars in military hardware for Saudi Arabia and Iran, hundreds of millions for Kuwait, and not even a catalog for Qatar. They will simply not understand our refusal not even to provide information on what may amount to a sale of a “few planes for a few millions.” They will see this, not specifically as U.S. lack of interest in

¹ Summary: Ambassador Paganelli responded to the Department's refusal to offer the F–5 to Qatar.

Source: National Archives, RG 59, Central Foreign Policy File, D760348–0747. Secret; Exdis. Repeated to Abu Dhabi, Baghdad, Jidda, Kuwait City, London, Muscat, Manama, Sana'a, and Tehran. For telegrams 862 and 863 from Doha, August 17, see footnote 1, Document 69. Telegram 220256 to Doha, August 17, is in the National Archives, RG 59, Central Foreign Policy File, D760336–1107. For the Department's refusal to fulfill Doha's request, see Document 69.

Qatar's security, but as confirmation of what they already believe is U.S. lack of interest in Qatar in general. We and Qataris have lived with this since establishment of the Embassy, and can continue to do so, although what GOQ regards as our benign neglect of Qatar is a problem in our relations.

4. On broader question of U.S. taking initiative to regionalize arms supply relationships with lower Gulf states within context of our already established military relationships with Saudi Arabia and Iran, I appreciate addressees' comments, and rationale of their negative consensus. I suppose we're too far along with Saudi Arabia and Iran and not far enough along with lower Gulf states to establish framework of this kind. However, if we wait for indigenous initiative for regional security arrangements that will include coordinated arms supply, this may come about day after Shah recognizes Gulf as Arab. I continue to believe that present leverage available to USG as primary arms supplier to area and desired military partner gives us the influence to catalyze regional security arrangements which may enable us to reduce magnitude of our arms sales in region. There is no question that pressures to reduce our overall arms sales in area and world will intensify, and there should be some way of our getting ahead of this game in this area of our largest sales.

Paganelli

71. Memorandum of Conversation¹

New York, September 29, 1976.

SUBJECT

US-Bahraini Relations

PARTICIPANTS

US

Assistant Secretary (NEA) Alfred
L. Atherton, Jr.
Acting Deputy Assistant Secretary
(NEA) Michael Sterner
Director for Arabian Peninsula
Affairs Joseph Twinam
(Notetaker)

Bahrain

Foreign Minister Shaikh
Mohammad bin
Mubarak Al-Khalifa

Mr. Atherton thanked the Foreign Minister for Bahrain's submission of written reservations to the recent Colombo Non-Aligned Conference resolutions on the issues of Puerto Rico and Korea. Shaikh Mohammad said he had argued with other delegations that, on Puerto Rico, there was no point in selecting an unjust cause to mount an "anti-American" campaign, pointing out the Puerto Ricans had voted by democratic procedure for a status now being criticized by governments which by and large were themselves not popularly elected. He expressed satisfaction that in the non-aligned world the Korean issue is beginning to come into proper perspective as the South Koreans finally begin to assert themselves in arguing their own case as diligently as the North Koreans long have pressed theirs. Shaikh Mohammad said Bahrain wants to keep in close communication with the U.S. on multinational issues in the hope of being supportive of the U.S. position whenever it is possible to do so within the realities of Bahrain's own interests and situation.

¹ Summary: Assistant Secretary of State Atherton discussed relations and MIDEASTFOR with Bahraini Foreign Minister Shaikh Mohammad al-Khalifa.

Source: National Archives, RG 84, Jidda Embassy Files: Lot 79F80, DEF 12–5, Bahrain. Confidential. Drafted by Twinam. The meeting took place at the Waldorf Towers Hotel. Although Shaikh Mohammad and Atherton did not discuss the matter directly, Bahraini Minister of Defense Shaikh Hamad ibn Isa al-Khalifa had informed Chargé d'Affaires Albert Burleigh on September 18 that Bahrain was no longer interested in helicopters, but wanted the F–5B, E, or F instead. Burleigh proposed predicating MIDEASTFOR's extension on the sale in telegram 1408 from Manama, September 19. (Ibid., Manama Embassy Files: Lot 79F118, DEF 21–5, Arms Procurement and Sales) In telegram 1503 from Manama, October 3, Burleigh pointed out the inconsistency between the information he had received and the conversation between the Foreign Minister and Atherton, highlighting once again the differences and confusion among Bahraini policymakers. (Ibid., DEF 15, COMIDEASTFOR)

LEBANON

Mr. Atherton raised the Lebanese situation, describing it as distressing and a diversion from the central task of pressing on with a Middle East peace settlement.

Shaikh Mohammad expressed concern that Syria has become bogged down in Lebanon, unable to pull out or press forward without painful cost. He stressed the conviction that only the Lebanese themselves could provide the essential first step to the solution to their problem by establishing an effective government under Sarkis. He said that Sarkis, while offering new hope, is presently powerless. Nevertheless he feels that amid the diverse groups on each side there are "responsible" leaders, among the Muslims and notably Gemayal among the Christians, who could rally around Sarkis to create a constructive Lebanese nucleus which other Arab states could support morally, politically, economically, and even militarily under proper circumstances. He said the problem of the Palestinians in Lebanon cannot be effectively addressed until the Lebanese form an effective government under Sarkis.

Mr. Atherton said the U.S. had hoped that the holding of a "mini-summit" might help the search for a solution. He said that the U.S., having good relations with both Egypt and Syria and respect for their leaders, is pained by the current breach between them. Noting that the U.S. agrees with Shaikh Mohammad on the need for all parties interested in peace in Lebanon to support Sarkis as much as possible, Mr. Atherton said for its part the U.S. would welcome receiving Lebanese representatives coming to talk with Secretary Kissinger. This would symbolize our support for a solution under Sarkis' leadership. The U.S. is also willing to help with economic aid for reconstruction and politically by helping keep channels of communication among the various parties open.

GULF COOPERATION AND SECURITY

In response to Mr. Atherton's query Shaikh Mohammad evaluated the prospects for stability as encouraging to date. He noted with satisfaction that Kuwait's recent clamp down on press and parliament would have a stabilizing effect, checking the possible spread of political factionalism in the wake of the Lebanese problem. Shaikh Mohammad said democratic government is something to which Gulf states must aspire but that he is persuaded that at the present level of social development they are not yet ready for it. He assumed this view would be difficult for the U.S. Congress to accept.

Mr. Atherton replied that in his recent testimony before Congress on Human Rights in Iran he had found broad understanding that Middle Eastern countries address the issue of representative govern-

ment in an historic context different from our own. He added that recent developments in Kuwait were not even raised in that hearing.

Shaikh Mohammad continued that there is more cooperation generally among Gulf states and that Saudi Arabia in particular is playing a more active role than in the past. Tensions between Iraq and Iran have relaxed and confidence is growing between the Gulf Arabs and Iran. But the idea of a security pact is drifting; the initiative here must come from the big states—Saudi Arabia, Iraq and Iran.

ARMS SALES

Shaikh Mohammad in this connection stressed the importance of US help in developing the Saudi defense capability to permit the appearance of something like a balance with Iran. He professed full confidence in the Shah's intentions, but suggested that semblance of balance between Saudi Arabia and Iran creates an atmosphere in which confidence and cooperation in Gulf security matters can develop.

Mr. Atherton noted that U.S. policy is based precisely on such a concept of regional cooperation with the larger states, Saudi Arabia and Iran playing the leading role. He then explained the status of Congressional consideration of the sale of Mavericks to Saudi Arabia, stressing the active role the Administration had played in support of the sale. Shaikh Mohammad expressed delight that the sale apparently will go through, especially since the Saudis had apparently placed their own prestige on the line on this issue.

US-BAHRAINI RELATIONS

Mr. Atherton spoke of our satisfaction in the development of US-Bahraini relations over the last several years, suggesting that through resident diplomatic presence and AID and Peace Corps activities we had substantially broadened the base of our presence in and contact with Bahrain.

Shaikh Mohammad readily agreed.

MIDDLE EAST FORCE

Mr. Atherton asked if in the context of our expanded relationship it would not be possible for the U.S. Navy's use of facilities in Bahrain to continue somewhat longer. The USG does not consider that the time has come to withdraw this longstanding symbol of U.S. interest in the Gulf/Indian Ocean area. Pointing out some worldwide concern about American constancy post-Viet Nam, he suggested the U.S. Navy's withdrawal from Bahrain next summer might be misinterpreted as a symbol of lessened commitment to the Indian Ocean area. Hence Bahrain's retaining Middle East Force could contribute to the overall interests of the Gulf states.

Shaikh Mohammad replied at length: The U.S. and Bahrain have common interests in the stability of the Gulf, but he is at a loss to see how today Middle East Force can be considered helpful in the long term to those interests. Through the Navy presence the United States presents the wrong image in the Gulf. Middle East Force is of no strategic significance; it is at worst harmful, at best unhelpful. By withdrawing it the U.S. would improve its relations in the area. Shaikh Mohammad said the U.S. role in modernizing Saudi Arabia defense forces is the sort of constructive military contribution the United States can make in the area. By contrast the Middle East Force presence symbolizes a direct great power role working in opposition to the concept of Iranian/Arab cooperation in providing for area security. Moreover, the U.S. Navy presence in Bahrain tends to attract rather than counter Soviet naval presence in the Gulf.

Mr. Atherton questioned whether anyone really believes the withdrawal of Middle East Force from Bahrain would keep the Soviets out of the Gulf.

Shaikh Mohammad agreed it would not, but insisted that the U.S. Navy presence is further excuse for Soviet interest in navy visits to Iraq. He added that no one in the Gulf objects to U.S. Navy visits; quite the contrary. It is the permanent presence that is objectionable. With respect to Bahrain's specific problem, Shaikh Mohammad emphasized that no significant practical problem had been caused by the presence of U.S. Navy personnel. Many Bahrainis recognize the specific advantages derived from the Navy presence. The problem is that Bahrainis, in reaction to a neo-colonial history in which Bahrain was Britain's "base" in the Gulf, cannot accept psychologically the idea of a U.S. Navy presence. This is as true in the absence of a National Assembly as it was during the days of the Assembly. Reviewing the post-independence history of the Middle East Force issue, Shaikh Mohammad pointed out that the Government by trying to find a more palatable context in which to present the Navy presence had been able to extend use of the facilities from October 1973 until June 1977. But Bahrain has received no support from neighbors; it bears the burden alone. Now the time has come to end the presence, not to risk extending it for one more year or two.

Mr. Atherton asked if there were not some differences of opinion within the Bahraini Government on this issue.

Shaikh Mohammad said there are; he would not make the final decision, but he wanted the U.S. Government to understand clearly where he stands as Foreign Minister.

Mr. Atherton asked if some thought had not been given to what the U.S. might give Bahrain in return for extending the June 1977 deadline.

Shaikh Mohammad said that sort of approach, usable in 1974-75, had been overtaken by events. Saudi Arabia is giving Bahrain help in

the hundred millions; increasing the Navy rent somewhat above \$4 million a year would not meet the political issue.

Mr. Atherton said he understands there had been some thought of U.S. military assistance in return for continuing the Navy presence.

Shaikh Mohammad laughed and said that sort of reasoning might “appeal to our military people” just as it might appeal “to your Navy”.

MILITARY ASSISTANCE: CONGRESSIONAL ATTITUDES

Mr. Atherton explained the types of concern which appear to motivate Congressional criticism of arms sales on security assistance programs in the Gulf area.

Shaikh Mohammad replied that it is not only the U.S. Congress which is concerned about the flow of arms to the area. Realistically, however, the United States cannot discriminate among friends. “Country A” wants the same weapons “country B” gets. In the case of the Saudis, they are faced with the Soviet arming of Iraq and PDRY.

Mr. Atherton noted that Saudi Arabia must look at long range contingencies in its military modernization plans.

REGIONAL SCENE—MIDDLE EAST PEACE

Shaikh Mohammad agreed, expressing long term concern about the political stability of the Sub-continent and its eventual vulnerability to communist takeover from within.

Mr. Atherton commented briefly on certain hopeful trends in the Middle East and South Asian scene, ending by affirming the wide and growing recognition of the U.S. public that we must move on with the effort to secure an overall peace settlement in the Middle East.

BOYCOTT

At Shaikh Mohammad’s request Mr. Atherton in closing briefed him on the status of boycott issues in the Congress and courts and the Administration’s position on boycott legislation.

72. Telegram From the Embassy in Bahrain to the Department of State¹

Manama, October 24, 1976, 1735Z.

1681. Subject: DepSec Clements' Meeting With GOB Officials.

1. Summary: In Oct. 24 meeting with Deputy Secretary of Defense Clements, GOB hierarchy said it had "nothing new" to say on MIDEASTFOR tenure at this time. Foreign Minister, speaking for GOB, forcefully stated his objections to extension of tenure. Amir, however, stated that "discussions" will continue with Ambassador. Heir Apparent/Minister of Defense expressed keen interest in military equipment (septel) with F-5's at top of list. End summary.

2. Deputy Secretary of Defense Clements and party had frank one hour discussions with entire hierarchy of the Government of Bahrain and ruling family (Amir, Prime Minister, Heir Apparent/Minister of Defense and Foreign Minister) Oct. 24. At the outset of the meeting, the Amir asked the Foreign Minister to act as his translator, a role which the Foreign Minister began but which rapidly was transformed into that of spokesman for the GOB as the Amir participated only occasionally in the resultant dialogue. Prime Minister took no part except to respond to Clements' expression of regret that Prime Minister had not been able to visit Washington. Prime Minister said he had had to return here in event Amir went to later aborted Arab Summit October 18.

3. After initial pleasantries were exchanged between Clements and the Amir, through Foreign Minister's interpretation, and after Clements has expressed his and Secretary Kissinger's and Rumsfeld's regret that the Prime Minister has not been able to visit Washington for discussions earlier in the month, Clements raised question of tenure of MIDEASTFOR in Bahrain. The Amir asked the Foreign Minister to speak on behalf of the GOB. Foreign Minister proceeded to state that at present time GOB has "nothing new" to say on the subject but it would

¹ Summary: Clements met with the Bahraini Cabinet to discuss MIDEASTFOR.

Source: National Archives, RG 59, Central Foreign Policy File, D760399-0007. Confidential; Immediate; Exdis. Repeated Immediate to the Secretary of Defense, CNO, CINCUSNAVEUR, and COMIDEASTFOR; repeated Niact Immediate to Sana'a, which was instructed to pass the telegram to Clements' party. Clements met separately with Defense Minister Shaikh Hamad, who detailed Bahrain's extensive list of desired weapons systems, and afterwards assured Clements that the United States should remain "optimistic" about MIDEASTFOR. When Clements left Bahrain, he suggested Oman, Kuwait, and the United Arab Emirates as alternative bases for MIDEASTFOR, a proposal relayed by the Department to those Embassies for comment in telegram 264352, October 27. (Ibid., D760400-0284) The record of Atherton's conversation with Bahraini Foreign Minister Shaikh Mohammad al-Khalifa is Document 71.

discuss any future developments with Ambassador. At Clements urging, Foreign Minister then proceeded forcefully to summarize GOB position very much along lines of his recent meeting with Assistant Secretary Atherton in New York (State 246032). The thrust of the message was that in absence of some “new formula”, which no one seems to have found, the GOB must stick to its decision that MIDEASTFOR depart Bahrain in June 1977. Clements, in turn, expressed regret that FonMin saw situation in this light, with which he could not agree, and reviewed regional situation as viewed by USG, stressing potential instability and volatility in Persian Gulf region for next three years as Saudi Arabia and Iran move ahead to create viable defense forces for regional security purposes.

4. Clements stressed his serious disappointment at GOB attitude, which he said surprised him. Foreign Minister responded by reiterating GOB view that “burden” of MIDEASTFOR must be shared regionally. He stated that Bahrain had sounded out regional neighbors over past three years but that none was prepared to publicly support MIDEASTFOR presence in Bahrain. He complained that privately they tell the Bahrainis that MIDEASTFOR’s continued tenure is acceptable, and even desirable in some cases, but decline to do so publicly. Bahrain feels the “lonely burden” of hosting a great power base is too great for it in the absence of open regional support. Clements pointed out the constraints on Saudi Arabia in view of its wider role in the search for Middle East peace and stability. It could not be identified publicly with MIDEASTFOR because of this broader role which the USG understood and appreciated. Each country, he pointed out, must carry a different burden. Foreign Minister reiterated GOB view that “burden” must be shared regionally. When Clements again expressed his disappointment at GOB decision Foreign Minister replied that it was an unhappy decision for the GOB, made over the past three years. He said that what was needed was a “new arrangement” which would have the effect of relieving Bahrain of some of its burden. He said that he had been looking for such new arrangement but had not found anything acceptable. The Amir broke into the conversation at this point to ask how many years extension the USG wanted. Clements replied that we are looking for a three year extension to bridge the time until local forces (i.e., Saudi Arabia and Iran) could take over responsibility for regional stability. Amir stated that further discussions could be held with the newly-arrived Ambassador—to which both Clements and Ambassador replied that time is short since MIDEASTFOR must begin to reduce its presence very soon. Admiral Crowe said that January 1977 was the date for the initiation of MIDEASTFOR staff and logistics reductions. Clements noted that if MIDEASTFOR presence was not seen by the GOB as being in its interest, then it would go. “We only stay where we are wanted.”

73. Telegram From the Embassy in Bahrain to the Department of State¹

Manama, November 4, 1976, 1316Z.

1772. Subject: MIDEASTFOR Discussion With Foreign Minister. Ref: State 271240.

1. Summary: Foreign Minister took occasion of my call on him Nov. 4 to raise issue of MIDEASTFOR and to state in strong terms that decision that MIDEASTFOR withdraw was GOB policy, decided in Cabinet, and that that policy has not changed. He expressed surprise that during his talks here DepSecDef Clements seemed to think otherwise since Foreign Minister had explained GOB views to Asst Secy Atherton in New York. I interjected that conversations last summer between Prime Minister and Ambassador Twinam and Chargé, as well as my own talk with Prime Minister Oct. 26 (Manama 1685), gave USG sound reason to believe that issue is not closed. Indeed, Foreign Minister himself in Amir's meeting with Clements, as well as on previous occasions, left this impression and had proposed that "new formula" be found for MIDEASTFOR. Foreign Minister said formula he has in mind, which he claimed to have advanced to USG before, is that MIDEASTFOR as such be "disbanded" but that US Navy ships continue their mission in area by staying and resupplying in other ports, Saudi and Iranian, as well as in Bahrain. In short, "spread the burden". But Foreign Minister said he wanted it clearly understood that MIDEASTFOR as it is now "will go", adding that he would not be at all surprised if new US administration took initiative to withdraw MIDEASTFOR, which as foreign base is not very popular with many Democrats on Capitol Hill. End summary.

2. During course of seventy-five minute meeting Nov. 4 with Foreign Minister we discussed US elections, future course of US policy

¹ Summary: The Embassy reported that Bahraini Foreign Minister Shaikh Mohammad al-Khalifa, noting Clements' recent visit and his own conversation with Atherton in New York, insisted that there was no possibility MIDEASTFOR could remain in Bahrain past June 30, 1977.

Source: National Archives, RG 59, Central Foreign Policy File, D760411-1246. Confidential; Exdis. Telegram 271240 to Manama, November 4 is *ibid.*, D760410-1182. Telegram 1800 from Manama, November 7, reported that newly-appointed Ambassador Cluverius met with the Amir, who expressed "regret and embarrassment" at Shaikh Mohammad's "too frank" conversation. The Amir also stated that "the Navy should stay." Cluverius expressed some skepticism that the Amir would overrule his Foreign Minister, but also hoped that Bahrain might extend MIDEASTFOR's rights. (National Archives, RG 84, Manama Embassy Files: Lot 79F118, DEF 15, COMIDEASTFOR) The records of Clements' talks with Bahraini officials and of the Foreign Minister's meeting with Atherton are Documents 72 and 71, respectively.

in Middle East, Gulf Foreign Minister meeting, travel of Arab League SYG (septels), and at his initiative future of MIDEASTFOR. He broached subject by expressing his surprise that during his recent visit DepSecDef Clements seemed not to be aware that GOB had decided, in cabinet, that MIDEASTFOR should leave Bahrain in June 1977. Foreign Minister said he had explained GOB views to Asst Secy Atherton in New York and, therefore, felt that Clements' expressions of surprise and disappointment were unwarranted. He stressed point that he did not make policy, the cabinet did. Nothing, he added, has happened to change that cabinet decision.

3. Interjecting, I said that series of conversations last summer between Prime Minister and Ambassador Twinam, Admiral Bigley, and Chargé Burleigh gave USG good reason to believe that issue of MIDEASTFOR tenure remained open for discussion between our governments. I reminded Foreign Minister that he himself had said on numerous occasions, including during Clements visit, that "new formula" for MIDEASTFOR needed to be devised. Amir, during Clements' visit, had said that there would be further discussion between us on this subject. This did not sound to me as if the issue were closed. Foreign Minister replied that perhaps there has been a misunderstanding. GOB policy is that MIDEASTFOR as it is now—a big power base which is a heavy burden for Bahrain—should leave in June 1977. Mission which MIDEASTFOR performs could be continued under another label. He said he has suggested to USG "for years" that political burden of MIDEASTFOR must be shared in the region. I asked for specifics and he said that Navy ships could call here for resupply, stay a month or so, and then do the same in Saudi and/or Iranian ports. Foreign Minister said Bahrain takes heavy criticism, in UN and among Third World countries, for being host to a super power base when, in fact, there are more U.S. military personnel in both Saudi Arabia and Iran. Question, then, is how to change the image of a "base" to something else. He asserted that some such arrangement as he described would be in our interest as well, including in administration's relation with Congress. Indeed, he would not be surprised if new administration took initiative to withdraw MIDEASTFOR, or at least to change its nature, perhaps along the lines he suggested, rather than try to retain a base in an era when bases are unpopular, even within United States Congress.

4. Foreign Minister went on to stress Bahrain's desire for continued friendly relations, including the continuation of its excellent relations with the US Navy "in some other form". He repeated his well-known reasons for feeling that MIDEASTFOR withdrawal is in best GOB and USG interests, adding that GOB is sensitive to wider concerns since at time of last renewal of MIDEASTFOR agreement Bahrain had consulted other Arab states and had successfully argued that renewal was in

best interest US-Arab relations, particularly during period of sensitive shuttle diplomacy. I said that his argument remains valid. It is as important now, particularly as new US administration comes into office, as it was then that neither the US nor its Arab friends send signals which can be deliberately distorted to their advantage by the enemies of a peaceful Middle East settlement. I felt withdrawal of MIDEASTFOR next summer would be such a signal and that, conversely, extension of MIDEASTFOR, within context of expanding and mutually beneficial US-Bahrain relations, including in military field, would be supportive of both US role in area and of roles of those Arab states working toward peace.

5. Picking up on my mention of USG-GOB military relations, Foreign Minister said he thought it "fine" that Defense Minister is getting survey team but that, as Shaikh Hamad said during Clements' visit, US has been slow in this area and what we are planning now, the survey team, cannot really effect the "bigger issues." I replied that team will come very soon, that of course it will do its work according to our commitment to Shaikh Hamad, but that future of our relations in military, as in other fields, will depend on full context of our relations. In this context MIDEASTFOR's continuing ability to play its role in region and beyond is issue to which we attach great importance, and to which I expected I will be instructed to return.

6. Foreign Minister said that military area is not his province, though he is pleased that GOB is now getting attention it has sought, but he did want to emphasize again that while GOB is willing to discuss some "new formula", which should include neighbors, which would permit MIDEASTFOR mission to continue, MIDEASTFOR as it now exists in Bahrain "will go" in June 1977. I said I would of course report his views but that, as he knew, US feels that MIDEASTFOR has a value and a purpose of importance to both our countries and to the Gulf region and beyond which we do not want lightly to relinquish. While interesting, his ideas for, in effect, multiple homeports for MIDEASTFOR struck me as logistically very difficult and perhaps politically so as well in view of major roles Saudi Arabia and Iran now playing in area and in US-area relations. Foreign Minister said he had one last point to make and, rising, said he wondered if USG had not already approached Saudis about "helping" with MIDEASTFOR, perhaps during Clements travels, and been turned down. I said I knew of no such approach.

7. Comment: Foreign Minister was cordial as usual throughout our conversation. Though at times less forceful in expression than in his conversation during Clements' visit, he also seemed more self-confident and assured in speaking for the GOB. Directly and by implication he made it clear that it was a Cabinet decision, which has not been

changed, that MIDEASTFOR in its present form be withdrawn. Though he told Atherton in New York that his word on this issue would not be the final one, Foreign Minister spoke today as if his words had the backing of the man or men who do have the final word. It strikes me that if in recent weeks Prime Minister has been less than very commanding in dealing with his Cabinet colleagues about extending MIDEASTFOR, Foreign Minister may have gained Cabinet consensus to wait and see what posture of new US administration will be toward area as a whole and toward MIDEASTFOR specifically. Though informed and sophisticated in assessing the meaning of our elections for US policy, Foreign Minister clearly feels that new administration may take quite different view of form and locale of US commitments abroad. In absence of firm “marching orders” from Amir and Prime Minister, Foreign Minister could have made good case for wait and see posture.

8. If indeed Prime Minister’s initiative of last summer has been shelved by the GOB, we ought to learn this directly from him. It is increasingly difficult in my view for us to feel our way politically, or for the Navy to plan rationally, when we are getting one set of signals, which have weakened over the months, from the Prime Minister and another, increasingly assertive set from the Foreign Minister. I recommend, therefore, that I be instructed to call on the Prime Minister, present him with the details of the composition, arrival dates and funding arrangements for the survey team, and of course make the point contained in the last sentence of reftel. (Foreign Minister was clearly uninterested in the details of the team and I preferred to hold them for future use.) Also, I would like to discuss with Prime Minister in candid fashion the differences, and problems, we see between extending MIDEASTFOR in its present form and the concepts put forth today by the Foreign Minister. I would also point out the essential continuities of US interests and note as well that lifting the deadline now would not preclude a later decision by either side for withdrawal, and it would give us the time fully to examine those Bahraini concerns which he and Shaikh Hamad have raised with us.

9. I understand Admiral Crowe will request that survey team not come until about Nov. 22, after his return from Mid-Link Exercise. This delay would not exceed the 30 days arrival promised by Clements and it would help MIDEASTFOR and Embassy to have MIDEASTFOR in port in order assist in administrative support for team.

10. Dept may wish to repeat this message to other interested posts.

Cluverius

74. Telegram From the Embassy in Saudi Arabia to the Department of State¹

Jidda, December 1, 1976, 0945Z.

7801. For the Secretary from Ambassador. Subject: Middle East Force. Ref (A) State 283435, (B) Manama 1941.

1. I have been giving much thought to your message concerning MIDEASTFOR and your instruction that this problem be raised with Saudi leaders at the earliest opportune moment. I shall of course seek that moment and in fact have commenced preparation for demarche by recalling to Crown Prince our concern about Soviet activity in East Africa and Indian Ocean. I believe, however, that your chance of enlisting Saudi assistance will be enhanced if there is first some progress in Bahrain itself, perhaps the response promised Amb. Cluverius by the Prime Minister (ref B). It is quite unlikely that Saudis would move along lines we favor while the results of the Clements pitch on October 24 remain most recent indication Saudis have of Bahrain attitude. We can feel quite sure they are well informed about content of that meeting.

2. If you feel our national interests require that we incur relatively greater risks of early approach to Saudis regardless of attitudes in Bahrain, I will make demarche as soon as I can get an appointment. I must and do recommend, however, against latter course.

Porter

¹ Summary: Porter advised the Department that the Saudi Government would probably not publicly support the retention of MIDEASTFOR unless progress were made with Bahrain.

Source: National Archives, RG 59, Central Foreign Policy File, D760445-0089. Secret; Exdis. Repeated to Manama. Repeated as telegram Tosec 310379/292927, December 1. (Ibid., D760445-0532). Telegram 1941 from Manama, November 21 is *ibid.*, D760433-0567. In telegram 283435 to Jidda, November 18, the Department said that only Saudi Arabia could convince Bahrain to allow the retention of MIDEASTFOR, and instructed Porter to raise the issue with the Saudi leadership. (Ibid., D760430-0677) Clements' October 24 meeting in Bahrain is Document 72.

75. Telegram From the Department of State to the Embassy in Kuwait¹

Washington, December 9, 1976, 0152Z.

299198. Subject: USG Policy on Fighter-Interceptor Aircraft Sales to Kuwait. Ref: (A) Kuwait 3775, (B) Kuwait 4851, (C) Kuwait 5023.

1. Department fully agrees that Kuwait absorptive capacity—particularly in Air Force—is already strained. Department also concurs that with deliveries of A–4s beginning in January 1977, coupled with GOK decision to retain Lightnings until 1980, logistical problems will be compounded.

2. Department therefore disapproving Fairchild’s A–10 application. Further, we will take opportunity to advise Northrop that USG will not approve any application to send technical data on F–5 (or F–18L) to Kuwait, nor will we in any way facilitate any Northrop or other fighter-interceptor aircraft sales venture to Kuwait.

Robinson

¹ Summary: The Department informed the Embassy that given Kuwait’s limited ability to absorb advanced military equipment, it disapproved all proposed sales of A–10, F–5, and other aircraft.

Source: National Archives, RG 59, Central Foreign Policy File, D760454–1076. Limited Official Use. Drafted by Edward Padelford (NEA/RA); cleared in NEA/ARP, PM/SAS, PM/MC, ACDA, DOD, and DOD/ISA and by Fish; approved by Palmer. Repeated to Jidda, London, and Manama. Telegrams 4851 from Kuwait City, October 15, and 5023 from Kuwait City, October 26, are *ibid.*, D760387–0911, and D760399–0534, respectively. Telegram 3775 from Kuwait City, August 9, is Document 68.

76. **Memorandum from Director of Central Intelligence Bush to the President's Assistant for National Security Affairs (Scowcroft)**¹

Washington, December 15, 1976.

SUBJECT

Saudi Decision to Oppose any Form of American Military Base on the Arabian Peninsula or in the Gulf

1. During a meeting on 11 December 1976 [3 lines not declassified], the latter provided the following information which he indicated he was doing voluntarily, [2 lines not declassified].

2. During [less than 1 line not declassified] to Aden, People's Democratic Republic of Yemen (PDRY), [2 lines not declassified], PDRY Chairman of the Presidential Council, Salim Rubay'i Ali gave him a personal message [less than 1 line not declassified]. This message said, "Sultan Qabus bin Sa'id al bu Sa'id of Oman is considering granting base rights on Masirah Island to the United States. I (Salim Rubay'i Ali) am told that Sultan Qabus believes that he cannot say 'No' to the United States because of a promise he made to President Gerald Ford. You (Saudis) should know that I am still under heavy pressure from the Soviets for base facilities at Aden. If Sultan Qabus goes ahead with the Americans, then I am going to find it extremely difficult to withstand this Soviet pressure. What's your advice?"

3. [less than 1 line not declassified] delivered [name not declassified] reply to Salim Rubay'i Ali which is as follows: "Saudi Arabia will oppose any form of American military base on the Arabian Peninsula or in the Gulf, and PDRY should do the same with respect to Soviet military facilities." [name not declassified] then said that [name not declassified] had told him privately, "We are going to oppose the continued presence of the American Navy at Bahrain; how can we approve, therefore, of their presence on Masirah Island?"

4. This memorandum is being forwarded to the Secretary of State and Assistant Secretary Atherton. No other dissemination is being made.

George Bush

¹ Summary: Bush indicated to Scowcroft that the Saudi leadership opposed the retention of MIDEASTFOR.

Source: Central Intelligence Agency, Executive Registry Files, Job 79M00467A, Box 24, Folder 458. Secret; [handling restriction not declassified]. Knoche signed for Bush. According to the distribution sheet, the memorandum was hand-carried to Kissinger, Scowcroft, and Atherton.

77. **Memorandum From the Deputy Secretary of Defense (Clements) to the President's Assistant for National Security Affairs (Scowcroft)**¹

Washington, January 5, 1977.

SUBJECT

Future of the U.S. Middle East Force

Although the USG has made a concerted effort to persuade the Government of Bahrain to extend the present Middle East Force (MIDEASTFOR) stationing agreement beyond its 30 June 1977 expiration date, we have been unsuccessful so far in budging Bahrain from the deadline it has imposed.

Based upon the report of our Ambassador's 28 December meeting with Bahrain's Foreign Minister, the GOB currently displays distressingly little flexibility in its approach to the MIDEASTFOR issue. The Bahrainis have rejected our request to alleviate the time pressures exerted on the new US Administration by the mid-1977 termination.

Though six months remain before the agreement formally lapses, an orderly withdrawal from Bahrain by the end of June requires the commencement of phase-down activities in February. Delay of departure preparations beyond February will place further hardships upon some 600 MIDEASTFOR personnel and dependents who have already borne their share of uncertainty.

Another problem linked to the MIDEASTFOR withdrawal that must be dealt with soon is DOD's future relationship with the school it now operates on the island which also serves US military dependents from Saudi Arabia and children of US and foreign diplomats and businessmen at Bahrain. Additionally, a way must be devised to satisfy the communications support requirements of the US Military Training Mission at Dhahran, Saudi Arabia and the Defense Fuel Quality Assurance Office at Bahrain; both organizations now rely on the MIDEASTFOR facility for communications services.

During my visit to Bahrain in late October, the Bahrainis stressed that they sought US cooperation in modernizing and expanding the

¹ Summary: Clements requested that the NSC consider accepting an arrangement with Bahrain exchanging military supply for a MIDEASTFOR extension and that this option be brought to the attention of the incoming Carter administration.

Source: Ford Library, National Security Adviser, NSC Staff for Middle East and South Asian Affairs Convenience Files, Box 1, Bahrain (5). Secret. This memorandum formed an attachment to a January 7 action memorandum from Oakley to Scowcroft, upon which no action appears to have been taken. (Ibid.)

Bahrain Defense Force. Subsequently, and as a prelude to fashioning a mutually acceptable *quid pro quo*, we voluntarily conducted in November a comprehensive, on-site survey of Bahrain's defense requirements. We are now studying the survey team's findings and preparing our recommendations for further negotiations with Bahrain.

Simultaneously, we are reviewing alternatives to the existing arrangement with Bahrain for MIDEASTFOR operations after mid-1977 and the options appear less attractive than Bahrain. We should persist in our search for a solution that will permit the Force to remain in the region.

Before it becomes necessary to begin withdrawal steps in February, the USG should be in a position to present to Bahrain a proposal that defines specifically 1) the security assistance *quid pro quo* we are prepared to offer in return for retaining MIDEASTFOR at Bahrain and 2) any modifications of the existing use MIDEASTFOR makes of Bahrain that might accommodate the Foreign Minister's repeatedly professed desire for a "new formula." Further, it would be desirable to precede this approach to Bahrain with a request for Saudi Arabia to use its influence on our behalf in resolving the MIDEASTFOR issue with Bahrain.

In sum, the Department of Defense considers the future of MIDEASTFOR to be an urgent and complex matter which we hope you can bring to the priority attention of the next Administration.

W. P. Clements

Saudi Arabia

78. Telegram From the Embassy in Saudi Arabia to the Department of State¹

Jidda, January 25, 1973, 1412Z.

318. Department pass Cairo. Subject: Saqqaf Dilates on Arab Pressures Against Saudi Arabia.

Summary. Saqqaf expressed warm satisfaction with Department's restatement US position on Jerusalem but went on reiterate and embroider his favorite theme: Difficulties and risks Saudi Arabia encounters because of US failure move more vigorously toward Arab-Israel solution, other Arabs, Saqqaf claim urge Saudi Arabia consider how it can use its oil resources as political lever. Saqqaf said Israeli attacks on Syria bring pinpricks from other Arabs while Beirut press attacks him personally as Arab enemy. Saqqaf asked if Ambassador could give him helpful message which would strengthen Saqqaf's position at upcoming Cairo meeting. Ambassador noted press attacks probably inevitable and Israeli raids on Syria are abhorrent but inevitable response to terrorism. Ambassador reviewed fundamentals of US position in support of negotiations and endeavored respond Saqqaf's misgivings. While latter has frequently stressed "pressure" Saudis feel from other Arabs, his more reasoned and intense manner in latest discussion seem reveal genuine, increased concern with difficulties Saudi Arabia faces. End summary.

1. During call on other matters I handed Saqqaf copy USIS release of Department's letter to Congressman Hamilton restating US position on Jerusalem. Saqqaf welcomed it warmly, had heard it on radio and felt it constituted most helpful and encouraging declaration.

2. He launched then into his favorite theme: The difficulties and risks which accrue to Saudi Arabia because of failure USG to move vigorously toward Arab-Israel solution. At every gathering of top-level Arab officials there is always pressure on Saudi representatives to "get your friends the Americans to do something" with broad hints that Saudi Arabia should think harder about how it could use its oil resources as a political lever vis-à-vis U.S. Saudi Arabia is considered

¹ Summary: The Embassy reported on conversations with Foreign Minister Umar al-Saqqaf regarding Saudi Arabia's position vis-à-vis the Arab-Israeli dispute.

Source: National Archives, RG 59, Central Foreign Policy File, 1970-73, POL 27-14 Arab-Israeli. Confidential. Repeated to Amman, Beirut, Kuwait City, Tripoli, and Tel Aviv.

natural exponent of Arab viewpoint because of close relations between two countries, and Saudis are urged to exhort Americans harder. (At this point, Saqqaf affirmed both his own personal conviction and that of his own government that close friendship with US is basic principal of Saudi policy and one we prepared to support fully).

3. This kind of pressure is never-ending Saqqaf asserted. Every time the Israelis attack a Syrian village other Arabs wonder why Saudi Arabia doesn't take a more aggressive stance. Here he digressed to describe dreadful impact of Israeli attacks which have destroyed more than 100 million pounds of Syrian property, have entirely destroyed one Syrian village near cease-fire line with serious damage also to Altakin. He enumerated incidents where Beirut press have subjected him to personal abuse joining his picture with that of Shah of Iran as Arab enemies. Saqqaf (whose name in Arabic means a roofer) is identified as "ceiling over American policy" etc. Kuwait feels some but not such heavy pressure but is, of course, more liable to react to it. Saqqaf summed it all up by asking what helpful message I could give him to take to strengthen Saudi Arabia's position at upcoming Cairo Foreign Ministers meeting.

4. As to newspaper stories, I told Saqqaf every viewpoint had its own claque in the Middle East and every prominent Arab must expect attack from some quarter. Saqqaf said he realized much of criticism against him was probably paid for but more important was that constant reiteration these stories tended undermine public confidence and encourage more serious political pressures against Saudi Arabia. With regard attacks on Syria, said Saqqaf knew we abhorred these as much as killing of athletes at Munich or innocent travelers at Lod airport by terrorists. When he objected use of word terrorists, replied that whatever one might call them, the objective political fact was that Israelis were sensitive vigorous people suffering from sense of being hemmed in. It was inevitable that Israelis would in some fashion strike back in retribution for acts like Lod killings. Somewhat lamely, Saqqaf asserted Israelis must only retaliate with same kind of methods as those applied to them.

5. Perhaps best thing Saqqaf could carry to Cairo was simple reassertion of fundamentals of US position. In important public speech few days earlier Secretary had reaffirmed President's vigorous interest in Middle East problem. We were not rpt not pursuing simply a passive policy. We were not satisfied with no war, no peace condition. There were regular opportunities for informal quiet conversations with parties on both sides. Went over then with Saqqaf our reasons for believing negotiations to achieve canal opening and interim settlement are best way to begin. Stressed our belief imposed settlement not possible and that there no such thing as US pressure on Israel which with simple

pull of a lever might settle whole thing. (Saqqaf scoffed when I implied US pressure on Israel might not be effective.)

6. Canal opening Saqqaf thought would leave Jordan and Syria in lurch as world's interest might wane once canal operating again. I thought his misgivings in this respect were exaggerated: Cease-fire of summer 1970 had opened way towards creation of interim solution proposals which, if nothing else, provided clear definition of the nature of the problem, particularly as reiterated in Secretary's remarks toward end of 1971 enumerating six most important aspects. In similar fashion interim solution would keep up the momentum and open way for further progress on other matters. One could not minimize Golan Heights and Jerusalem issues but in last two or three years world had been undertaking by negotiation solve equally tough ones, in Vietnam, between two Koreas, in arms limitation talks. If other widely differing parties negotiated, why could not Arabs and Israelis? Saqqaf insisted M.E. problem was uniquely difficult and tragic as compared to other disputes.

7. He closed by asking whether I could not by request to Washington obtain for him some more helpful assertions of US policy which he could put forward at Cairo. Declared I had tried accent our current hopes and views but that in day and a half before his departure I thought there little chance I could provide him any new angles. Saqqaf discussed pipeline break briefly and professed find this incident, carried out Saudis now think by Iraqi saboteurs, as evidence mounting displeasure other Arabs with moderate Saudi policies and its friendship for US. (Saudi-Iraq relations are in cool phase at moment.)

Comment: As Dept aware, the "embarrassment" and "pressure" which Saudis feel from other Arabs because of their friendship with us is frequently stressed by Saqqaf and others in govt.

Much of this stems no doubt from Saqqaf's constant exposure at high-level Arab meetings where he bears brunt of loose corridor talk and official innuendos. Arab penchant for negativism and fondness for criticizing would make Saudi Arabia with its close ties to US natural target for barbs and sarcastic comment. Not publicly combative, Saqqaf has probably little relish for his defensive role. On other occasions he has waved his hands and spoken of "inevitable war which Arabs must fight but will probably lose." His more reasoned and intense manner in latest discussion is perhaps valid evidence of increased and more genuine concern with risks for Saudi Arabia from Arab-Israel stalemate dispute.

Thacher

79. Telegram From the Embassy in Saudi Arabia to the Department of State¹

Jidda, January 28, 1973, 1000Z.

334. Dept pass CINCEUR and SecDef for ISA. Subject: US Aid for Yemen—Discussion With Defense Minister Prince Sultan. Ref: A. State 11678; B. Jidda 0309.

Summary: As he had with Saqqaf, Ambassador reviewed principal points of reftel A with Sultan, stressing as regards economic assistance our conviction US could make unique contributions, that we wanted be certain our resources not misspent, and we believed projects we would be undertaking would have tangible favorable impact on Yemen economy. With regard military aid, we were concerned with YAR Army's poor organization and difficulties determining precisely its needs. When Sultan proposed joint US-Saudi military team study of Yemen requirements, Amb declared US believed it should not become directly involved in military aid relationship for YAR and mentioned possibility joint Saudi-Iranian survey of YAR military organization and requirements. Amb asked about Saudi subventions to tribal leaders and refugee groups from Aden, to which Sultan responded with account different forms Saudi aid to Yemen, including budgetary support and project assistance. Sultan stated aid to Adeni groups substantially cut off and none for tribal Sheikhs since end of Yemeni war. Amb left with Sultan same informal memos of his comments as he had with Saqqaf. Sultan's reaction positive and appreciative, though his questions reflected hopes for greater US involvement in YAR. Subsidies for tribes may have been reduced but we suspect they still continue. End summary.

1. Sultan told me Saqqaf had mentioned to him briefly our talk regarding US aid to Yemen (ref B) and said he would very much welcome my giving him full account also. Accordingly in much same manner as I had done for Saqqaf I gave Sultan our analysis of present situation in two Yemens, of their respective weaknesses and our conviction that PDRY should be made to bear blame if there is failure of unity talks.

¹ Summary: Ambassador Thacher and Prince Sultan discussed Saudi economic and military aid to the Yemen Arab Republic.

Source: National Archives, Nixon Presidential Materials, NSC Files, Box 630, Country Files, Middle East, Saudi Arabia, Volume III, September 1, 1971–April 1973. Secret; Exdis. Repeated to Amman, Kuwait City, and Tehran. The reference telegrams were not found.

2. In describing plans for US economic aid for YAR stressed that we were supplying those things which we were uniquely qualified to provide—high quality technical assistance and food. We were anxious our projects be well thought out and successful. Much money had been wasted in Yemen and we did not wish to have our resources misspent. We thought our projects would have tangible favorable impact on Yemen economy and its development. This, as Prince knew, had been our consistent policy.

3. In describing ideas for military assistance stressed our impression of YAR Army's poor organization and difficulty of determining precisely what its needs may be. Covered also points A, B and C of para seven reftel A.

4. Sultan echoed my comments on difficulty of assessing YAR requirements and shortcomings in Army organization. He proposed a joint US-Saudi military team should engage in careful study of Yemen requirements after which arms purchase orders might be worked up.

5. I replied US continued believe that it should not become directly involved in military aid relationship with YAR. This was why we were suggesting Saudi Arabia act as channel for US supplies. We did not wish kind of US involvement which would force pace of Soviet assistance to South Yemen. In general we expected that regional states would play pivotal roles in assisting YAR militarily. Now that it appeared Iranian-YAR relations were about to be restored to more normal footing, could not there be a joint Iranian-Saudi survey of YAR military needs? Sultan noted that Saudi military mission had been in Yemen but had great trouble in finding out what was really required.

6. In mid-February, a high-level YAR mission will be coming to Saudi Arabia, Sultan remarked, but SAG does not intend "throw open its treasury" to Yemenis until it is surer of soundness of Yemeni plans. After Yemeni mission has been here, Saudis might then consult with Iranians on what should be done.

7. I told Sultan we were aware that tribal leaders and refugee groups from Aden were constantly pressing Saudi Arabia for financial handouts. If there was to be further aid to these groups in Yemen, could it not be given through YAR Govt? Latter now seemed to be one in which Saudi Arabia had full confidence. To pass all aid through such channels would significantly stabilize and strengthen new YAR regime.

8. Sultan gave then an account of different forms of Saudi aid to Yemen. Budgetary support had amounted to forty million riyals in past year but had now been stopped because of childish actions of Muhsin al-Ayni. However Sultan said it might begin again. Project aid amounting to 50 million riyals for construction of hospitals and clinics was continuing under direction of Saudi aid director now resident in Yemen.

9. Brought Sultan back to point by saying we had thought there were other forms of aid also to bribes and Aden refugees and we wondered as to future of these subventions.

10. Sultan then declared that recently all assistance to Adeni groups had ceased except for office expenses to Makkawi. There seemed little reason for continuing pay money "when there was no movement." As for subsidies to tribal Sheikhs those had stopped at time civil war had ended and peace restored in Yemen.

11. But as to aid in general, Sultan went on, does not US feel it should undertake larger and more extensive projects in Yemen, construction of roads, schools, etc.?

12. I reminded HRH of what I had said earlier: We wished to use skilled US technicians for carefully planned projects that would be successful. It was not easy to spend money wisely in Yemen and large expenditures did not guarantee comparable results. Projects we were undertaking would, I felt, have real and favorable impact on Yemen's progress. I intended keep him fully informed of what we were doing and of results we were achieving. Sultan welcomed this, declaring that the more aid US could supply, the better it would be for US and Yemen. I left with Sultan same informal memo of points covered orally that I had given Saqqaf. (Copy being pouched to NEA/ARP.)

13. Later in conversation it was revealed that King, Sultan and some other members of Cabinet would be traveling by road in leisurely fashion from Jidda to Riyadh via Medina for period February 4-14. Thus we suspect Saudis may ask for another postponement of meetings with proposed high-level Yemeni mission.

14. Comment: Sultan's reaction was positive and appreciative, though his questions reflected hopes for greater degree of US involvement in YAR problems. I am sure he will pass on informal memos to King and believe he will explain our proposals in favorable manner. In my explanation I endeavored, of course, emphasize unique and valuable character of US contribution to YAR economic development in order counteract perennial Saudi tendency to evaluate aid solely in terms financial magnitude. When specifics of economic aid program for YAR are determined I plan inform Sultan and Saqqaf. With regard Sultan's comments on subsidies for tribes and NUF groups, as far as we can judge from available intelligence, his reply is only partially correct, i.e., Saudis are closely controlling payments to Makkawi and NUF. As to subsidies for tribes, we believe there were curtailments at time peace re-established in Yemen, but that Saudi payments are still being given quietly to tribal Sheikhs, and perhaps other important military and civilian leaders in YAR by means of which Saudis intend maintain shadowy framework of influence in North Yemen. There may be some subsidies still for tribal military activities also.

Thacher

80. Telegram From the Embassy in Saudi Arabia to the Department of State¹

Jidda, March 13, 1973, 1130Z.

1033. Subj: King Approves Purchase Improved Hawk System. Ref: Jidda 0975.

1. Defense Minister Prince Sultan informed me March 12 that King Faisal had approved in principle Saudi Arabian purchase of modified Hawk missile system. I said I was pleased to hear that SAG had decided on sound step for improvement of its defenses, one which USG thoroughly approved.

2. Sultan asked whether he should communicate this decision in writing to USG or to Raytheon directly. I said I thought he could write Raytheon, and Sultan said he would do so. I knew company would be prepared on short notice to move ahead with discussions or negotiations in whatever manner His Highness might desire. Sultan noted that his son, Lieutenant Prince Khalid bin Sultan and another Saudi officer are now in U.S. looking over Hawk installations under Raytheon auspices.

3. Local Raytheon manager and Deputy in Beirut through March 14; Embassy will inform upon their return.

Thacher

¹ Summary: Prince Sultan informed the Embassy that King Faisal approved the Saudi purchase of the Improved Hawk anti-aircraft missile system.

Source: National Archives, RG 59, Central Foreign Policy File, [no film number]. Secret; Limdis. Telegram 975 to Jidda was not found. A note by OC/T indicates it was not received in the Department.

81. Telegram From the Embassy in Saudi Arabia to the Department of State¹

Jidda, March 14, 1973, 1130Z.

1047. Dept pass Cairo. Subj: Discussion With King Faisal re Support for BSO-Fatah. Ref: A. State 44811: B. State 42486: C. Jidda 0971.

Summary: Ambassador informed King Faisal we have additional convincing evidence close links BSO and Fatah. BSO conspiracy may well be aimed at setting back cause of endeavors to reach peaceful ME settlement. Terrorists are seizing initiative and damaging Palestinian cause. Amb urged cutting off of aid from Arab govts to Fatah as means reducing its resources and administering psychological blow. Otherwise terrorists will be emboldened to ask more and more of moderate Arab govts. We regard issue as one of great urgency and as of real significance for US-Saudi relations. King said Saudi Arabia much opposed to terrorism, though elements of Fatah infiltrated by Communists and Zionists were primarily responsible. SAG undertaking talk with Fatah leaders and has stopped aid until assurances received Fatah would cleanse itself of bad ideas and practices. King had clear reservations, however, about public or conclusive break with Fatah. Meanwhile, US should be putting pressure on Israel to withdraw from Arab territories. US can easily force Israel to do so by cutting off its support. Amb explained US views on need for negotiations and our willingness to assist. Amb urged again firm stand against BSO and Fatah as best long-range insurance prevent growth of terrorism. King urged withdrawal of US support for Israel. End summary.

1. Commenced my remarks at meeting with King March 14 by stating that US Ambassadors in number of Arab capitals instructed make representations at highest level host govts on what we regard as very serious implications recent tragic events in Khartoum.

2. I said we have been aware for some time of close connection between BSO and al-Fatah, and in fact in normal exchange of informa-

¹ Summary: Thatcher discussed with King Faisal the evidence linking Fatah and the Black September Organization and urged the King to reconsider funding Fatah.

Source: National Archives, Nixon Presidential Materials, NSC Files, Box 630, Country Files, Middle East, Saudi Arabia, Volume III, September 1, 1971–April 1973. Secret; Exdis. Repeated to Amman, Beirut, Tripoli, Tunis, Khartoum, Kuwait City, London, Moscow, Rabat, and Sana'a. Telegrams 44811 to Niamey, March 6; 42486 to Tel Aviv, March 11; and 971 from Jidda, March 9 are in the National Archives, RG 59, Central Foreign Policy File, [no film number]. On the Khartoum incident, see *Foreign Relations, 1969–1976*, vol. E-6, Documents on Africa, 1973–1976, Document 217. For the talks in Washington among Hussein, Ismail, and Meir, see *Foreign Relations, 1969–1976*, vol. XXV, Arab-Israeli Crisis and War, 1973, Documents 26, 28–30, and 33–35.

tion with Saudi Govt [*less than 1 line not declassified*] have brought those facts to attention of SAG. Recent statements of President Numeiry have underlined BSO-Fatah tifs. Khartoum events brought to light further unmistakable evidence of BSO-Fatah collaboration. Deputy Chief of Fatah office in Khartoum was leader of attack on Saudi Embassy. Vehicle used by attackers belonged to Fatah office there.

3. BSO and Fatah now linked together in vicious effort create chaos and uncertainty. One might wonder whether central objective BSO conspiracy was not to erase any slight progress toward Middle East peace, i.e., Khartoum assassinations may well have been aimed at dissipating hopeful reaction stimulated by recent talks in Washington with Hussein, Ismail and Mrs. Meir. Terrorists were seizing initiative, blackening Arab image throughout world, seriously damaging Palestinian cause.

4. USG was aware that some Arab govts were helping al-Fatah, voluntarily and involuntarily. Several are contributing money in sizable amounts. Cutting off this money would have two important favorable results: First, Fatah would be pinched in all its activities by reduced resources; secondly, and more important, it would suffer psychologically and in prestige from knowledge that it no longer enjoyed confidence and support of moderate Arab govts.

5. Finally, I told King that it seemed to me that if BSO continues its activities, trend toward radicalization of whole Palestinian movement will be accelerated and terrorists will be emboldened to ask more and more of moderate Arab govts, threatening to turn their increasingly violent tactics against these govts and their leaders. My govt wished His Majesty understand we regarded issue of support for Fatah as one of great urgency and as having real significance for relations between US and Saudi Arabia.

6. King replied he wanted me know that Saudi Arabia very much opposed to kind of violent excesses which had occurred at Khartoum. However, not entire Fatah organization favored this kind of deplorable tactic. Regrettably there had been elements in Fatah infiltrated by Communists and Zionists who undertook these things. Communists, for example, were ones who had forged Saudi passports and given them to BSO members. King reiterated firmly. "We disagree with and do not support at all terrorism and extremism."

7. King continued that Saudi Arabia was undertaking talks with Fatah leaders. Saudi Arabia has stopped all aid to Fatah and would continue do so until assurances received that Fatah would cleanse itself of bad ideas and practices. But if Saudi Arabia were publicly to announce its intention stop all aid to Fatah, "our Palestinian brothers would attack us with much bitterness." Moreover, Fatah itself would simply turn to other, Communist sources for support if Saudi help permanently withdrawn.

8. Our US friends, King went on, must begin to put real pressure on Israel to withdraw from Arab territories which it occupies. Once there is progress in that direction, then way will be opened to resolving all problems of area, including that of terrorism. On other hand, King said, Jews were, of course, delighted with White House spokesman statements made at end of Mrs. Meir's visit to effect that, "US would never stop its support for Israel." Declarations of this kind greatly limit Saudi capability for influencing Palestinians toward policies of moderation. As long as Israel remains so stubborn things are liable become steadily worse. If Israelis will withdraw from wrongfully occupied territories, then Arabs can work out details of reasonable method of living with Israel. US can easily force Israel to withdraw by cutting off its generous support to Israeli Govt.

9. Told King I knew he was aware from text of President's recent letter to him that US continues regard Middle East question as one of most important issues affecting world peace. We were not at all satisfied with present no war, no peace situation. We did not believe, however, that outside powers could pressure either Egypt or Israel to accept an imposed solution. US was prepared help with negotiations once they were under way. But only then would it become apparent to US what it was it could usefully apply its pressure toward achieving.

10. Referring again to Arab govts' support for Fatah and BSO, I wondered how moderate ones like Saudi Arabia could go on helping an organization if it had indeed been infiltrated by Zionists and Communists. Saudi Arabia in past had pursued policy of trying influence Fatah toward policies of moderation and compromise. Result has been further involvement of Fatah with terrorists. I was certain Fatah and BSO radicalism would continue to expand unless govts like Saudi Arabia took clear, determined public stand against them. Prestige of such highly respected, influential figure as King Faisal if brought to bear against terrorists could have great influence in deterring them. There was perhaps some risk against taking firm short-run stand against BSO and Fatah, but in long run moderate Arab states could in this manner best forestall possibility terrorism being turned against them. I reiterated that US regarded this issue as one of great seriousness in bilateral relations between our two govts.

11. King responded by declaring Saudi Arabia was not against Fatah carrying on "normal activities" aimed at Israel. Moreover, if Saudi Arabia were finally to announce intention never to assist Fatah again, it would simply drive Palestinians further into hands of Communists and other radicals. However, King would wish me to understand that Saudi Arabia's assistance to Fatah would remain stopped until, "they come to a right line."

12. I said my govt believed it extremely important that Saudi Arabia use every means to bring pressure on al-Fatah to abandon its support

of terrorists. King replied that Saudi Arabia thought it very important US use all its influence to press Israel to withdraw from occupied Arab territories.

13. Comment: King remained calm and relaxed throughout interview. He seemed almost to expect firmness and frankness of US viewpoint given to him. At same time he equally firm in holding to present Saudi policy of carefully limiting Saudi aid to Fatah but not closing off all contacts by emphatic or public disavowals. Saudis plainly worried about Communist (and Zionist) influence in Fatah and we have no doubt they detest and are fearful of terrorism. Nevertheless it also true that their convictions as to Israelis' stubbornness and US unwillingness pressure Israel are clearly identified in their minds as root causes of terrorism.

Thacher

82. Telegram From the Embassy in Saudi Arabia to the Departments of State and Defense¹

Jidda, March 20, 1973, 0820Z.

1126. SecDef for ISA. Army for CDSLOG and DCSOPS. Subject: Saudi Arabian National Guard Project. Ref: Jidda 09.

1. Ambassador and DATT met with Guard Commander Prince Abdullah at his request March 19. Abdullah informed us of "good news": he had succeeded in convincing King Faisal to approve signature of memorandum of understanding. King had expressed some reservations at lack of fully detailed U.S. plan but Abdullah had told him MOU was as "key in auto engine" which once turned would permit program to move ahead. King had given Abdullah in writing formal authorization to sign MOU on behalf of SAG. Accordingly Prince stated he ready sign MOU at once in precisely same form as

¹ Summary: Thacher and Prince Abdullah discussed Saudi approval of a program to expand its National Guard.

Source: National Archives, RG 59, Central Foreign Policy File, [no film number]. Confidential; Priority. Repeated to CS Army, USCINCEUR, DAEN, DIVENGR MED, and CHUSMTM. Telegram 9 from Jidda was not found. Previous delays alluded to in this telegram reference King Faisal's reluctance to contract the SANG modernization program to Raytheon, as reported in telegram 467 from Jidda, February 5. (Washington National Records Center, OSD Files: FRC 330–82–0274, NEG Saudi Arabia National Guard Modernization)

agreed upon at last meeting with Washington negotiating team on March 1 (reftel).

2. Foreign Ministry's Legal Counselor Abdul Rahman Mansuri accompanied by SANG's own lawyer then joined meeting presenting originals of MOU in English and Arabic which were duly signed by Prince Abdullah and Ambassador under March 19 date, with warm mutual congratulations and expressions determination both sides assure program's success.

3. Abdullah asked for information on probable next step. Ambassador said that while he lacked specific instructions he was hopeful he might soon be authorized present HRH with military sales case providing funds for establishment of project office within US Dept. of Defense. Project office would be charged with planning and implementation of SANG modernization. Project office would include officers qualified carry out procedures in Washington and also to work out in Saudi Arabia with SANG representatives' specifications for modernization plan. Abdullah concurred in desirability this step. Urged USG move with all possible speed. Abdullah did not bring up, nor did we think it appropriate at this time to discuss other letters of offer. (Our latest information is that SANG giving serious consideration to acquiring NATO rifle. SANG not desirous immediate assistance of Corps of Engineers, though may want it at later stage. We will make reserved inquiries re commo equipment stressing desirability of uniformity.)

4. Comment: Refreshing promptness with which Abdullah has moved seems favorable omen reflecting Abdullah's ability take issues directly to King for immediate decisions, bypassing many of usual bureaucratic obstacles inherent in Council of Ministers' consideration etc. Hope USG can reciprocate with comparable promptness in authorizing US to present project team letter of offer.

In preparing letter suggest it be drawn to cover expenses for perhaps two to two and a half year period and that we be given if possible description in outline of team's purpose, how it will operate, etc., to present to Abdullah with letter of offer. As in case of USN team designated for Saudi Navy project, there might be advantage in drawing up SANG project group so that it could undertake many functions such as contracting, recruitment, preparation of specifications etc., which might otherwise have to be undertaken by DOD or US Army offices dealing with these matters. Prince Abdullah will, we believe, be eagerly awaiting arrival of first US "advisors" in Saudi Arabia. In interest of continuity and effectiveness we would suggest careful consideration be given to possibility assigning personnel for accompanied tours of two years or more. DOD might wish think also about possibility including eventually among those assigned to Saudi Arabia two or three young Arabists, military or civilian, to act as interpreters, expeditors, government relations men. Project and individuals assigned would both benefit.

Thacher

83. Telegram From the Embassy in Saudi Arabia to the Department of State¹

Jidda, March 27, 1973, 1530Z.

1126. Dept pass Cairo, Baghdad. Subj: Campaign Against Terrorism: Saudi Role. Ref: State 51643.

Summary: Efforts to manipulate our relations with Saudis in order oppose terrorist threat should focus on (a) cooperation in [*less than 1 line not declassified*] public security spheres where we believe something of real value can be accomplished, and (b) in political dialogue aimed at highlighting Fedayeen threat and diminishing their respectability. In latter area, however, we must expect Saudis assume their customary cautious posture, avoiding positions that could lead to confrontation with Fedayeen or stimulate active hostility of radical Arab states. Unfortunately Saudis will probably continue regard some minimal levels of support to Fatah as kind of “insurance premium”, though disenchantment with Fatah is in many respects real, and financial and other forms of assistance have fallen to fraction of what they were in former years. Accordingly, we intend continue patient educational process seeking reinforce growing disillusion with Fatah. At same time we share colleagues’ views on indispensibility getting at root cause: continuance of Arab-Israel dispute. Publicly Saudis have abjured use of oil as political weapon, but there are insistent pressures on them to do otherwise. We suggest consideration of steps which can offset present overwhelming pro-Israel appearance of US policy in Arab eyes. Saudis at least almost pathetically eager for signs USG support of some aspects of Arab side of case. We agree US needs strengthen position of moderate Palestinians perhaps with greater attention to plight of refugees and by examining means providing Palestinians with respectable political entity and political personality of their own. End summary.

1. An assessment of how we can manipulate our relations with Saudi Arabia to bring about some abatement of terrorist threat divides itself fairly obviously into two broad topics: (a) cooperation in [*less than 1 line not declassified*] apprehension of dangerous personages; (b) dialogue on political level intended bring weight of Saudi influence and that of King Faisal personally to discourage terrorist activities.

¹ Summary: The Embassy assessed the potential for fruitful collaboration with Saudi Arabia in opposing terrorism, particularly concerning Black September and Fatah.

Source: National Archives, RG 59, Central Foreign Policy File, [no film number]. Secret; Exdis. Repeated to Amman, Beirut, Khartoum, Kuwait City, London, Tel Aviv, Tripoli, and Sana’a. Telegram 51643 to multiple recipients, March 31, is *ibid.* See also Document 81.

2. With regard to first category, Saudi attitudes reveal fertile sphere for cooperation. Aside from recent Tapline sabotage on Saudi territory and rupture of Aramco piping some distance inland few weeks ago, Saudis have been for past three years blissfully immune from disruptive impact of bombings, assassinations and other turmoil which has gripped Jordan, Lebanon, and even occasionally Kuwait. Saudis are desperately anxious preserve this happy state of affairs. Urgent hope that wolf will stay away from their door has even made Saudis blind to fact that they too were one of BSO's targets in Khartoum. Comments here have revealed almost no spontaneous recognition of this fact.

3. [3 lines not declassified]. Saudi security services are hardly paragons of modernity, but they have some factors going for them. We in process of preparing assessment role and future potential of Palestinians in Saudi Arabia (estimated around 30,000). Our preliminary estimate is this community cowed and uneasy, aware that significant terrorist disturbance could easily result in couple of thousand of them finding themselves in jail within two or three days. Fatah has no overt operating offices in Saudi Arabia. Suspicion directed toward them, and relative isolation of Palestinians here tends reduce numbers who would be inclined harbor or assist BSO teams. One senior Saudi has remarked to us, with perhaps a bit too much confidence, that Khartoum incident most unlikely occur here since without doubt assassins' heads would roll (literally) within few days after event. Draconian, Saudi-style justice has it strengths.

4. Our AID/OPS mission (internal security advisers) in Riyadh is remarkably well placed encourage and assist Saudis undertake perhaps most useful task they can pursue in combatting terrorism: denial of Saudi territory to BSO activists. We will have ongoing opportunities build up Saudi surveillance capabilities (including, hopefully, improving its targeting). For example, Deputy Minister Interior Mohammed bin Zara will be in US for several weeks. Orientation tour beginning about April 1. Under AID/OPS sponsorship and latter will soon also be hosting six top quality, young, English-speaking Saudi security officers for courses in bomb disposal and other anti-terrorist techniques. We informed bin Zara looking for immigration control adviser. His visit should provide opportunity review Saudi terrorist control techniques, and, without driving points home too hard, suggest means for improvement with which we might perhaps assist. We also in process improving quality of advisers for Coast Guard/Frontier Force. Obviously we cannot be too sanguine about prospects sealing long Saudi frontiers or establishing fully effective controls at points of entry, but we have at least considerable Saudi desire for USG assistance and for advice on wide range these preventive endeavors.

5. Before reviewing problem of Fedayeen terror in Saudi-US bilateral terms, we would like reinforce feelings expressed by neighboring

colleagues that there is probably no real cure for terrorist disease other than getting at underlying cause: Arab-Israeli dispute. We may be tempted regard present situation as kind of *pax Judaca* which, like *pax Romana* of centuries past, seems represent triumph of highly organized, motivated and intelligent minority over surrounding majority in Eastern Mediterranean. In that sense it is not perhaps an unusual historical phenomenon. Judging from stand-pat statements emanating now from Israeli leaders, this state of affairs is viewed by some of them with considerable satisfaction.

6. But to US and Arabs such “pax” seems hardly as enduring and satisfactory as it may to our Israeli friends. Dragon’s teeth, such as terrorism, keep sprouting up all round the edges. We know that “no peace, no war” is still fraught with risks for us, if not for Israeli, interests. We have felt reassured by various Saudi public statements abjuring use of petroleum as political weapon and by affirmations of Saudi sense of responsibility for making its oil available to Western users. But it might be a mistake to regard these affirmations as having indefinite durability. We know there are insistent pressures on Saudi Arabia from other Arab states to examine more intensively how oil could be brought to bear to influence Western, and particularly US, attitudes on Arab-Israel issue, and there is evidence of similar pressure from Fedayeen quarters as well.

7. Important conviction affecting Arab outlook on every phase of problem is mounting Arab feeling, quite unintended perhaps on our part, that single overriding USG interest in Middle East is support of Israel. As we have seen in re-[garble] Arabs have reached stage where they give instant credence to “announcements” from whatever source describing increased US assistance for Israel.

8. As usual, statement of problem is easier than formulation of solution. Yet we wonder if there is not something we can do to balance the seeming pro-Israeli cast of our present policy by efforts to convince Arabs we are well disposed toward them also. Saudis, at least, are almost pathetically eager for signs that USG supports some aspects of Arab side of case. Friendly reception given here to our recent public statement on status of Jerusalem is significant case in point (Jidda 0318).

9. We share fully Kuwait’s view (Kuwait 0929) suggesting USG should take closer look at its relations with moderate Palestinians. We not fully up to date here on USG policy toward UNRWA, but it is our impression we have in recent years devoted much effort to impressing clearly on other states notion that they must now assume increasing percentage of UNRWA’s financial burden. Even with present tightness of aid funds, we wonder if it would not be possible somehow demonstrate more positive concern for Palestinian refugee plight. Congress seems respond well to humanitarian pleas for assisting destitute mil-

lions in Bangladesh or oppressed Jews in Soviet Union. Is there any way plight of Palestinians might again be made more vivid to our legislators even though it involves difficult task separating terrorist image from that of Palestinians as whole?

10. Ultimately we must seek to isolate and undermine terrorisms and commandos by establishing another, more stable and respectable Palestinian political entity and political personality—an objective that can perhaps be achieved in one of forms proposed by King Hussein and by drawing on Palestinian leadership from East Jordan, the West Bank and Gaza. Once established in a recognized political framework of their own, moderate Palestinians could soon repudiate and undermine both the appeal and the threat of Fedayeen.

11. If SAG prepared cooperate quietly but broadly [*less than 1 line not declassified*], political collaboration is obviously far more complex issue. Saudi policy in world as well as Arab affairs follows well established principles and guidelines. Currently Saudi friendship for US and their anti-Communism are strong and consistent. They do not assure us of their friendship privately and next day mount hustings to condemn us. But in general they do not mount hustings at all, i.e., policy statements made in public are abjured except where circumstances such as presence of distinguished visitors require standard voicing of generally meaningless Arab rhetoric. This standard Saudi low-profile technique dictates, for example, policy of no response to Baghdad Radio's recurrent anti-Saudi invective or to glancing blows from Libyan spokesmen when latter identify reactionary royal regimes as Arab enemies. For a territorially vast, militarily very weak and very rich country, this policy has paid off remarkably well over last three years, a period in which Saudis have seen marked improvement in their relations with Yemen, Syria, Egypt, Sudan and Ethiopia.

12. Yet in many respects and aside from Islamic affairs, Saudis are still fundamentally timorous, aware that their friendship for US, on which they depend heavily to strengthen them against radical threats from South Yemen and Iraq, leaves them in highly vulnerable position vis-à-vis many of their Arab brethren to extent that they might with few missteps become prime target of such Arab radicals as Algeria, Libya, Iraq and Syria.

13. Following these principles Saudis have tended manage their relations with Fatah and other militant Palestinian groups in gingerly fashion. In immediate post-'67 years Saudi Govt's public endorsement of Palestinian commandos matched enthusiasm of other Arab States. Similarly decline in Saudi support has tended follow that of other Arab govts as movement became steadily more fragmented, less effective, and more discredited. [*2 lines not declassified*]. Payroll levies for "Palestinian martyrs fund" have almost ceased, and present posture is far

cry from days when posters lined city walls urging contributions and full support for liberation groups. Disenchantment is real. King has lost patience with Palestinian factionalism and is deeply disturbed by Khartoum type terrorism.

14. However, Saudi attitudes towards Fatah will, we think, continue to be influenced fundamentally by typical cast of Saudi thinking described above. Payments to Fatah will probably continue at levels carefully aimed at keeping in force present “insurance policy” against instigation of terrorism and sabotage within Saudi borders. Perhaps we should keep in mind that the more we warn against growing identity of Fatah and BSO, the more we risk strengthening Saudi conviction that some minimal level of insurance premiums must be maintained. Insurance policy has had incidental benefits for us too, i.e., vital oil installations have been immune from serious disruptions, official US personnel and premises (such as our far-flung military mission located at four major sites) have been free even of any signs of intimidation.

15. On balance, however, we strongly favor continued steady dialogue keeping Saudis fully reminded close BSO-Fatah links, long-range dangers of expansion in terrorist scope and in general doing what we can assure Fatah assumes disreputable image in Saudi minds. In this way we can hope minimize impact such sweet-talking operators as Abu Hisham (Jidda 1214), who was quite apparently first emissary intended begin rehabilitation Fatah reputation and convince King what he would apparently like believe, i.e., that there are still within organization good and bad elements and that SAG can reasonably hope make influence of former predominant. Ongoing educational process we have in mind is best served through reiterated low-pitch discussions with key officials, rather than repeated formal *démarches*. Proposed tactic requires steady supply of incriminating intelligence tending prove Fatah’s close involvement in terrorist activities.

16. By such tactics we can hope, at least, assure there is growing disenchantment with Fatah and no increase in Saudi support for it. It is unrealistic, however, hope Saudis, who in crucial Middle East affairs are [garble—chronic?] followers and not leaders, will suddenly assume dramatic new posture cut Fatah off forever without cent and follow Jordan in making emphatic public condemnations. We may be convinced ourselves that radicalism-terrorism can increase its sway among Arabs to point where conservative regimes like SAG could, as Jordan did, face serious threat. We fear, however, that ingrained habits of mind described above make it most unlikely SAG will, unless and until its survival is clearly at stake, enter lists to administer all out defeat to terrorism and Fatah.

Thacher

84. Telegram From the Department of State to the Embassy in Saudi Arabia¹

Washington, April 14, 1973, 0102Z.

70182. Subject: Saudi Arabian-Iranian Coordination in Security Matters. Ref: Jidda 1450; Tehran 2372. SecDef for ISA.

1. We are concerned at indications provided reftels that Saudis are seemingly reluctant to enter into frank dialogue with Iranians on peninsular security matters. Granted that King Faisal, for political as well as personal reasons, may not wish to take any initiatives to arrange for transfer of Iranian-owned F-5 munitions to Saudi Arabia. Still, this would appear be shift in Saudi policy position in as much as precedent for such transfer was established by loan to Saudi Arabian Army of Iranian 106 mm recoilless rifles and anti-aircraft guns several years ago. Failure of Saudis to discuss peninsular security questions with Iranians moreover strikes us as step backward from basis for frank dialogue seemingly laid at time of Saqqaf visit to Tehran last December.

2. Recurring hints from various sources that Saudis are disturbed in some way by presence of Iranian special forces and helicopters in Oman, as well as Iran's hesitation [mentioned by Khalatbary] to provide military support for Yemen lest it upset the Arabs point to need for early and frank discussions between Riyadh and Tehran about their respective roles and activities in supporting peninsula states threatened by PDRY aggression/subversion. Such consultation need not be in context of drawing up "security treaty" or other formal alliance but should instead focus on assuring that each side is aware of what other is intending to do to help in order that competition or overlapping can be avoided. If Saudis are in fact uneasy about Iranian military assistance initiatives in Oman or Yemen, then they would be well advised to let Iranians know what they themselves are planning to do and suggest ways in which Iranians can be helpful in supporting Saudi effort. If

¹ Summary: The Department instructed the Embassies in Jidda and Tehran to encourage closer cooperation between Saudi Arabia and Iran regarding regional security.

Source: National Archives, RG 59, Central Foreign Policy File, 1970-73, POL Iran-Saudi Arabia. Secret. Drafted by Brooks Wrampelmeier (NEA/ARP); cleared in NEA/IRN, NEA/ARP, and NEA; approved by Atherton. Repeated to Tehran, Kuwait City, London, and Sana'a. Brackets are in the original. Telegrams 1450 from Jidda, April 9, and 2372 from Tehran, April 12, are in the National Archives, RG 59, Central Foreign Policy File, [no film number]. The difficulties of Iranian-Saudi cooperation were discussed in INR study RNAS-6, April 12, "Iran and Saudi Arabia—The Odd Couple." (Ibid.) Both Ambassadors attempted to facilitate discussions during the spring of 1973 while emphasizing the difficulty of encouraging trust between King Faisal and the Shah, reported in telegram 2450 from Tehran, April 16, and telegram 1618 from Jidda, April 20. (Ibid., [no film number] and D760430-0677)

Saudis choose to leave Iranians in dark about their aid programs and intentions in YAR and Oman, result could be that Iranians will act without consulting Saudis. Not only does this risk wasteful duplication of effort but it could serve further to increase any suspicions Saudis may have that Iran intends play lone hand in peninsula and Gulf.

3. Our policy is to continue encourage both Saudis and Iranians to assume primary responsibility for regional security. Accordingly, we do not believe that USG should substitute itself in role of middleman between Tehran and Riyadh, whether purpose is to arrange transfer of military material or to supply information on each other's military assistance programs to third countries. To do so merely invites continuing recourse to this tactic by either side and vitiates our policy of stimulating greater regional cooperation and self-reliance. Instead, we consider USG efforts should most usefully be employed in pressing both sides, and especially Saudis, in getting on with developing kind of dialogue with each other that would genuinely facilitate meaningful coordinated planning of assistance to other peninsular states.

4. For Jidda. We look forward to receiving your thoughts on how direct Iranian-Saudi dialogue could be encouraged. At your discretion, you may also wish to discuss points raised Tehran refel and para 1–3 above with Saqqaf prior to your departure for COM conference. Since Saqqaf [next perhaps to Kamal Adham] has been senior Saudi official most closely involved in Saudi coordination with Iran on security matters, it would be useful to have his views on how Saudis see question of coordination and cooperation with Iran developing.

5. For Tehran. Suggest you inform Khalatbary that we ourselves do not possess full information on Saudi assistance to Oman and Yemen. You could add that we too believe more consultation between Saudi Arabia and Iran is required and that we have requested Ambassador Thacher to give some consideration prior his visiting Tehran to how Saudis might be encouraged to be more forthcoming with Iranians on military assistance issues.

85. Airgram From the Embassy in Saudi Arabia to the Department of State¹

A-42

Jidda, April 18, 1973.

SUBJECT

Quarterly Commentary for Saudi Arabia: Jan-Mar 1973.

INTRODUCTION AND SUMMARY

The period began with the Saudi Arabian Government's efforts concentrated on the largest Hajj in history, which included an increase of more than one-third in foreign pilgrims over last year.

High-ranking visitors to Saudi Arabia during the first quarter of 1973 included President Franjeh of Lebanon, the Italian Foreign Minister, the Kuwaiti Defense Minister (performing the Hajj), a Syrian Deputy Prime Minister, former U.S. Secretary of Defense McNamara in his capacity as IBRD head, and Prime Minister Al-Hajri of Yemen accompanied by a full retinue from his government. On the other hand, many of the leading members of the Saudi hierarchy, including Princes Sultan and Fahd, and Minister of State for Foreign Affairs Saqqaf, were away during a good part of the period.

The Black September operation against the Saudi Embassy in Khartoum dominated events of the second half of the period. Following outspoken criticism by Saqqaf of the perpetrators of the crime, a high-ranking Fatah member, Abu Hisham, visited Riyadh, saw the King and reported all as being well between the SAG and Fatah.

The period closed in a renewed state of instability, as the Saudis were attacked—by design or by error—by two MIGs at a desert outpost along the South Yemeni border only a few days after an incursion by Iraq against SA's northern neighbor Kuwait. Although there was no confirmation of reports of Saudi-Iraqi clashes along their lengthy border or of Saudis massing troops there, the SAG was clearly troubled by this new evidence of Iraqi radical activism.

¹ Summary: The Embassy provided its first quarterly assessment of governmental and economic developments in Saudi Arabia for 1973.

Source: National Archives, RG 59, Central Foreign Policy File, 1970-73, POL 2 Saudi Arabia. Secret. Drafted by T. McAdams Deford (POL); cleared by Eugene Bird (POL/ECON); approved by DCM Horan. Repeated to Abu Dhabi, Algiers, Amman, Baghdad, Beirut, Cairo, Dhahran, Khartoum, Kuwait City, London, Manama, Rabat, Sana'a, Tehran, Tel Aviv, Tripoli, Tunis, CHUSMTM, CINCEUR, COMIDEASTFOR, and DIA. On the Khartoum incident, see Document 81.

The fourth meeting of the Islamic Foreign Ministers' Conference in Benghazi, coming in the midst of these other clearly more important events, passed almost unnoticed.

Beginning the year as a 25-percent owner of ARAMCO, the SAG continued to receive increasing royalties from their ever-growing oil production. Nearly eight million barrels a day are now being produced, and reserves are piling up at approximately \$130 million a month.

Concluding a chapter in Saudi-US relations that began over a year ago, Ambassador Thacher and Prince Abdullah signed an MOU outlining a government-to-government relationship in developing the Saudi National Guard.

I. SAUDI FOREIGN RELATIONS

A. *Black September, Fatah, and the Khartoum Incident*

Towards the end of January, Tapline was ruptured at two separate points on successive nights by what was clearly sabotage. Action of the Saudi security forces, once they were forced to concede sabotage was involved, seemed primarily aimed at exonerating themselves of any blame for the affair: no one was ever apprehended, nor was it ever decided who had carried out the sabotage. At the time, however, there was speculation—in view of the apparent reduction in the Saudi subsidy to Fatah and the recently-concluded participation agreement—that the fedayeen (perhaps operating from Iraq) were showing Saudi Arabia it was no longer off limits.

In any case, regardless of who was responsible for the Tapline sabotage, the lack of inviolability of Saudi Arabia from organized fedayeen operations was firmly driven home by the Black September/Fatah operation launched against the Saudi Embassy in Khartoum on March 1.

The Saudis clearly were shocked by the operation, and privately members of the SAG expressed strong indignation over the murders of the two American and the Belgian diplomats. Coming as it did so shortly after the Israelis shot down the Libyan passenger plane over Sinai, many Saudis concluded that the operation must have been planned by Israeli agents who had infiltrated the Black September organization. Publicly, however, there was no official reaction for several days. Then Saqqaf denounced the operation as “evil and bad”, and the perpetrators as misdirected. This denunciation was followed by a visit to Riyadh by one of the higher-ranking members of Fatah and PLO, Abu Hisham (who is apparently Fatah's new representative for Saudi Arabia). He met with the King and subsequently held a long-winded press conference in his hotel in Riyadh, invoking the glories of Islam, the evils of Zionism, the wisdom of King Faisal, but saying very little factually about the present state of Fatah-SAG relations.

Fatah leader Arafat, despite Beirut press reports, has not made a post-Khartoum pilgrimage to Riyadh.

In subsequent discussions between the Ambassador and Saqqaf, the Saudis officially have refused to accept an organized relationship between BSO and Fatah; Saqqaf prefers instead to suggest that various Fatah individuals may, without Fatah approval, be members of BSO. It would seem clear, therefore—partly out of convictions, partly concern for its own protection—that Saudi Arabia intends to maintain its relationship with Arafat and Fatah, though perhaps the SAG will be even more restrictive with its financial support.

B. PDRY/SAG Border Incident; Kuwaiti/Iraqi Border Incident

While relations between the SAG and the Palestinian resistance have thus become more ambiguous, SAG's always-uneasy relations with the Communist-backed PDRY were also disrupted by an incident March 22 in which two MIGs strafed the Saudi outpost of Wuda'iah, between Shururah and the South Yemeni border. Although the motive behind this attack is somewhat obscure—there was speculation that it may conceivably have been an error—as it occurred within two days of Iraq's clearly-planned attack against the northern border of Kuwait, there has been speculation by Saudis of coordination between Aden and Baghdad. At any rate, as a result of these two incidents and the Khartoum killings, the line between the various conservative regimes of the area and the "progressive" ones—a line that Saudi Arabia has attempted, and since Nasser's death somewhat successfully, to blur—is once again being more clearly delineated.

[Omitted here is material on trips abroad made by Saudi officials and visits by foreign leaders.]

II. SAUDI INTERNAL DEVELOPMENTS

A. Participation and Oil Production

As of 1 January 1973 Saudi Arabia was the owner of 25 percent of ARAMCO, which makes it the largest of the five participants in ARAMCO. The satisfactory conclusion of oil agreements between the Iraqis and BPC on the one hand, and the Consortium and Iran on the other, led to speculation at the time that perhaps Yamani would feel the need to ask for even more from ARAMCO. In a press conference and in public meetings during the period, however, Yamani continued to support participation, as opposed to nationalization, and gave excellent and convincing reasons why Saudi Arabia had achieved the best deal for itself for the present time. At the same time Yamani seemed quite concerned with rumored groupings of oil-consumer countries, which he said could lead to an economic "war."

Oil production continued to rise and was approaching eight million barrels a day by the end of the period. This continuing dramatic

increase, coupled with the 10-percent loss through devaluation of the Kingdom's dollar reserves, may in time precipitate an intensification of the debate between advocates of removing the oil as fast as possible, and those who would prefer to let production level off at some as yet unannounced figure. The supporters of a slowdown have been more vocal in recent months. Their major arguing point is that the Kingdom will be unable to spend the vast amounts of money it will earn in production of 20 or more million barrels a day, and it would be better to leave the oil in the ground until such time as the money it produced could be spent. At the same time, and as part of this debate, Yamani continued to stress that his desire for downstream investments, which had been expressed publicly last fall in New York, was only in order to protect Saudi marketing of its own oil; that to the fullest extent Saudi Arabia intends to use its oil money to reinvest in the Kingdom and thus develop its own industrial base.

Foreign and American bankers continued to visit Saudi Arabia in great numbers and hold talks with oil and monetary officials with regard to the future of Saudi investments. But no decisions were made, and it is apparent that Saudi Arabia will continue in the immediate future to play the conservative investment game it has so far. In this connection, reports that Saudi Arabia had moved vast quantities of dollars during the weeks preceding devaluation were vigorously denied by Governor Anwar Ali; in point of fact, considering the conservative nature of Saudi investments and the lack of sophisticated communications necessary to move money fast, Ali's denial was certainly correct. In any case, the question of future Saudi oil and investment policy remains unanswered, and one can only conclude from a preliminary review of the situation as it exists today that a key factor in convincing the Saudis to produce the quantities of oil the United States and Western Europe would like is to convince them that they will be able to invest the money productively in their own country.

B. King's Overland Trip

Following the Hajj, King Faisal returned from Jidda to Riyadh by way of a 10-day overland progress through Medina and the Nejd Oasis areas of Buraida and Ha'il. The Saudi press gave considerable play to the trip; it apparently was the first time the monarch had visited Medina since he ascended the throne.

III. U.S./SAUDI RELATIONS

A. National Guard Agreement Signed

After more than a year of on-again off-again negotiations which had begun with Raytheon, and in which the King and other ranking Saudi officials played an as yet obscure but no doubt important back-

ground role, Prince Abdullah signed a government-to-government agreement with the United States on March 19. The agreement, in the form of a memorandum of understanding, clarifies the nature of assistance the U.S. will provide to modernize the Saudi National Guard. Although there were no references made to the time period for the modernization, it is clear that the relationship will probably extend for the rest of the decade and longer. Actual work on the program will not begin until later this year, but the Department of Defense team which visited the Kingdom in early March was quite pleased to have brought talks to a satisfactory conclusion. In the future, the Embassy anticipates some disagreements with Prince Abdullah over the nature and scope of the modernization, as the prince is clearly more interested in rapid acquisition of weapons rather than in the essential complementary process of manpower training specified by the MOU.

B. Other Military Requests

As a result of the Wuda'iah incident, the USG has been urged to expedite shipment of munitions for the F-5 aircraft in-country. As the period ended the Embassy, in conjunction with USMTM, DOD and the Department, was attempting to meet the Saudi request.

Thacher

86. Letter From Secretary of State Rogers to Secretary of the Treasury Shultz¹

Washington, April 27, 1973.

Dear George:

I know that Bill Simon has told you about the discussion he and Bill Casey had at luncheon over here with the Saudi Oil Minister, Yamani, and his associate Prince Saud. The Saudis had told me before lunch that to justify their increasing their production in oil, they would have to find ways to usefully invest the proceeds in their own industrial diversification, and other investments that contributed something to their national future. I understand that at luncheon there was a broad ranging discussion of their industrial development objectives, possibilities of attracting petrochemical and high energy content industries like aluminum, their need for technology and the ability to introduce industrial products to world markets, what they should consider doing in development aid beyond their neighboring Arab States, what the future held for them in downstream investments in the petroleum industry and in portfolio investments. The Saudis reiterated their desire for guidance and assistance from the United States in these matters. I think we should show enough interest in these aspirations of theirs to send a very small qualified group over there to hold discussions with them with a view to preliminary assessment of the possibilities and exploring an approach to working with them. This would be a combination of the export promotion and development assistance we more or less regularly give to other countries.

I would like to see Bill Simon and Bill Casey, together with no more than two or three people from Commerce who have special knowledge in industrial location, high energy content industrial processes, petrochemicals and the like, go over and spend a few days

¹ Summary: Rogers proposed to Shultz a visit of high-level State and Treasury officials to Saudi Arabia, in particular Deputy Secretary of the Treasury William Simon and Under Secretary of State for Economic Affairs William Casey, aimed at creating a broad economic relationship between Saudi Arabia and the United States.

Source: National Archives, RG 59, Central Foreign Policy File, 1970–73, FN 9 Saudi Arabia. Confidential. The specific group proposed in this letter did not travel to Saudi Arabia. Kissinger, Rogers, and Shultz discussed the topic with Minister for Petroleum Ahmad Zaki Yamani in April. See *Foreign Relations, 1969–1976*, vol. XXXVI, Energy Crisis, 1969–1974, Document 176. Further discussions took place between U.S. officials and the Saudi Minister of State and President of the CPO Hisham Nazir in September, according to telegram 157890 to Jidda, August 9. (National Archives, RG 59, Central Foreign Policy File, [no film number]) Eliot sent further planning details to Kissinger under a June 19 covering memorandum. (Ibid., Nixon Presidential Materials, NSC Files, Box 630, Country Files, Middle East, Saudi Arabia, Volume IV, May–December 1973)

talking this over with Saudi officials. If you agree, I would have our Middle East bureau start working out arrangements for such a visit sometime after June 15.

Sincerely,

William P. Rogers

87. Memorandum From Harold H. Saunders and William B. Quandt of the National Security Council Staff to the President's Assistant for National Security Affairs (Kissinger)¹

Washington, May 3, 1973.

SUBJECT

Saudi and Kuwaiti Requests for F-4 Phantom Aircraft

During your absence in Moscow, we will be asked by State and Defense to make a decision in principle to sell F-4 Phantoms to Saudi Arabia and Kuwait. As you know from the Daily Brief, the urgency surrounding the recent Saudi requests relates to the departure of King Faisal for a visit to France on May 13. The French will probably try to convince Faisal to purchase Mirage aircraft.

The Saudis have asked for our agreement in principle to sell them F-4s, in part as a test of the importance we attach to our relations with Saudi Arabia. The Saudi Minister of Defense realizes that his air force is not now ready for the F-4, but argues that after several years of experience with the F-5, Saudi Arabia will be prepared to move to the more sophisticated aircraft. They want to know in principle that they can plan on a follow-on aircraft from the US.

¹ Summary: The NSC asked for Kissinger's decision on whether to provide, in principle, the F-4 Phantom jet fighter/bomber to Saudi Arabia and Kuwait.

Source: National Archives, Nixon Presidential Materials, NSC Files, Box 647, Country Files, Middle East, Middle East (General) Volume 9, 1972-74. Secret; Sent for action. On May 17, Kissinger approved, in principle only, the sale of the F-4 to Saudi Arabia with no decision on Kuwait. At the top of the memorandum Kissinger wrote "Brent: Send forward Thursday [May 17]." He also then wrote "OK." Prince Sultan requested approval for the sale on April 24 in meetings with CINCEUR General Andrew Goodpaster, as reported in telegram 304 from Dhahran, April 25. (Ibid., Box 630, Country Files, Middle East, Saudi Arabia, Volume III, September 1, 1971-April 1973) Ambassador Thacher informed Acting Minister of Defense Prince Turki of the decision on May 18. (Ibid.)

The Kuwaiti interest in the F–4 is less pressing, although the Kuwaitis have already been fully briefed on both the F–5 and F–4. They have concluded that the F–4 is too sophisticated given their present capabilities, but have declined the simpler F–5 as an alternative. Reports have reached us that the Kuwaitis now intend to purchase the Mirage, and to forestall such a decision we have offered them the F–8 Crusader (a Navy interceptor available in our inventory), as well as other military equipment. One element in the Kuwaiti decision on the Mirage will be our willingness to agree to sell F–4s as a follow-on to the F–8. As in the case of Saudi Arabia, an agreement in principle is sought now but deliveries would not take place for several years.

A number of considerations should govern whatever decision is reached on these requests for F–4s:

—*Advantages of Agreement.* We would significantly strengthen our relationship with Saudi Arabia at a time when it is beginning to emerge as a significant international actor because of its oil wealth and because of its role as the stabilizing factor in the Arabian Peninsula. We could expect some favorable reaction in other Arab countries to US willingness to provide the symbolically important F–4 to Arabs as well as Israelis and Iranians. There is also a commercial interest in these sales of some consequence.

—*Disadvantages of Agreement.* The Israelis, and perhaps the Iranians, would be opposed to the supply of F–4s to Saudi Arabia and Kuwait. Israel would fear that the Egyptians and Syrians would be allowed to familiarize themselves with the F–4, thereby possibly weakening the effectiveness of the Israeli air force. Both Israel and Iran might also fear that at some future date Saudi or Kuwaiti F–4s might be used against them. Finally, if we agree to sell F–4s to Saudi Arabia and Kuwait, we can anticipate that Jordan, and perhaps eventually Morocco, will also ask for them.

The choices that we have in responding to these requests are the following:

—Defer a decision on F–4s for Saudi Arabia and Kuwait for now, pending a full review of our policy in the Arabian peninsula.

—Agree in principle to sell F–4s to Saudi Arabia, but defer a decision on the Kuwaiti request.

—Agree in principle to sell F–4s to both Saudi Arabia and Kuwait.

An agreement in principle now would not require that we get involved in numbers or delivery schedules at this point. Nor would the decision be irrevocable, particularly if circumstances in the Middle East were to change significantly, because deliveries would be at least three or four years off.

Sisco will recommend approving in principle for both Saudi Arabia and Kuwait, and Clements strongly favors that course too. Our recommendation is to approve in principle for Saudi Arabia now but to hold off in Kuwait. Saudi Arabia seems solidly a US friend. Although an

avowed enemy of Israel, it has not shown any stomach for joining the fight. It is important to us to strengthen our relationship with Saudi Arabia, and some of that requires simply that we treat Saudis more like Iran and Israel. Kuwait, it seems to us, is a different issue. Its policy can be more quixotic, and it is more vulnerable to Arab pressures. While the US is enjoying a honeymoon with Kuwait following Iraq's attack, we feel the relationship should have more time to settle before we get into the F-4s.

RECOMMENDATION: Since we are likely to receive a recommendation from State and Defense during your absence, it would be useful to know your feelings on how to respond. We would recommend agreement in principle to the sale of F-4s to Saudi Arabia, but no decision now on Kuwait.

88. Memorandum From Harold H. Saunders of the National Security Council Staff to the President's Deputy Assistant for National Security Affairs (Scowcroft)¹

Washington, May 9, 1973.

SUBJECT

Urgent Message for King Faysal

At Tabs B, C and D are three related action items which should be dealt with ASAP but *before our c.o.b. today if at all possible*:

—At Tab B is a message on Saudi oil policy from King Faysal to the President.

—[*1½ lines not declassified*]

¹ Summary: Saunders provided Scowcroft with several messages regarding U.S.-Saudi relations, including a cable for Faisal informing him of the U.S. approval of F-4 sales.

Source: National Archives, Nixon Presidential Materials, NSC Files, Box 761, Presidential Correspondence, 1969-74, Saudi Arabia: King Faisal ibn Abd al-Aziz Al Saud (1972-74). Secret; Sensitive; [*handling restriction not declassified*]. No action indicated; however, at the top of the memo, Saunders wrote: "Note for file: HAK approved sending message in cable at Tab A *minus* last paragraph on F-4's. This was done." For Tab B, see *Foreign Relations*, 1969-1976, vol. XXXVI, Energy Crisis, 1969-1974, Document 181. Attached but not published at [*text not declassified*] draft telegram to Jidda and Kuwait approving the sale of the F-4 in principle. Ambassador Thatcher informed the Saudis of the approval on May 18. (National Archives, Nixon Presidential Materials, NSC Files, Box 630, Country Files, Middle East, Saudi Arabia, Volume III, September 1, 1971-April 1973)

—At Tab D is a cable for clearance on an agreement in principle to sell F–4s to Saudi Arabia and Kuwait. (We would drop the section on Kuwait and deal with it later.)

At Tab A is a wire for Henry explaining these and recommending a third-person message to Faysal before he leaves to see Sadat on his way to Cairo.

If one of our current interests is to shore up our political and economic relations with Saudi Arabia, this is a major opportunity. Moreover:

—The first two paragraphs require no new decisions and say nothing that we have not said before privately (HAK to Yamani) or publicly (Annual Review). They serve our interests at no cost to us except the effort of sending them promptly.

—The third paragraph (F–4s) does represent a decision, but one which would have a powerful effect on Faysal. I believe it is one we shall make affirmatively anyway. Part of the payoff from the decision lies in its promptness.

RECOMMENDATION: That you send the telegram at Tab A seeking Henry's response within 24 hours. I shall provide a parallel memo for the President if you wish.

Tab A

Draft Telegram From Harold Saunders of the National Security Council Staff and the President's Deputy Assistant for National Security Affairs (Scowcroft) to the President's Assistant for National Security Affairs (Kissinger)

undated.

SUBJECT

Urgent Message for King Faysal

King Faysal will visit Cairo on May 12 en route to Paris. His purpose will be to warn President Sadat not to resume hostilities and to give the United States time to begin a diplomatic initiative to break the Middle East impasse. Since we have a separate message from Faysal on oil, it would be very useful in strengthening his moderate position if we could [*less than 1 line not declassified*] deliver a message to him prior to his departure for Cairo.

Several issues need to be addressed:

First is a response to King Faysal's message to the President affirming Saudi friendship and the lack of any intention to use oil to get us to change our policies. You will be aware of this from the Daily Brief.

Second is our response to the recent Saudi request for an agreement in principle to the sale of F-4s. Their request is partly a test of the importance we attach to our relations with Saudi Arabia. The Saudis realize that it will be several years before the F-4 can be integrated into their air force, but they nonetheless are asking for an agreement in principle now. The alternative for them is to purchase the Mirage F-1, which the French will press on them during Faysal's visit to Paris next week.

State and Defense both recommend a positive reply to the Saudi request. Possible disadvantages have been weighed—Israeli and Iranian opposition, stimulation of arms races in the area, Egyptian access to Saudi F-4s—but on balance these appear to be offset by the obvious advantages of strengthening our relationship with Saudi Arabia. If Faysal were to learn of our agreement in principle before seeing Sadat, he could argue convincingly that the United States is not being entirely one-sided in its approach to the Arab-Israeli question.

With these points in mind, we recommend [*name not declassified*] deliver to Faysal before his departure for Cairo on May 12 the following message:

"The President greatly appreciated receiving King Faysal's message concerning Saudi policy on oil production. Saudi Arabia's friendship for the United States is highly valued and we look forward to a growing relationship in all areas, including oil. Shaykh Yamani's recent talks in Washington provided us with an excellent opportunity to exchange views and we fully understand the points the Minister made. We deeply appreciate the spirit of friendship in which the Saudi concerns were conveyed.

"Before King Faysal departs for Cairo, the President would like to reassure him that a settlement of the Arab-Israeli conflict is of highest priority for the United States. We can offer no guarantees of a successful outcome, but we can promise to pursue the path of diplomacy with great seriousness of purpose. A peace settlement will take time and requires the development of confidence among all parties. We believe the process should begin through quiet diplomacy.

"Finally, King Faysal should know that he will soon be hearing [*less than 1 line not declassified*] of US agreement in principle to provide Saudi Arabia with F-4 aircraft. We look forward to this opportunity to work with Saudi Arabia in the years ahead to develop its strength and independence."

If you approve of this message, we will arrange [*less than 1 line not declassified*] this message and will clear a State Department telegram authorizing Ambassador Thacher to inform the Saudis of our agreement in principle to their request for F-4s.

Both State and Defense urge giving a similar positive response now to Kuwait's request for US agreement in principle to provide F-4s as a follow-on aircraft four or more years from now. Everyone

recognizes that this is a more difficult decision because Kuwait's foreign policy is less firmly anti-Communist and is more quixotic. However, there are strong arguments for moving ahead. It is important to move ahead with Saudi Arabia now if we are going to make a positive decision, but the decision on Kuwait could await your return.

RECOMMENDATIONS:

1. That you approve as soon as possible the dispatch of the above messages [*less than 1 line not declassified*]. To reach Faisal before he departs for Cairo, we should have your approval by mid-morning Thursday Washington time.

_____ Approve

_____ Revise as indicated.

2. That you indicate your view on giving Kuwait a positive response at this time.

_____ Hold until I return.

_____ Go ahead now as State/Defense recommend.

89. Transcript of Telephone Conversation Between Acting Secretary of State Rush and the President's Assistant for National Security Affairs (Kissinger)¹

Washington, May 29, 1973, 7:10 p.m.

K: Hello.

R: Henry.

K: Yes, Ken.

R: What I called you about was something that to—I'm sorry to bother you at the last moment, but this sale of F-4s to Kuwait is a matter of very great constance to us.

¹ Summary: Rush and Kissinger discussed the Israeli reaction to the F-4 sale to Saudi Arabia and the possible sale of F-4s to Kuwait.

Source: National Archives, Nixon Presidential Materials, Kissinger Telephone Conversations, Box 20, Chronological File, April-May 1973. Israeli opposition to the sale was reported in telegram 101662 to Tel Aviv, May 25, in which Israeli Foreign Minister Abba Eban said that Israel was "all out" against sales to Saudi Arabia and Kuwait. (Library of Congress, Manuscript Division, Kissinger Papers, Box CL 180, Geopolitical File, Middle East Chronological File, July 2, 1973–September 4, 1973)

K: Well, I have just had a violent complaint from the Israelis about the Saudi sale.

R: I know it and—

K: And I just can't go along until I've had a chance to get to the President.

R: All right. What underlies this thing really Henry is the Israelis, and I understand this, they are going to take a very strong stand always against our selling F-4s to the Saudis or to Kuwait. But we really need to sell these planes to keep the stability in that area. They can't resell them.

K: But they can use them.

R: They can use them but not against people that use them against the Israelis.

K: Why not?

R: They have no intention of doing so. The Shah has told me that he is developing good relationship with both Kuwait and with the Saudis. What they are worried to death about is the trouble being drummed up by Yemen and by the Russians in Yemen and in that general area. Now another aspect of it is, and I don't want to take too much of your time because I know you are busy, but I had in all the heads of the companies doing business in Libya. They are really—their backs are against the wall. What Libya is going to do is knock off one by one and then leap frog over to the Middle East, and the Shah has told me he does not want to raise the price of oil, but that if we _____, then he's got to do it at least back to Libya and back and forth. And all the heads of these companies say we've got to do something to show—to calm this emotional upsurge in the Middle East.

K: But they are always wrong Ken. Every year they have another pet project to calm it, and they are never right.

R: They don't know about this, in fact that's a very minor factor.

K: I agree with you that we should calm emotional upsurge but that's a much more complex—you see, probably we'll approve it, almost certainly we will approve it.

R: Right.

K: But I don't see how when the Israeli Ambassador has requested to see me before the President on the Saudi thing, I don't see how we can on top of it throw the Kuwait thing in without hearing it.

R: Well—

K: I'll see him Saturday.

R: I understand. And we will hold off—I didn't realize that he was going to see you.

K: No, he's got a letter from Mrs. Meir and they are absolutely steaming. Now, we of course aren't going to undo the Saudi thing and we'll almost certainly go ahead with the Kuwaiti thing

R: Right.

K: But we owe them a hearing.

R: I agreed to that. Well, we are in accord.

K: We certainly cannot do it while he's waiting for an appointment with me.

R: I certainly agree.

K: Okay.

R: We are in accord, Henry.

K: Thank you.

R: Okay.

K: Bye.

R: Bye.

90. Memorandum of Conversation¹

Washington, July 2, 1973.

SUBJECT

Saudi Arabian Investment Policies

PARTICIPANTS

Governor Anwar Ali, Saudi Arabian Monetary Agency
William J. Casey, Under Secretary for Economic Affairs
Edson Kempe, Special Assistant to the Under Secretary
Brooks Wrampelmeier, NEA/ARP
William Courtney, EB/IFD/OIA

After initial pleasantries, Governor Ali explained he was in town for meetings at the IMF. In response to Mr. Casey's question, the Governor said he had also had one meeting at the Treasury.

¹ Summary: Governor Anwar Ali of the Saudi Arabian Monetary Agency met with officials from the Department to discuss U.S.-Saudi investment policies and future projects.

Source: National Archives, RG 59, Central Foreign Policy File, 1970–73, FN 9 Saudi Arabia. Confidential. Drafted by Wrampelmeier; cleared by Atherton; approved in E on July 6. Ali also met separately with Dickman on June 27. (Ibid., POL 7 Saudi Arabia)

Mr. Casey recalled his luncheon for Oil Minister Yamani and Deputy Oil Minister Prince Saud last April. He had discussed with them the question of how Saudi Arabia will use its growing financial reserves. Mr. Casey saw the growth of these reserves as an opportunity to do constructive things. However, it will require closer interchange between governments and broader movement of goods and capital. Governor Ali agreed, expressing the hope that a combination of these circumstances would be forthcoming. The Governor continued, saying that he had become acutely conscious of the energy problem only in the last year. The oil reserves of the producing countries are a depletable resource. However, there is lots of new technology available in the consuming countries of the world. Both producing and consuming countries will need to help each other. This can be done if people on both sides keep cool and cooperate.

Mr. Casey observed that in the long run producers and consumers must face together the fact that hydrocarbon energy is a wasting resource. One good thing which the President had done was to refer to the energy situation as a challenge rather than a crisis. The U.S. will continue to expand research and development in such areas as coal gassification, tar sands, and nuclear energy. It would be in Saudi Arabia's interest to stake out now a role in development of these non-hydrocarbon energy resources.

Governor Ali thought the problem is how to convert oil wealth into an on-going economic base. If a country does things for itself with the help of foreign institutions, at least it can expect to move in the right direction in 20–25 years time.

Stressing that he had no inclination toward politics and that his remarks were made only as a modest, humble man, Governor Ali said that it is also necessary to look at the problem as it affects the need to find a reasonable, honorable solution for the Middle East question. Mr. Casey noted that the U.S. is doing what it can to facilitate a peace settlement among the parties to the conflict. However, the U.S. cannot impose a solution on the Middle East. He asked how Governor Ali thought the U.S. might stimulate the parties toward a settlement. Governor Ali said he did not know. However, he felt that if Western governments made clear their acute awareness of the need for an honorable settlement, it would go a long way toward improving the atmosphere for economic cooperation. He felt there is residual good will for the U.S. in the Arab world. The U.S. needs to move now to preserve friendly relations with the Arabs.

Mr. Casey said he understood that Governor Ali believes economic development of Saudi Arabia must also emphasize agricultural development. Governor Ali agreed that this is indeed a major challenge. He believed the Saudi Government needs to give high priority to agricul-

ture including livestock, farming, and fishing in order to halt the flight of population from rural areas into the cities. Saudi Arabia will need the help of institutions like U.S. universities located in regions with climates similar to Saudi Arabia's. Saudi Arabia will also need to develop export-oriented industries. The Kingdom needs a more scientific survey of possibilities for industrial development. It needs to cultivate the cooperation of institutions in the U.S. which are prepared to invest technology and capital in Saudi Arabia. In turn, the Saudi Government would be willing to have a firm financial stake in such institutions. Governor Ali emphasized that the U.S. private sector can and should do much to stimulate Saudi interest in such projects. It cannot simply wait for the Saudi Arabian Government to take such initiatives.

Mr. Casey said that the above parallels very much our own thinking. We have been trying to identify industries like petrochemicals which Saudi Arabia could go into. The U.S. planned to talk further with Saudi Arabia about these possibilities sometime in the summer. Governor Ali indicated he thought this was a good idea. Continuing, Mr. Casey said the U.S. wants not only to help Saudi Arabia find alternative revenue producing industries but also a way in which the U.S. can pay for the oil it will import from Saudi Arabia. He wondered if Saudi Arabia had encountered any problem in contacting American firms about joint venture opportunities. The USG would very much like to help contact firms if that is the Saudi Government's desire.

Mr. Casey said he understood that Governor Ali will be working with John Meyer, former Chairman of the Morgan Guaranty Bank. Mr. Casey knows Mr. Meyer well and considers him a first-class individual. Governor Ali said that nothing has been officially announced as yet but that SAMA is planning to set up a three-man financial advisory board composed of Mr. Meyer and bankers from the UK and Switzerland. He was also thinking of establishing a specialized investment institution so long as one could be devised that is consistent with Saudi tradition and mentality. This institution would stay away from petroleum and petrochemical projects but would invest in other industrial fields.

Mr. Casey said that as he sees it there is a need to create new institutions to handle the flow of money. We need to think very big in terms both of domestic and international institutions. Governor Ali said that he is also thinking of an industrial or development bank for Saudi Arabia. A Saudi agricultural bank has been in existence for several years, but its operations have been hampered by a dispute over the payment of interest. He hopes that Saudi psychological reactions to an industrial bank would be different. There is need for some institution to finance, for example, new cement plants or electric power facili-

ties. He referred to an association with Chase Manhattan Bank and the Industrial Bank of Japan in this connection. However, it may be necessary to rely on a number of institutions. Moreover, there is some thought being given to creation of a multinational banking institution among the Persian Gulf states. This, of course, would be a more modest project compared to a Saudi investment institution. He added that this proposal has not yet been officially discussed.

Mr. Casey said he had been thinking about possible Saudi investment in non-oil energy technology. There is need for the U.S. to find ways to recover the costs of its oil imports while giving to Saudi Arabia a stake in the long-term energy scene. To diversify its economic opportunities, Saudi Arabia needs to be more involved. The Saudis should do more to support development in Africa, for example, by investment in African resources. Governor Ali commented that there has been some thinking about more Saudi aid to LDC's.

Mr. Casey requested the Governor's thinking about the relationship between large currency reserves and international monetary stability. Governor Ali said that this was one of the subjects being discussed at the IMF. He felt that the concept of automatic adjustment makes no sense relative to Middle East oil producers. For such producers adjustment based on the rate of exchange becomes meaningless. He noted favorably a recent speech by Secretary Shultz that the concept of automatic adjustment should not apply to Middle East oil producers but that instead an investment fund should be set up to absorb their surplus reserves. Governor Ali said that in general he agreed with this concept. Saudi thinking, he said, is along reasonable lines. He felt the press has overplayed the potentially disruptive effects of the growth of Saudi Arabian currency reserves.

Mr. Casey said the U.S. attitude is to encourage Saudi Arabia to increase its oil output by helping the Saudis find outlets for their revenues through commercial, financial, and aid channels. Which industrial surveys, he asked, had Saudi Arabia undertaken? Governor Ali was not sure but he thought PETROMIN had done some studies on the use of flared gas for petrochemicals, steel, and aluminum. As for non-hydrocarbon minerals, he felt there is a need to look deeper. More needs to be done in the field of mineral development. Mr. Casey observed that all of those who can afford to do so should be conducting surveys in all the LDC's. Drawing an analogy with the game of marbles, he pointed out that everyone will need to gain something if trade is to continue. The U.S. has always cooperated in the past with Saudi Arabia and can continue to do so in the future.

Governor Ali then asked how Mr. Casey saw things developing in the Persian Gulf. Mr. Casey said he did not see any of the major Gulf states surrendering their independence. He did feel, however,

that there would be a trend towards greater cooperation among them. He asked Governor Ali how he saw relationships in the oil industry developing. Will there be further movement away from government-to-industry discussions on oil matters to direct government-to-government dealings as the producer governments assume more control over their oil resources? Governor Ali said it would be hard to answer that question since the historical background in each country will do much to determine how individual governments reach in each situation. He could not predict how far government control will spread. He felt there is a reasonable chance for stability in the world oil industry but did not believe that the Geneva oil pricing agreements can last. Mr. Casey agreed but said that he did not see how long there can continue to be constantly rising prices for oil.

As the conversation terminated, Mr. Casey remarked that we are now at the point where contacts between the two governments need to be made more often. Some of us, he said, need to go to Saudi Arabia this summer or fall in order to talk with Saudi officials about specific areas of development. Governor Ali indicated he would welcome such visits.

91. **Memorandum From Harold H. Saunders of the National Security Council Staff to the President's Assistant for National Security Affairs (Kissinger)**¹

Washington, July 30, 1973.

SUBJECT

US-Saudi Dialogue: Possible Invitation to Prince Fahd

You are aware of the proposal from Mr. Rush to send a mission to Saudi Arabia [Tab B]. You now have a memo from Peter Flanigan urging that King Faisal be invited on a visit here in late August or September instead. [Tab A]. The purpose of this memo is to propose an alternative to both.

I fully understand your reservations about sending a mission to Saudi Arabia—especially now that Love, Simons, Clements, Casey, Rush and Sisco all see themselves going. At the same time, there is still a strong argument for carrying on serious discussion with key Saudis about a common strategy for the area. We have major interests there and every reason to try to establish a realistic basis for cooperation.

Thus the issue is not whether we should have a political dialogue with the Saudis—but how we can have a rational dialogue without getting bogged down in Faisal's anti-Zionist emotionalism.

Sending the kind of people who are available to Saudi Arabia to talk to King Faisal does not offer great hope of success. We would

¹ Summary: Saunders recommended against proposals from the Departments of State and the Treasury for a high-level economic and political mission to Saudi Arabia, as well as a White House proposal that King Faisal be invited to Washington. Saunders instead proposed inviting Prince Fahd to meet with Kissinger.

Source: National Archives, Nixon Presidential Materials, NSC Files, Box 630, Country Files, Middle East, Saudi Arabia, Volume IV, May-December 31, 1973. Secret; Sensitive; Sent for action. Odeen concurred. Brackets are in the original. Kissinger approved both recommendations. In an attached note, Scowcroft commented: "Unless you are committed to Shultz to send Simon, this is not a bad idea. To my mind, it is the only way we can guarantee maintaining control." Attached at Tabs A and B, but not published, are Flanigan's July 17 memorandum to Kissinger and Rush's July 2 memorandum to Nixon. Attached but not published at Tab C are [*name not declassified*] July 25 and 26 memoranda to Kissinger, relaying messages from Fahd concerning his "frustration" that the U.S. Government never defined "its national requirements for petroleum in the years ahead," and noting that he was "currently giving his personal attention to strengthening U.S.-Saudi relations." In a July 2 memorandum to Kissinger, Scowcroft deprecated a proposed Simon mission: "There is great danger having economic types running around this area unguided when the really important aspects (even of oil) are political." (*Ibid.*, Volume III, September 1 1971–April 1973) Shultz continued to press for an economic mission in an August 13 memorandum to Kissinger. (National Archives, RG 429, Records of the Council on International Economic Policy, 1971–77, Central File, 1972–77, Box 26, 52669–52709, August 7–15, 1973, 52697) Fahd did not visit the United States in 1973.

have to supplement it with a back-channel effort in any case. Sending a person who could speak authoritatively for the President would be productive, but apart from you I don't know who that would be.

Since you are the obvious one to do the job, the alternative to a mission to Saudi Arabia is to find a good Saudi to talk with here. You have indicated your willingness to do this with Yamani, but he is a technocrat with a limited political role.

The two candidates for a visit here are Prince Fahd—Deputy Prime Minister, Interior Minister and the likely successor to Faisal—and Defense Minister Sultan. Both have visited and called on the President in the past four years.

[*less than 1 line not declassified*] Fahd would be interested in coming to the US. In addition to his broad role as Deputy Prime Minister, he is also Chairman of the Supreme Petroleum Council, and he could be invited in connection with the decisions Saudi Arabia is making on future oil production. At the same time, he could have the necessary political talks with you and the President. You will see in the first [*less than 1 line not declassified*] reports at *Tab C* that Fahd is complaining that the US has never as a government approached him to discuss our future oil requirements.

[*3 lines not declassified*] Fahd is the right person to talk to as far as we are concerned both on oil policy and on political issues. His concern is clear from the second of the [*less than 1 line not declassified*] reports at *Tab C*. [*1 line not declassified*] Incidentally, you will recall that Fahd and Sultan were the two the Shah mentioned as the best candidates for cooperation with Iran.

A possible solution to this problem—if you wanted to invite Fahd—would be [*less than 1 line not declassified*] sound Fahd out informally on whether he would accept an invitation and on how we should handle it with Faisal. I know Sisco thinks a Fahd visit would be a good idea, [*1 line not declassified*]. My own recommendation would be to decide in principle that we would receive Fahd [*less than 1 line not declassified*].

The one other point you should have in mind as you make this decision is that Fahd will expect to see the President if he comes. I am reluctant to submit a formal schedule proposal to the President at this preliminary stage, but you will want to consider whether you think the President would see him for 30–45 minutes (with interpretation) if he came.

As I said to you a week ago, there are some important points to be made to the Saudis right now:

—Foremost among them is the point you make—that neither their interests nor ours will be served by their becoming more intimately

involved in the Arab-Israeli dispute. This requires an authoritative statement of what we are trying to do.

—A second is to establish at the highest level our interest in cooperating closely with the Saudis in enhancing the stability of the Peninsula and Gulf. This would be a complement to your talks with the Shah.

—A third is that we are ready to work with them on the economic problems related to increasing oil production.

A visit by Fahd might be a good way to get these points made—and also to lay to rest the idea of a political mission to Saudi Arabia now. There will still be technical economic issues that should be discussed, but those could be handled by a lower level economic mission at the appropriate time.

RECOMMENDATION: That you authorize me to do the following:

1. [*less than 1 line not declassified*] explore with Fahd whether he would come to the US in September or October and how this should be handled with Faisal.

2. Tell Peter Flanigan that we think his idea of a visit here is a good one, but that we think it would be better to have Prince Fahd over in the first instance and are exploring that.

[*1½ lines not declassified*]

92. Intelligence Memorandum Prepared in the Central Intelligence Agency¹

Washington, undated.

Prospects for the Saudi Economy

Saudi Arabia has no economic problems in the usual sense of the term nor is it likely to have any for the foreseeable future. The government is, however, being confronted with the felt need to rethink its development strategy to take account of the extraordinary increase

¹ Summary: The Office of Economic Research prepared a memorandum on the Saudi Arabian economy for the proposed economic mission to Saudi Arabia.

Source: Central Intelligence Agency, ODI/OER Files, Job 80T01315A, Box 34, Folder 4. Confidential. Drafted on September 10. Forwarded by the Director of the CIA's Near East and Africa Branch, Developing Nations Division, Office of Economic Research, to Robert Pelikans, Senior Economic Adviser, Department of the Treasury, under a September 10 covering memorandum.

in Saudi oil production and revenues that have occurred in the past three years.

As recently as 1970 the Saudis felt it necessary to cut back development and defense spending in order to conserve foreign exchange and to accumulate reserves. This concern was short lived. In 1971 oil revenues, boosted by expanding oil output and rising per barrel revenues, rose 69% and in 1972 grew another 42%.

Saudi Oil Revenues

						Million US \$
1967	1968	1969	1970	1971	1972	1973 (<i>est.</i>)
909	927	949	1,150	1,945	2,779	5,200

If present trends continue, Saudi revenues will approach \$8 billion in 1975.

In the changing situation of the last few years the Saudis have not been able to meet even their relatively modest planned spending levels, particularly for economic development. A major factor has been a shortage of skilled workers and managers. But more importantly the idea that massive development spending was both possible and desirable had not yet taken hold in Saudi decision making circles. King Faysal was still concerned with the implications of rapid development on the traditions and character of Saudi society.

This is now changing. The Saudis have increased their budget for the year beginning this past August by almost 70% compared to last year or from \$3.6 billion to \$6.2 billion. While actual spending is certain to fall short of plans the budget clearly indicates a determination to get development spending into high gear.

The Saudis can further increase their spending rapidly by concentrating on capital intensive industrial projects related to petroleum, and by making needed improvements in their defense capabilities. They cannot do this, however, without substantial help from the industrial west and especially the United States. Plans are underway to expand oil production and refining capabilities and to improve the country's transport and communications facilities. Industrial plants that are to be built include a petrochemical plant, a sulphur plant, the second stage of a steel rolling mill, and a flour mill.

Defense spending accounts for nearly a third of the Saudi annual budget. Actual spending for defense has been close to the budgeted levels, reaching \$800 to \$850 million in 1972–73. The rapid increase in defense expenditures reflects the pent up demand caused by years of limited spending. In the last two years construction of land, air, and naval bases has been increased, and since early 1972, Jidda has ordered

almost \$1.1 billion of military equipment and technical assistance, mostly from the United Kingdom, the U.S. and France. Large follow-on orders for naval, air, and ground force materiel seem certain over the next few years.

It is not possible that spending will approach the rapidly rising revenues. There clearly are limits to the country's absorptive capacity. Even under the most generous assumptions, both military and development spending will fall far short of revenues if production increases to 15 million b/d as Aramco planned only a year ago and especially if output reaches 20 million b/d in 1980 as Aramco now hopes. Clearly the economic incentive for the Saudis to go along with Aramco's production plans will have to involve spending outside the country. Actually we believe that for some time it would be difficult for the Saudis to spend at home—even with substantial US help—the revenues generated by the present level of oil production.

93. Telegram From the Embassy in Saudi Arabia to the Department of State¹

Jidda, September 20, 1973, 0850Z.

4065. DOD for ISA. For ASD Ambassador Hill from James Noyes. Subject: Discussions on Saudi Naval Expansion Program (SNEP) September 16–19. Ref: Jidda 3614.

Summary: Noyes team accompanied by Ambassador Thacher made first presentation of latest US proposals for RSNF development to MODA Prince Sultan September 17. US officials stressed that latest proposals would provide SAG with a navy more modern and more

¹ Summary: The Embassy reported on meetings between James Noyes, Deputy Assistant Secretary of Defense for International Security Affairs, and Prince Sultan regarding increased costs for SNEP.

Source: National Archives, RG 59, Central Foreign Policy File, [no film number]. Secret; Immediate. Also sent to the Department of Defense. Repeated Immediate to CNO, USCINCEUR, and CHUSMTM. Telegram 3614 from Jidda, August 22, is *ibid*. Defense Attaché Lt. Col. William Fifer previously informed the Department of Defense of Saudi concerns about increased costs in telegram 288 from Jidda, August 26. (Washington National Records Center, OASD Files: FRC 330–78–0002, Saudi Arabia 092 (15 November 1973)) Sultan announced the budgeting of \$850 million for SNEP on March 15, 1974, according to telegram 1318 from Jidda, March 18. (National Archives, RG 59, Central Foreign Policy File, [no film number]) For material on SNEP, see *Foreign Relations, 1969–1976*, vol. XXIV, Middle East Region and Arabian Peninsula, 1969–1972; Jordan, September 1970, Documents 131 and 138.

effective than that earlier proposed, and within financial guidelines laid down by Prince. In reply, Sultan took up most of the meeting reviewing grievances at what he regarded as shortcomings of US planning support for RSNF; he directed that technical discussions proceed between US and Saudi naval officials, and that entire team meet again with him September 19. Technical discussions achieved relatively little progress due to Commander RSNF lack of naval expertise. At meeting September 19, however, Sultan listened with interest to further outline of US proposals and directed that these be compared to earlier plan and any differences explained and accounted for. He refused to be drawn into discussions of specific points raised by Commander Saja and urged that study be completed as soon as possible for his consideration. He agreed to proposal that RSNF team travel ASAP to Washington. Sultan stressed his desire move quickly in finalizing Saudi naval expansion program and willingness to meet with team, even during Ramadan. Embassy and Noyes team encouraged that Sultan seems ready to listen to further explanations based upon our professional assessment of latest technological developments and RSNF's needs. End summary.

1. DOD team of Deputy Assistant Secretary Noyes, Rear Admiral Gerhard, Captain Coleman and Mr. Hoenig, spent much of September 15 in discussion and review of DOD's SNEP presentation with Ambassador Thacher and EmbOfficers. On September 17, Ambassador Thacher, accompanied by DOD party, made initial presentation to MODA Prince Sultan.

2. Presentation acknowledged that 596 million dollar figure had only been rough estimate and that is preparation had not sufficiently considered extremely recent developments in weapons and technology or considerable impact such developments on cost of navy proposal. Ambassador and team stressed, however, that latest 19-ship package contains most modern weapons, engines, and ship design in the world, and would yield navy possessed of better fire power and even more military effectiveness than under earlier proposals. Cost estimates of latest package, moreover, will be considerably more precise than before. Nothing in latest plan precluded expansion of RSNF shore installations or ship strength if subsequently desired. Offer of lease to Royal Saudi Navy of two USN patrol ships as interim measure made per Deputy Secretary's September 10 letter.

3. Sultan responded by vehemently reiterating grievances and complaints contained in his letter of August 18 (Jidda's 3537). In highly rhetorical style he outlined difficulties he had faced in obtaining Council of Ministers' approval to 596 million dollar naval package; if US negotiators insisted on naval estimates in range of 841 million dollars, he might have no choice but to abdicate personal responsibility for

naval matters. DOD reps could then negotiate directly with higher levels of SAG, or Saudi Arabia might simply have to content itself with a coast guard. Sultan willing, however, to accept some cost adjustments—not to exceed ten percent, or total of 660 million dollars—if shore facilities and installations not put back and if other aspects of former plan are adhered to. Ambassador in reply pointed out that latest US proposals were indeed different from earlier SNEP package, but that end product likely to be even more effective. Sultan continued to emphasize that final naval package should highlight usefulness, effectiveness and modernity of equipment and shore installations. SAG demanded maximum responsiveness from USG within budgetary framework of his latest position (595 million dollars plus ten percent). Saudis seemed interested in DepSec's proposal per Sept 10 letter, but no final action taken.

4. At Sultan's direction September 17 and 18 devoted to technical discussions between Noyes team and reps on Saudi Navy, headed by Commander Saja. Commander clearly lacked technical and linguistic skills to comprehend nature of US proposals. With regard to propulsion units, he continued to favor German diesel "Maybach" engines, despite convincing presentations re merits of gas turbine. He also attached great importance to acquisition of flagship, and undiminished shore facilities.

5. Noyes team returned Jidda evening September 18, and in company of Chargé Horan called upon Prince Sultan September 19. Chargé began presentation by stating that US team felt progress had been achieved in course of frank and forthcoming discussions in Riyadh; USG proposals we believed incorporated most modern and effective concepts of naval weapons, design, and organization. We were confident that after further review with officials of RSNF, final proposals could be drawn up responsive to SAG's needs and His Royal Highness' directives. Chargé added that Mr. Noyes had prepared letter that he wished to leave with HRH and that outlined main points and advantages of US proposal.

6. Sultan listened carefully to reading of letter and announced that he found its contents most satisfactory. As basis for his further review, he then directed that schedule of comparisons be prepared making clear differences between former US proposal and terms of latest one. Differences should be noted, and careful explanation provided as to why latest formulation required, and why it advantageous for RSNF. Shore installations continued to have importance; above all Sultan would never accept any changes that might diminish military capabilities of RSNF.

7. Mr. Noyes assured Prince that review of SNEP caused by price increases would actually result in increasing the modernity and striking power of Saudi Navy. A number of technical points, however, such

as precise costing of weapons and relative merits of turbine/diesel propulsion units required further discussion. This could perhaps best be done with RSNF representatives in Washington. Time was important to US side, moreover, since LOA's due to expire Nov. 30, 1973. Accordingly, Mr. Noyes urged Sultan to despatch team of RSNF officers to Washington ASAP.

8. At this point RSNF Commander Saja interjected complaint that latest US proposals had omitted flagship; Commander believed flagship important because of its relatively greater operating range and depth of radar coverage it could provide for smaller RSNF craft. Saja professed to be unconvinced by US team's claims of operating radius for PG's. To this Mr. Noyes replied that flagship not omitted from US plan, but that its acquisition merely postponed until future date. As to radar, this another technical question that two sides could review in Washington.

9. Sultan refused to address himself to points raised by Commander Saja. He stated that he had no objections to RSNF team of Commander Saja, Commander Rashad and one other officer proceeding immediately to US for further discussions. Sultan's Office Director called in and ordered to make immediate arrangements for such travel through COS. Sultan then stated that he wished all aspects of US proposals to be studied carefully and objectively; when study was complete, DOD team should return with report specifying areas of agreement or disagreement. Sultan shared Mr. Noyes' concern that SNEP review be completed promptly. Prince willing to meet again with team any time, even during Ramadan, so long as this did not involve High Holy Days (approximately October 23–30). Finally, he asked Saja for report on discussions to date with US team so that info could be provided to King Faisal.

10. Prior to departure of Rear Admiral Gerhard September 20, additional background material left with RSNF consisting of (a) cost escalation slides, (b) summary description of new US naval development proposals, (c) program milestones if RSNF accepts Deputy Secretary's offer to lease two PGs.

11. Comment: Sultan ready to listen to further US explanations based upon our professional assessment of latest technological developments and RSNF's needs. We encouraged by practical and realistic tone of his remarks in latest meeting. Prince seems determined to keep his options open and not to allow his subordinates to paint him into a corner. Some hard bargaining probably still lies ahead and a special effort will have to be made in Washington to wean Commander Saja from certain positions he stubbornly adhering to out of pride and naval inexperience.

94. Memorandum of Conversation¹

Washington, September 27, 1973.

SUBJECT

Saudi-U.S. Economic and Political Relations

PARTICIPANTS

H.E. Hisham Nazir, Minister of State and President of the Central Planning Organization, Saudi Arabia

Mr. Mohammed Bakr, Central Planning Organization

Mr. Mansour Badr, Central Planning Organization

The Honorable William E. Simon, Acting Secretary of the Treasury

Mr. Gerald Parsky, Executive Assistant to Secretary Simon

Mr. Francois M. Dickman, Director, Arabian Peninsula Affairs, Department of State

SUMMARY. Nazir affirmed that Saudi Arabia wants to help the U.S. in meeting its energy problem and has the reserves of oil to increase its production substantially. In return, however, Saudi Arabia expects U.S. support for Saudi industrialization to help it create an alternative source of income for the use of non-renewable assets and a more active U.S. role in achieving a Middle East settlement. He reiterated on several occasions that Saudi Arabia's political requirements were just as important as its economic requirements. Secretary Simon indicated that the Saudi position was well understood and probed Nazir's views regarding the possible fielding of a high-level U.S. economic/investment mission to Saudi Arabia to table specific proposals. Nazir welcomed the idea, provided the mission had positive suggestions on the political side as well. Otherwise it would not be very useful. **END SUMMARY.**

After welcoming Minister Nazir to Washington, Secretary Simon said the U.S. places great importance in its relations with Saudi Arabia. He personally was delighted with the appointment of James Akins as our next Ambassador to Saudi Arabia, whom the Minister had met that morning. He hoped that the interest of the U.S. in Saudi Arabia would be reflected during the Minister's talks in Washington. The U.S. shared the Saudi desire for an improvement in the Middle East

¹ Summary: CPO President Nazir met with Acting Secretary of the Treasury Simon to discuss economic development and oil production.

Source: National Archives, RG 59, Central Foreign Policy File, 1970-73, PET 17 U.S.-Saudi Arabia. Confidential. Drafted by Dickman. The meeting took place in Simon's office. According to Nazir's schedule, the meeting took place at 10:35 a.m. (Ibid. POL 7 Saudi Arabia) During this trip to the United States, Nazir also met with Harold Saunders and other members of the NSC, for which see the September 28 memorandum of conversation. (Ibid.)

atmosphere and the importance we attached to this had been demonstrated again most recently by the President in his September 5 statement and by Secretary Kissinger.

Nazir said he wanted at the outset to deliver a message from King Faisal which was that Saudi Arabia was willing within its capabilities to do everything to help the U.S. with its energy problem. The U.S. could depend on Saudi Arabia but it must understand, as the King had indicated on a number of occasions, that it is difficult to continue this friendship if it is not reciprocated by the U.S. in the form of a change of policy in the Middle East. Faisal did not mean just statements; he wanted something positive he could point to.

Nazir felt there had been a misunderstanding about Saudi Arabia's position. He understood some quarters in the U.S. now felt that the Saudis were emphasizing only economic aspects of development as a requirement for increased oil production. This was not so. There had been no change in the Saudi position, and the political side was central to the Saudis as they consider whether to increase oil production.

He had gone to great pains in his speeches in New York, San Francisco and Los Angeles to avoid statements of confrontation. He did not think this would lead anywhere. It was Saudi Arabia's intention to pursue cooperation with the U.S. "to the furthest possible point" and to do it away from the public forum. However, this should not be misinterpreted. Saudi Arabia believed the U.S. needed to take a very active role in the Middle East now because no other country can do so.

Secretary Simon said he believed Saudi Arabia's position was well understood. He welcomed the careful way in which the Minister had presented his points in his speech in New York (before the American-Arab Association of Commerce). Unfortunately, the press could often convey erroneous impressions which portrayed producer-consumer relations in confrontation terms. There had, for example, been articles in the papers that the consumers will band together against the producers. This was not true. It was the intention of consumer countries to settle any differences with the oil producers through diplomatic negotiations.

Nazir remarked that Secretary Shultz in a recent statement in Tokyo had referred to oil producers "swaggering" in their dealings with the U.S. He was not entirely sure what this meant or who it was directed to. Saudi Arabia was not a major U.S. supplier, exporting only 4% of its production to the U.S. Secretary Simon interjected to say that this remark was not directed at Saudi Arabia. It was made during the oil company discussions with Libya and was directed at that situation. He regretted that there had been any misunderstanding.

Nazir continued that if Saudi Arabia were to expand its oil sales to the U.S. to the point where it would hurt the Saudi economy, the

Government must have a legal and economic justification because of its responsibility to its people and the next generations. This required U.S. cooperation in helping Saudi Arabia develop and industrialize in a way which provides new sources of income once oil is depleted. But Saudi cooperation with the U.S. would be difficult unless the U.S. also shows an interest in the "pains and sufferings" of the Middle East. Saudi Arabia could not just develop and stand aloof from the political problems of the area.

Secretary Simon remarked that the U.S. had not remained aloof from the pain and suffering of the world's nations, noting the considerable amount of aid provided over the past 25 years. Regarding the Middle East, he believed the U.S. was prepared to take a fresh look and approach problems in the area with an open mind. He stressed that the U.S. hopes that Saudi Arabia will make investments and hold reserves in a way that achieves its industrial development goals and also promotes international monetary cooperation. Further, he said that the U.S. is seeking to provide the proper climate for sound investment in the United States. He believed the U.S. could play a significant role in helping Saudi Arabia in meeting its objective to industrialize.

Nazir reiterated that he hoped everyone would understand that Saudi objectives for economic development were not more important than arriving at a just solution in the Middle East. He had concentrated on economic development in his meetings in the U.S. because this is his specialty. This did not by any means mean that this was the only aspect. He believed the U.S. can take an active role in achieving a settlement in the Middle East which for the U.S. should be just as important if not more so than issues relating to China, Europe, or elsewhere.

Secretary Simon said he did not believe the Minister would find any misunderstanding on the part of the U.S. The Secretary noted that during the past several months, there had been a number of discussions and papers prepared for a possible economic investment mission to Saudi Arabia which might leave six weeks from now and which he prospectively might lead. The Secretary wanted to take this opportunity to ask the Minister's views whether (a) this mission was a good idea, and (b) the subjects that might be raised by the mission.

The Minister replied that the idea was good provided the mission could achieve positive results. If, however, the mission did not take into consideration political as well as economic issues, it would not be very useful. He observed that Saudi Arabia was in a position different from most LDCs. If it wants technical help from the U.S., it can, as it has done, hire expertise. This is what the Central Planning Organization has done when it employed the services of the Stanford Research Institute in developing the Kingdom's first plan. Where the USG could

play a role is making available technology which Saudi Arabia does not have such as solar energy, desert reclamation, and manpower training. The U.S. had shared its technology with Saudi Arabia for desalting and there were endless technical areas for cooperation. But whatever the U.S. has to offer to Saudi Arabia, the political question will always arise.

Secretary Simon said he hoped there could be some compatibility between economic and political requirements. There was much the U.S. could do for Saudi Arabia and much Saudi Arabia could do for the U.S. Discussions relating to the proposed mission had considered a number of areas such as a tax treaty, tariff adjustments, and investment in securities. The mission would want to make specific proposals, not just broad generalizations.

Nazir replied "wonderful" but it was important not to forget that the mission should also have positive suggestions on the political side because he knew what King Faisal's reaction would be without them. Selling Phantoms or U.S. reiterations of its long-standing relationships with Saudi Arabia will not be enough. Faisal wants some concrete actions by the U.S. on the Arab/Israel issue. Saudi Arabia can defend itself politically, morally and religiously but if radicals continue to extend their influence in the Middle East because of the lack of peace in the area and the U.S. does not try to win over the Arabs, the Free World will suffer and the Communists will benefit. Nazir felt a great social experiment was now underway in Saudi Arabia. The nation was mixing individual endeavor with government support in its development, with the government trying to minimize its role to encourage individual initiative. If this experiment succeeded, it would have an impact throughout the Arab world where other methods of development had been tried and had failed.

Turning to the U.S. energy problem, Secretary Simon said that of all the problems with which the U.S. is confronted, he believed the energy situation was the most solvable. The U.S. was blessed with many resources, and it had the technology to develop alternate resources. The Alaska pipeline should soon get underway, offshore leases for prospecting on the continental shelf will be authorized, gas will be deregulated, and measures taken to develop our large coal resources. He emphasized that the President's energy message was aimed at fostering a vigorous domestic energy industry and that it contained the answers to our problem. He described the message as a blueprint for action that must and will be taken. There is no question that we will depend to an increasing extent on foreign supply for the rest of this decade, but he was optimistic that by following the President's program, the U.S. would be able to solve its energy problems.

Nazir said the Saudi Government had been pleased with President Nixon's April 18 energy statement. Saudi Arabia believed it had enough

oil resources to continue supplying Europe and Japan but if the U.S. came into the picture, with its enormous demands, it would disrupt the Saudi supply picture. Were Saudi Arabia required to up production to 20 million bpd, it would mean depleting its presently known oil resources in 18–20 years. This was not enough time for Saudi Arabia to develop its infrastructure or the industries it will need to replace its depletable resources. Therefore, Saudi Arabia would want the U.S. to find other sources of fuel and would welcome seeing the U.S. return to relative self-sufficiency in energy.

Secretary Simon noted that just as Saudi Arabia was blessed with an abundance of petroleum, the United States also had plentiful natural resources. Also, the U.S. has developed an agricultural expertise which has enabled us to utilize many of these resources. These natural resources will enable us to develop alternate sources of energy to oil which in turn will put us on the road to being self-sufficient in energy. Despite these initiatives, however, Secretary Simon noted that conservation will play an increasingly important role during the next few years. He mentioned that we have undertaken to educate the American people about the necessity to conserve energy, and he felt that these efforts had begun to produce results.

Nazir welcomed this development. The Saudis had been taught to believe that oil was cheap because the cost of production was low. However, if one considers that it is a depletable and non-renewable resource, it is not fair to set a low price. Revenues from oil have to be used to buy imported commodities for the livelihood of the populace and capital goods to develop the economy to establish a substitute for oil as the source of the country's productive wealth.

Nazir concluded by expressing appreciation for his meeting with Secretary Simon and his hospitality. He wanted to emphasize that Saudi Arabia was not trying to threaten the U.S. The Saudis knew the U.S. was a big power and could take over Saudi Arabia any time but he had wanted to make his government's point of view very clear. Secretary Simon said the message was clear, and he assured Minister Nazir that the concerns of Saudi Arabia were being given first priority at the highest levels of our government.

95. Memorandum of Conversation¹

Washington, September 28, 1973.

SUBJECT

Political and Economic Requirements for Growing Saudi Oil Production

PARTICIPANTS

H.E. Hisham Nazir, Minister of State and President of the Central Planning Organization, Saudi Arabia

H.E. Ibrahim al-Sowayel, Ambassador of Saudi Arabia

The Honorable William J. Porter, Under Secretary of State for Political Affairs

Mr. George Bennis, Director, Office of Fuels and Energy

Mr. Francois M. Dickman, Director, Arabian Peninsula Affairs

SUMMARY. Nazir conveyed Saudi Arabia's continued desire to cooperate with the U.S. but the Saudis want this friendship reciprocated by acts and not talk. The Kingdom's oil production is already in excess of revenue requirements. To go beyond present production levels requires economic and political justifications including: (a) U.S. cooperation in Saudi efforts to industrialize and diversify the economy to replace a non-renewable asset; and (b) U.S. policy initiatives to improve the political atmosphere in the Middle East. Ambassador Porter said the U.S. was interested in working with the Saudis to find productive use for their surplus revenues and to improve the atmosphere in the Middle East. The latter, as Ambassador Porter kept pointing out, was very difficult to do without getting a negotiating process started. Nazir argued that U.S. insistence on negotiations while continuing to supply substantial arms, credits, and grants to Israel only froze the situation. This had encouraged Israel's principal political party to pursue annexation policies in newly occupied territories. He hoped for a change in U.S. policy soon; otherwise Saudi Arabia's close ties with the U.S. will become almost untenable. END SUMMARY.

After welcoming the Minister's visit to Washington, Ambassador Porter recalled that he had first visited Saudi Arabia in 1938 and had almost been assigned as Ambassador in 1965. He had not been back to Saudi Arabia for ten years and would like to see its development.

¹ Summary: Under Secretary of State for Political Affairs Porter and CPO President Hisham Nazir discussed the developing economic relationship between the United States and Saudi Arabia and U.S. policy toward the Arab-Israeli dispute.

Source: Washington National Records Center, OASD Files: FRC 330–78–0002, Saudi Arabia (15 November 1973). Confidential. Drafted by Dickman; cleared by Atherton; approved in P on October 9. The meeting took place at the Department of State. According to Nazir's schedule, the meeting took place at 10 a.m. (National Archives, RG 59, Central Foreign Policy File, 1970–73, POL 7 Saudi Arabia)

Ambassador Porter observed that King Faisal had been following balanced economic and political policies in a difficult world. The U.S. has admired Faisal's efforts and his leadership and recognized that it had not been easy for Saudi Arabia to maintain its many Western connections. The U.S. remains seriously interested in maintaining close relations with Saudi Arabia in the economic field and in efforts to reach a settlement of the Arab-Israel issue.

Minister Nazir said he had been instructed to deliver a message from his Government which was that Saudi Arabia also wanted to continue its friendly relations with the U.S. However, it was interested in activating this friendship rather than talking about it. Saudi Arabia was presently producing oil at its maximum capacity and beyond the country's revenue requirements. For Saudi Arabia's oil production to go beyond this level, there must be economic and political justification. The first would mean U.S. cooperation in Saudi Arabia's efforts to build up its infrastructure and industrialize in order to create an alternative source of income for a non-renewable asset. The second would be an improvement in the political atmosphere of the Middle East. By this, Saudi Arabia did not want mere U.S. expressions of intention but active U.S. participation in seeking a solution to the Arab-Israel problem.

Ambassador Porter said that the U.S. Government understood the Saudi position. The U.S. was deeply engaged in trying to establish in the Middle East the kind of atmosphere the Minister had mentioned. This effort has been accorded the highest priority as President Nixon himself had said on September 5 and as Secretary Kissinger had reiterated a few days ago. The U.S., however, has great difficulty in bringing about what is essential for this atmosphere—creating a negotiating situation.

Ambassador Porter observed he had been involved in his years in the Foreign Service in many difficult negotiations including those with the Communists in Paris over Vietnam. Even during the years when the situation looked hopeless, the U.S. had persisted. We had learned from long experience that there is no substitute for negotiations. Without some form of contact, it is impossible to work out anything. In Paris the U.S. had an advantage in that it was a direct participant. In the Arab-Israel matter, it is not. The U.S. cannot work miracles and impose solutions but it will continue to work to bring the parties together to get the negotiating process started. Ambassador Porter added that he had lived 30 years in the Arab world and understood the depth of feeling over the Palestine problem.

Something had to be done to bring it to a satisfactory solution but there was no substitute for bringing the parties together. With the passage of time, changes occur and if there is a constant effort to reach

a solution and a contact between the parties occurs, then patience will pay off. War was no substitute. While it gives whoever is strongest a temporary advantage, a final settlement can only come if there is a solution which meets the legitimate aspirations of both sides and which the younger generation will accept.

With regard to economic relations, Ambassador Porter said the U.S. supports Saudi aspirations to diversify the Kingdom's resources and to use U.S. investment as it desires. We recognize that Saudi Arabia is providing the world with a great resource, and the U.S. Government is encouraging American business firms to see if there are areas of cooperation which are acceptable to Saudi Arabia. Ambassador Porter hoped the Minister's talks in Washington would convince him of the serious attention being given at high levels in the U.S. Government to cooperate with the Saudis to invest their surplus revenues productively. At the same time, the U.S. did not underestimate at all the need to bring about an improvement in the political climate in the Middle East the Minister had mentioned.

Nazir replied that what Ambassador Porter had said about negotiations in terms of political science is correct but in this instance, the circumstances are different. Since there is a victor who continues to receive the support of the U.S. in the form of arms, credits, grants, and other assistance, his position is frozen and negotiations are almost useless. Israel has no incentive to change the situation. In fact, the platform of its principal political party now calls for measures which would result in outright annexation of territories occupied during the June 1967 war. The introduction of the U.S. as a third party in the Arab-Israel question would be useful but there are other things the U.S. could also do to show its intentions. It could end its unrestricted arms supply and economic aid to Israel, for example. By only pushing for a policy of negotiation, the U.S. was supporting the position of the victor.

Ambassador Porter understood and appreciated this frank statement. However, what really was essential was the disposition of the two principals to begin talking. There was no way for the U.S. to move unless this was assured. If there was an indication of a disposition for serious contact, the U.S. would be able to take positive steps to help the negotiations get started and achieve useful results. But it is very difficult to do anything in the absence of assurance that the two parties are going to talk.

Nazir commented that under these circumstances and if U.S. aid to Israel continues, the U.S. in effect is asking the Arabs to accept the annexation of Arab lands by force of arms.

Ambassador Porter replied that the U.S. was not asking the Arabs to do this at all. What we believed in was that contact between both

sides was necessary to have the gradual emergence of a position that could be worked out. The fact that contacts were underway would cause many nations, including the U.S., to review what they could do to encourage further progress in the negotiating process. Getting negotiations going would bring all kinds of useful results outside of the negotiations themselves. We understood it was difficult for Arab leaders to contemplate this but we believed it could be done.

Nazir said he hoped that the U.S. would consider changing its position. Otherwise, it will mean that the situation in the Middle East will remain frozen and Saudi Arabia's close ties with the U.S. will be very difficult to maintain; they will be "almost untenable." Nazir said the point of his mission in Washington was to encourage the U.S. to do what it can in the UN and outside to take an active role. Given Israel's heavy dependence on the U.S. for arms and aid, Saudi Arabia was convinced the U.S. could do more. Saudi Arabia did not see how the U.S. could condone annexation of territory by acts of war; this was not congruent with American aspirations. As friends of the U.S., the Saudis wanted the U.S. to change this impression.

Ambassador Porter said that the impression the Minister referred to had been built up among those who had been hurt but the U.S. had never condoned military aggrandizement. Whenever the latter occurs, it has an unstabilizing effect if it is maintained. But once it occurs, there is no substitute to getting the parties together to try and settle the matter by the force of logic rather than by the force of arms.

Nazir said the purpose of his message had been two-fold: to try and persuade the U.S. to do more on the political aspects of the Middle East problem and to get more U.S. support for Saudi economic development efforts. He wanted to stress that the two were intertwined. Saudi Arabia was embarked on a challenging social experiment to develop its economy and human resources where the private sector played a major role with the government remaining in the background. If this social experiment succeeded, it might be copied by others in the Middle East. Saudi Arabia would be extremely unhappy if the lack of a Middle East settlement would upset Saudi development.

Ambassador Porter replied that all that the Minister had said simply added to U.S. determination to try and bring about something in the Middle East that will unlock the impasse. Meanwhile, we continued to appreciate Saudi restraint in view of the apparent political difficulties. The Minister's views had been clear and valuable, as is Saudi Arabia's friendship for the U.S., and these views will be conveyed throughout the U.S. Government.

96. Memorandum of Conversation¹

Riyadh, November 8, 1973, 10:35–11 p.m.

PARTICIPANTS

Prince Fahd ibn 'Abd al-'Aziz, Second Deputy Prime Minister and Minister of Interior

Dr. Henry A. Kissinger, Secretary of State

James Akins, Ambassador to Saudi Arabia

Peter W. Rodman, NSC Staff

Isa Sabbagh, First Secretary, U.S. Embassy Beirut (Interpreter)

Fahd: I don't want to overburden Your Excellency by taking up more of your time, but I want to express appreciation for your visit.

Kissinger: I want to thank you, Your Highness. I was looking forward to welcoming you to the U.S.

Fahd: I'm very pleased, and still look towards it.

I would like to take this opportunity to express the hope that the friendship between the U.S. and Saudi Arabia which was strong in the past will remain strong.

Kissinger: This is our hope.

Fahd: And these things that have come between us I would like to consider as things that are transitory and not permanent in nature.

And of course I appreciate listening to your explaining so brilliantly to His Majesty the King the difficulties for the U.S. and the particular difficulties that would not be understood by those who do not know the U.S.

And I would assure Your Excellency that I for one will be instrumental among those who will help you on the path you have marked out.

¹ Summary: Kissinger and newly-appointed Ambassador to Saudi Arabia James Akins met with Prince Fahd.

Source: National Archives, Nixon Presidential Materials, NSC Files, Kissinger Office Files, Box 139, Country Files, Saudi Arabia (3). Top Secret; Sensitive; Exclusively Eyes Only. Brackets are in the original. The meeting was held at the Royal Guest House in Riyadh. In a November 21 letter to Fahd, Kissinger also referred to the Arab embargo: "I continue to feel that it will be very difficult for us to be as helpful as we would like in the negotiations ahead if we remain under the threat of a continuing oil boycott." (Ibid., Country Files, Kissinger Trip to Middle East, November 5–10, 1973) Kissinger also met with King Faisal on November 8 to discuss the war. See footnote 2, Document 238, in *Foreign Relations, 1969–1976*, vol. XXXVI, Energy Crisis, 1969–1974. Kissinger returned to Riyadh in December, meeting with both Faisal and Fahd on December 14. For that conversation, see *ibid.*, Document 267.

Kissinger: If this cannot be done, my path will be immeasurably more difficult. Because when the whole atmosphere in the U.S. becomes focused on what will appear as a domestic problem, it will be impossible to mobilize ourselves for a difficult foreign struggle.

Fahd: That's actually what I am saying—that while we feel at ease hearing you outline the steps you have embarked upon, I feel inevitably the results will be good. And we appreciate the fact that things cannot be done overnight and have to be done step-by-step, but expeditiously.

Kissinger: I appreciate your understanding.

Fahd: I'm known for looking at things from a practical point of view, not in the clouds.

Kissinger: That is the only way to get things solved.

Fahd: And now we are beginning to feel in the air, after a long time, the thread of a solution that would be acceptable to the Arabs and Israel.

Kissinger: I have the same sense. A year ago I thought the time was not right; now I feel the time is right.

Fahd: Of course I appreciate that difficulties will be felt by people in Japan and the United States and Europe. But every cloud has a silver lining—the thread has now appeared.

Akins: I want to emphasize one point that the Secretary said to His Majesty—that the present effort did not begin when the war started, but before the war started, and certainly before this boycott. I was with the Secretary in New York and he said specifically that we would make a major effort.

Kissinger: Thank you.

Fahd: I heard that declaration myself and was very impressed.

The first step, as the Secretary said, was easing of relocation of the Third Army.

Kissinger: Right. And it was very difficult.

Fahd: It was very difficult. Because these are exactly the kind of steps that themselves could be used for telling our friends: Look at what the U.S. has done, and the U.S. is willing to do more.

Kissinger: Yes.

Fahd: And we hope that at the peace conference that you mentioned will be the first of next month, a further tangible step will come that will help further.

Kissinger: Inevitably. I'm looking at it from the diplomatic point of view. But please tell His Majesty that if we are to move effectively at the conference, it will help if some easing had already taken place. Otherwise it will get confused in our domestic problem.

Fahd: I appreciate that. I will personally do what I can to bring this about.

Kissinger: It will help tremendously in our common effort.

Fahd: I appreciate that very much.

This is something touching on the situation in Saudi Arabia, and in Iraq and southern Arabia. We have evidence that keeps coming to us—certifiable—that there seems to be a pincer movement around Saudi Arabia and the Gulf. The Chinese from the south, the Soviet Union from Iraq. That is why we anticipate that once this immediate problem is solved, the Communists will contrive something to happen in Saudi Arabia.

Kissinger: That is why it is essential that between the U.S. and Saudi Arabia there be no misunderstanding. You are the principal target. If you isolate yourselves you are losing one of your best supporters. I told His Majesty at dinner that we are prepared to be helpful with respect to the threat from the south. And of course we can cooperate with regard to the threat from the north. Perhaps when Your Highness comes to the United States we can consult further on this.

Fahd: In fact we are in dire need to organize our armed forces—the army, navy, air force—not with any aggressive intent but to defend ourselves.

Kissinger: Exactly.

Fahd: I had intended to talk with President Nixon about our Navy, which is a special problem.

Akins: They have a money problem.

Kissinger: A money problem!

Akins: We told them first that the program would cost \$200 million. Then we said, “Sorry, there’s been a miscalculation. It will cost \$650 million.” Then we said later, “No, it will be \$900 million.” They think we’re not serious.

Kissinger: I don’t have the facts. But we take this very seriously. We intend to strengthen your forces. In fact, we will send our Deputy Secretary of Defense Clements here, who is a great lover of Saudi Arabia. When do you intend to visit the U.S.?

Fahd: When you get a chance to relax. I want to give you a chance to relax first.

Kissinger: That may not be so soon!

Fahd: Seriously, when you sense and I feel that things are moving in the right direction again.

Kissinger: Some time in the next month, then.

Fahd: I don’t want to burden you. I will do my utmost to remove the obstacles to strengthened relations.

Kissinger: I’ll do my utmost to work in the direction and spirit that I have described.

[With warm handshakes, the meeting ended. Secretary Kissinger accompanied the Prince downstairs to the door, where the Foreign Minister was waiting.]

97. Letter From President Nixon to King Faisal of Saudi Arabia¹

Washington, December 28, 1973.

Your Majesty:

I have received from Secretary Kissinger a full report of his trip to the Middle East, of the opening phase of the Geneva Conference, and, in particular, of his most recent meeting with Your Majesty. Based on this report, I continue to believe there is opportunity for progress toward a peace settlement.

As Your Majesty knows, much has already been accomplished. The ceasefire, the six-point agreement, the opening of the Peace Conference, important as they are, are only beginnings. We are committed, as I wrote you, to full support and implementation of the November 1967 Security Council Resolution 242. We have made progress also in developing the basic principles of a disengagement agreement with Egypt, subject, of course, to a number of details still to be worked out and negotiated. Israel has sent its military representatives to Geneva where they are meeting with Egyptian military representatives looking towards an early agreement on the disengagement of forces. We have also arranged for Defense Minister Dayan to come next week to the United States so that we can pursue the full details with him of a disengagement agreement. All of these are solid achievements brought about almost exclusively by United States actions.

I am deeply convinced that our two Nations stand at the threshold of a great turning point in history. We can, if we have the will, bring a new era of peace and prosperity to all the peoples of the Arab world. But should we fail, we will condemn the Middle East to a long and bitter continuation of the conflict which has for too long plagued the area. For my part, I pledge myself to do everything in my power to

¹ Summary: Nixon reviewed the state of Israeli-Arab disengagement negotiations and provided the U.S. position on the Arab oil embargo for King Faisal.

Source: National Archives, Nixon Presidential Materials, NSC Files, Box 761, Presidential Correspondence, 1972-74, Saudi Arabia, Faisal 1972. This letter is also printed in *Foreign Relations, 1969-1976*, vol. XXXVI, Energy Crisis, 1969-1974, Document 274.

ensure that my second term as President will be remembered as the period in which the United States developed a new and productive relationship with the entire Arab world.

I am also convinced, however, that only if the United States continues to play a major and decisive role in the negotiations now underway in Geneva can we hope for any lasting success. But in order to make it possible for me to move decisively it is necessary that the discrimination against the United States, which the oil embargo represents, be brought to an end. Thus, Your Majesty, I must tell you in all frankness that I have noted with dismay the December 25 decision of the Arab oil ministers in Kuwait to increase Arab oil production by ten percent to help meet the needs of Japan and various European countries while continuing the embargo against the United States. This action has put me in a most difficult position since it constitutes a continuation of a policy of discrimination against the United States. You know from our past exchanges that we believe it is essential that the United States be in a position to engage itself in a positive manner free of outside pressures. The activities of the last several months demonstrate clearly and without equivocation the role the United States has played and would intend to play in order to help bring about a just and durable peace agreement in the area. You know the great stress I place on close relations with the Arab world and with Saudi Arabia in particular. However, the clearly discriminatory action of the oil producers can vitiate totally the effective contribution the United States is determined to make in the days ahead. Therefore, I must tell you in candor that it is absolutely essential that the oil embargo and oil production restrictions against the United States be ended immediately.

I have felt free, Your Majesty, to write to you again so frankly because I know from all our recent exchanges of messages, most recently your letter of December 25, that you are as concerned as I am not only with achieving real progress towards peace but also with strengthening the long-standing friendship between our two countries. I am writing to President Sadat in a similar vein since I believe it is important that we all fully understand each other's points of view, particularly since our role may prove to be decisive in the upcoming disengagement talks between Egypt and Israel.

In closing, I would like to express my gratitude for the cordial welcome and hospitality you have extended to Secretary Kissinger and his party on his most recent visit to your great country. He has reiterated to me how much Your Majesty values our continued friendship. I can assure you that this is also our desire, and that we look forward to working closely with you in the year ahead toward a solution of the political, economic and other problems which confront our two peoples. For this reason it is essential that the prevailing difficulties be resolved

promptly so that we can look to a future in which the relationships between our two countries will be reaffirmed and strengthened.

Sincerely,

Richard Nixon

P.S. I look forward to the future time when we may be able to meet again personally for a general discussion—not only of our bilateral situation but of the world situation as well.

98. Telegram From the Department of State to the Embassy in Saudi Arabia¹

Washington, January 24, 1974, 0346Z.

15511. Subj: Letter From President Nixon to King Faisal. Ref: Jidda 379 and 380.

1. You should transmit immediately following letter from the President to King Faisal.

2. Begin text.

Your Majesty:

I was gratified to hear from Ambassador Akins of his long and fruitful audience with you on January 23. It is heartening to me, and a measure of the strength and depth of the friendship between our two countries, that we can exchange views in a spirit of mutual understanding and respect when differences arise between us, and together overcome those differences.

In earlier messages to Your Majesty I have said that events have proven the wisdom of your counsel over the years. My government is now embarked upon and committed to a course of action that can, I am convinced, bring a just and durable peace to the Middle East. The

¹ Summary: The Department transmitted a letter from President Nixon to King Faisal related to Middle East peace negotiations.

Source: Library of Congress, Manuscript Division, Kissinger Papers, Box CL 207, Geopolitical File, Saudi Arabia, January 4–February 6 1974. Secret; Niact Immediate; Cherokee; Nodis. Drafted by Atherton on January 23, and approved by Kissinger. Telegrams 379 from Jidda, January 2, and 380 from Jidda, January 23, are in the National Archives, RG 59, Central Foreign Policy File, P840130–2604 and P840028–2091, respectively. For other correspondence with Saudi Arabian officials regarding the end of the October War, see *Foreign Relations, 1969–1976*, vol. XXXVI, Energy Crisis, 1969–1974, Document 278.

first fruits of that commitment are reflected in the agreement on the disengagement of forces signed last Friday, under which Israeli forces will withdraw into Sinai as a first step toward a final peace settlement in accordance with Security Council Resolutions 338 and 242.

The disengagement of forces provided for in the agreement will begin this Friday and will, I am confident, be completed within the period prescribed in the agreement. In addition, during Secretary Kissinger's last visit to the Middle East we have initiated efforts looking toward parallel progress with respect to the Syrian-Israeli and Jordanian-Israeli aspects of a settlement.

I was pleased to hear from Ambassador Akins of the positive view Your Majesty has taken of these achievements on the road to peace, which are in accordance with our earlier assurances to you. It is a source of satisfaction to me that for your part you intend, as soon as the withdrawal of Israeli forces begins, to initiate contacts with other Arab governments and that a favorable decision on lifting the boycott will then be possible.

I would plan to announce this decision when I deliver my State of the Union message the evening of January 30. This decision by Your Majesty and other Arab governments will accord with our common interests in working for a free, prosperous, and peaceful Middle East. It will have a most favorable impact on the Members of Congress and the American people and will enable the US to continue our efforts in the search for peace with justice. I look forward to remaining in close touch with Your Majesty during the period ahead which I view with new hope for the future of the Middle East and for the future of the relations between our two countries and peoples.

Sincerely Yours,

Richard Nixon

End text.

Kissinger

99. Memorandum From the President's Deputy Assistant for National Security Affairs (Scowcroft) to the President's Assistant for National Security Affairs (Kissinger)¹

Washington, January 28, 1974.

George Shultz said that Hisham Nazer, head of the Saudi Planning Organization and running the oil organization in Yamani's absence, has requested that John Dunlop come over to meet with him. He knows Dunlop well from Dunlop's meetings with him on planning, especially human resource planning, before Dunlop entered the Government. He is requested to come sometime in early March, and Dunlop assumes he wishes to talk about economic planning in general and probably what to do with all the oil money.

Shultz requests your views. I think there are problems with him going, especially prior to the lifting of the embargo and the restoration of production. After that is accomplished, I don't see any particular difficulty.

Let him go _____

No trip _____

Hold off for now _____

¹ Summary: Scowcroft relayed a query from Secretary of the Treasury Shultz to Kissinger regarding a request from Hisham Nazir that labor economist and Director of the Cost of Living Council John T. Dunlop meet with him in Saudi Arabia.

Source: National Archives, Nixon Presidential Materials, NSC Files, Kissinger Office Files, Box 139, Country Files, Middle East, Saudi Arabia (1). Confidential. Kissinger wrote next to the "Let him go" option: "Only after embargo is lifted can we consider trip. Nazer should be so informed."

100. Intelligence Memorandum Prepared in the Central Intelligence Agency

Washington, February 4, 1974.

[Source: Central Intelligence Agency, DI/OCI Files, Job 79B01737A, Box 21, Folder 3, Saudi Arabia and Oil Politics. Secret; *[handling restriction not declassified]*. 13 pages not declassified.]

101. Draft Telegram From the President's Deputy Assistant for National Security Affairs (Scowcroft) and Charles Cooper of the National Security Council Staff to Secretary of State Kissinger¹

Washington, March 1, 1974.

SUBJECT

Saudi Bilateral

Our interest in a bilateral arrangement with the Saudis is different from the Europeans' interest and even from our own interest before Project Independence. With our commitment to Project Independence we are taking steps so that we could import less and less Saudi oil beginning within two years, with perhaps no imports by 1980. Thus while the Europeans want to tie up large amounts of Saudi oil for a long period into the future, our immediate economic interest is concentrated in getting Saudi production up in 1974 and 1975 in order to get prices down (while allowing more oil from the Saudis or elsewhere to reach the U.S. in 1974–5).

Because our short-term economic self-interest in Saudi oil is much less than others, we may be in a unique position to broaden and deepen our economic relationship with the Saudis on a basis of mutual self-interest.

We want to expand our exports to the Saudis and we would like for the Saudis to invest a substantial part of their excess earnings in the U.S. We also hope U.S. companies will continue to handle Saudi oil because their earnings are important to our balance of payments. We and the Saudis share an interest in developing a role for the companies that keeps their production and marketing skills available to the Saudis.

Because it is U.S. policy to keep most economic activity in private hands, we have limited legal authority to engage in a bilateral trading deal—oil for goods. At some point we might want to seek broader

¹ Summary: Cooper submitted for Scowcroft's approval a set of possible items to propose to the Saudis as part of a plan for an expanded bilateral relationship.

Source: Library of Congress, Manuscript Division, Kissinger Papers, Box CL 207, Geopolitical File, Saudi Arabia, February 11–28, 1974. Secret; Sensitive. Cooper forwarded the message to Scowcroft under a February 28 covering memorandum, which indicated that he drafted it, in consultation with Quandt and Bennett, at Kissinger's request in preparation for the Secretary's March 2 meeting with King Faisal. The telegram, sent verbatim as TOHAK 56, March 1, is *ibid.*, March 2–April 27, 1975. This telegram is also printed in *Foreign Relations, 1969–1976*, vol. XXXVI, Energy Crisis, 1969–1974, Document 330. On the expanded relationship with Saudi Arabia, see Document 18.

authority perhaps in the context of an agreement with the Saudis requiring Congressional approval, but at this stage emphasis should be on *initiating an economic dialogue with the Saudis*.

Initially discussions might be held in four general areas.

1. *General economic.* We share with the Saudis the objective of avoiding dangerous pressures on western trading and security arrangements arising from the economic consequences of high oil prices. We can discuss such questions as costs of energy from alternative sources and our own plans under Project Independence. We have our own projections on oil supply/demand/prices which we could share with the Saudis. In short, we can help the Saudis decide what prices are in their long-term interest. (We can also lay a basis for subsequent discussions that might result in a secure role for Saudi oil in the long-term U.S. market despite Project Independence.) We have a major interest in their short-run production plans, particularly in getting production up to their present potential of over 10 million b/d. This area would include discussion of the role of the companies. Bilateral discussion with the Saudis would be a way of ensuring that later multilateral producer/consumer discussions would serve later U.S. and Saudi interests.

2. *Development, technology.* We can offer to be helpful on a government-to-government basis on Saudi development. We can provide experts through AID in most development fields from agriculture and health to petro-chemicals. (Any experts not on AID roles could be contracted through AID.) We can provide assistance in assessing the many offers being made by private firms and other governments. While we do not make investments as a government, we could assist the Saudis in making contact with U.S. investors who would be interested and in working out joint venture arrangements as desired. In view of Saudi income we would expect full reimbursement for development services—but under government-to-government auspices. (The Saudis presumably would not want to appear to be competing with poor developing countries for these resources.)

3. *Saudi investment.* We would like to have the Saudis invest their funds in the U.S. and we are prepared to work out favorable arrangements for them to do so. We could negotiate a favorable tax treaty. But the most interesting areas for discussion are probably new types of U.S. government obligations tied to a mix of currencies, to gold or to some index to avoid loss of real value through inflation. We have never provided such instruments but Treasury has stated it is prepared to try to work something out with the Saudis (we have considerable legal authority). We can also provide guidance on Saudi investments in our private sector. Although we are not set up as a government to be particularly good in this field, government endorsement of certain Saudi investments might give the Saudis more security.

4. *Military supply and training.* We have few legal impediments to expanding our military supply and training arrangements. We can make long-term supply contracts. We would welcome greater Saudi participation in R&D costs of new weapons of interest to them—perhaps in exchange for a premium position on deliveries.

The process of developing an economic bilateral, a framework agreement under which specific agreements in the various fields above would be developed, might be for a U.S. mission including technicians in the various fields, with strong overall policy level leadership, to visit Saudi Arabia in the next couple of weeks for an initial general exploration to be followed up by more intensive negotiations in each field with a target for final agreement on the framework bilateral and several key elements by the end of April.

As our discussions develop, it is possible that we might eventually work out a special deal for Saudi oil to have a place in the future U.S. market despite Project Independence. We have the authority needed to work out a special arrangement to give Saudi oil special exemption from import charges on either crude or, probably more significantly, product. We now have a special relationship with Canada. One may be developed with Venezuela. Something special for the Saudis, despite Project Independence, might be held out as a potential benefit as our relationship deepens. A period in which the Saudis reestablish the position of their crude in our market over the next few months would be a prerequisite to any agreement to assure them possible moderation of Project Independence and share of our future market. This idea raises such a fundamental issue regarding Project Independence that I have not yet raised it with Simon.

The attached list of possible USG actions for discussion with the Saudis was prepared by Treasury last fall in preparation for the Simon mission. Most of these items would fall within one of the general categories outlined previously. They provide some specific examples should you wish to draw on them.

—Some expansion of the supply of U.S. military equipment and training,

—The offer of U.S. government advice on the availability and selection of private firms with which contracts might be signed for technological assistance,

—An offer to work with the Congress to obtain an elimination of the existing duty on methanol imported for fuel purposes into the U.S.,

—An expression of interest in setting up regular procedures for high level government-to-government visits and consultations,

—An offer to consider at the forthcoming world-wide trade negotiations reduction of tariffs on products in which the oil producing countries have an interest,

- A civil aviation agreement,
- An offer to work jointly with the Saudi Arabians on credit and technical assistance projects in various less developed countries,
- Negotiation of a tax treaty which would insure in practice exemption for the maximum possible proportion of direct and indirect Saudi Government portfolio investment in the U.S., together with reduced rates for private Saudi investments in the U.S.,
- An offer to discuss the possibility of devising special U.S. Treasury debt obligations which would be of interest to Saudi authorities,
- Expansion of the U.S. government's commercial representation in Saudi Arabia,
- An offer to facilitate creation of a consultative group which would bring together periodically top level private U.S. and Saudi business and financial executives,
- An offer to enter into an expanded and modernized treaty of friendship, commerce and navigation, and
- An offer by the U.S. government to enter into a direct contract with Saudi authorities for the purchase on the basis of a multi-year commitment of a substantial volume of oil destined primarily, but not necessarily exclusively, for the purpose of building an emergency stockpile of fuels in the U.S.

102. Memorandum of Conversation¹

Riyadh, March 2, 1974.

PARTICIPANTS

Prince Fahd, Deputy Prime Minister, Saudi Arabia
 The Saudi Chief of Royal Protocol

Henry A. Kissinger, Secretary of State
 James Akins, US Ambassador to Saudi Arabia
 Joseph J. Sisco, Under Secretary of State
 Harold H. Saunders, NSC Staff
 Issa Sabbagh, American Interpreter

¹ Summary: Prince Fahd and Kissinger discussed security, the status of Arab-Israeli peace negotiations, and other subjects.

Source: National Archives, Nixon Presidential Materials, NSC Files, Box 1028, Presidential/HAK MemCons, March 1–May 8, 1974. Secret; Nodis. Drafted by Saunders on March 8. The meeting took place at Prince Fahd's Palace. Kissinger stopped in Riyadh as part of his February 26–March 2 shuttle, stopping also in Cairo, Damascus, and Amman. For the records of these meetings, see *Foreign Relations, 1969–1976*, vol. XXVI, Arab-Israeli Dispute, 1974–1976, Document 25–29.

Kissinger: I am very happy to be here again. Your hospitality is overwhelming, and I gain weight every time I come here.

Fahd: I am very pleased that you like coming, even though I am sorry it causes you to put on weight.

Kissinger: I have no will power when it comes to good food.

Fahd: It's normal when one is on the hungry side as you must be on these trips, that one "dives in." I am very pleased to see you in such good health and in our country. I know that your work is most taxing.

Kissinger: One of the advantages of working in this area is that I am dealing with people I like. It is not like negotiating with the North Vietnamese.

Fahd: Thank the Lord for that. We follow the news of your negotiations with great interest. We pray to Almighty God that your health and energy last and that the results of your work will be successful. Of first importance to us is the US-Saudi bilateral relationship.

Kissinger: That is also very important to us and on this trip I want to pay particular attention to this subject. When the embargo is lifted, we hope to be able to exchange missions to discuss the important economic subjects that are so significant a part of our relationship.

Fahd: This is excellent. Our country is developing, and we need technical help.

Kissinger: We have made very extensive studies. We are prepared to discuss very large projects in Saudi Arabia and in the US. Our thought is to create some joint commissions.

Fahd: That is very good.

Kissinger: I hope you can come to the United States on a visit very soon.

Fahd: Thank you. As you know, Saudi Arabia in the past could not afford vast expansion projects. Now we can, and we want to work them out in cooperation with the United States. As you know, the European countries want long-term projects with us but we have declined because we want a close relationship with the US.

Kissinger: We want such a relationship because our security interests are parallel. We both want to keep out the Communists and those dominated by the Communists. We want to help with the domestic stability of our friends. We have always considered Saudi Arabia our natural ally in this area. We are prepared to extend our cooperation further into the security field and to send a military mission here, or you could send a military mission to Washington. But above all, we should plan for 10 years. We can give you whatever technical advice you feel you need.

Fahd: This is very excellent. I agree with the need to exchange missions and to absorb the latest techniques. We are proud of our security program here, but we want the latest techniques.

Kissinger: In the economic field, we are prepared to develop long-term projects and scientific exchanges.

Fahd: This is excellent. Our thinking is that there should be joint capital because both sides will take the projects more seriously. I would like to see Saudi capital invested in the US. The American people would begin to see the fruits of our relationship. I would also like to see American capital invested here for the same reason.

Kissinger: We would be prepared to discuss some protection against inflation when you invest in the US. We have studied how this might be done. At the right moment, you could send an expert to the US or we could send one here.

Fahd: I hope that you have been successful in your visits to Syria and Israel.

Kissinger: You know that they are both very difficult, but we have made progress. Israel will send a representative to Washington in about 10 days, then Syria will send a representative to Washington after that. Then we will begin to shape the negotiations.

Fahd: As long as the first basic steps have been taken, then the next step can be taken over a sure path. No one expects progress overnight.

Kissinger: In November, I told His Majesty that we would make every effort to make progress in Egypt. This is more difficult on the Syrian-Israeli front.

Fahd: I admire your motto: Let action speak.

Kissinger: My Saudi friends have shown great patience.

Fahd: Precisely because our interests are common interests, we can pursue a common goal. I would like to emphasize my own viewpoint—that the Soviet Union and Communist China do not want stability in this area.

Kissinger: The Soviets are very angry with me. I notice that Gromyko is now following me around the area. Now it appears that he is going back to Syria.

Fahd: It is very important to see that the policy of Egypt under President Sadat is consistent with King Faisal's policy.

Kissinger: Yes, that is a great change and a very important one.

Fahd: That is very true. I hope that what also can be achieved is to attract Syria into this group.

Kissinger: Perhaps if disengagement can be achieved in Syria, that can be accomplished.

Fahd: I agree. My opinion is that Asad is a reasonable, moderate man. He is, however, subject to pressures from the Baath Party, from the Soviet Union, and from the Palestinians.

Kissinger: I like him personally well enough, but he is tough.

Fahd: True. I got to know him first when he came here to Saudi Arabia. As he gets to know you better, he becomes more flexible. Of course, we are speaking as friends when I say that sort of thing. We are very much interested in the status of Jordan and of King Hussein. We have heard rumors that the United States is decreasing its support for Jordan.

Kissinger: Some people report that we are no longer interested in King Hussein. Were you referring to that?

Fahd: No.

Kissinger: Those rumors are not true.

Fahd: Of course, every person can have his own interpretation. My view is that if King Hussein left the West Bank, then he would avoid a lot of problems.

Kissinger: You don't think he should negotiate with Israel over the West Bank?

Fahd: Yes, it would be a good thing if he were to negotiate. But there would be a conflict if the Palestinians were also negotiating for the same thing at the same time. But there might be some advantage for King Hussein to step aside from the West Bank for the time being.

Kissinger: Another school of thought is that King Hussein should negotiate with Israel for the return of the West Bank and then turn it over to the Palestinians because Israel will not negotiate with the Palestinians.

Fahd: That would also be good. It is true that the problems of the Palestinians are different. A solution of the problem of the Palestinians would help bring a solution for the whole area. There will be problems in Lebanon. But after all the parties concerned realize that all are working in cooperation, then we can relax.

Kissinger: There was hostility between Egypt and Israel at the start, but now that relationship is working much more smoothly. We hope that eventually Syria can be brought into this process. Maybe it can even happen on the West Bank.

Fahd: Of course. It is natural that when things begin to settle down, progress will begin to emerge.

Kissinger: This is why Syrian disengagement is so important.

Fahd: True. It will cause the Syrians to think more moderately.

Kissinger: Also the Israelis. But I have found even since November that the mood in the area has become more relaxed.

Fahd: That is absolutely true. Your efforts in Egypt have shown that results could be accomplished. This has caused us to relax. We sincerely hope that the problem on the Syrian front will be solved. We are concerned about Iraq and South Yemen. We fear that there is a pincers movement working between them.

Kissinger: That is our view. That is why we must work together. You have our complete support.

Fahd: The Soviets will be concentrating on these two.

Kissinger: They already are. This will be even more true now since the Soviets feel that Egypt is loosening its relationship with the USSR.

Fahd: It is my belief that the Syrians will follow the same course. I got this feeling from Asad and from the Deputy Prime Minister and the Economic Minister from Syria. All expressed a serious desire to get rid of Soviet influence. They want to break away from past practices and settle down to their own development.

Kissinger: I have the impression that they want good relations with the US.

Fahd: Yes. I believe that is a fact. I detect that myself, and they asked me to pass it on.

Kissinger: Whenever you want to pass a message to the Syrians, you can say that the US attaches great importance to the improvement of its relationships with Syria and that on all bilateral matters we will meet them more than half-way.

Fahd: I will particularly mention this. I am going to Syria. I did not want to say anything without having touched base with you.

Kissinger: You would be doing an act of great friendship if you would say this. We will discuss all matters in this context. We agree that Saudi Arabia and Egypt are moving together now in a better way than they have in the past. If Syria could join them, then the Soviets and the radicals would have less influence and they could not achieve so much.

Fahd: Of course, our position and Syria's have been very different in the past. Now, we have several invitations to visit Syria. The last of these was issued to His Majesty during the Algiers Conference. Asad has also extended an invitation to me to visit Syria.

Kissinger: I would appreciate knowing your reactions when you return.

Fahd: Of course, I shall convey them to the Ambassador. I always like to see your Ambassador. We get together often. When our wives are angry with us it is nice to find a friend.

Kissinger: As long as he is not angry with Your Highness.

Fahd: Misery likes company.

Kissinger: We have great confidence in our Ambassador.

Fahd: In San Francisco, at the Fairmont Hotel in the basement there is a place where women are not admitted. Husbands who are peeved at their wives can go there and let steam off.

Kissinger: In Saudi Arabia, women are under very good control.

Fahd: There is not much mixing. Inevitably it is going to happen. It cannot be escaped.

Kissinger: You can delay it.

Fahd: Yes, we can postpone it.

Kissinger: Once you loosen the controls, it is hard to get them back again.

Fahd: I would like to reiterate our warm welcome to you. My confidence and His Majesty's confidence in your efforts to resolve these problems is great. And it is important that we develop our relationship together in the fields of common interests.

Kissinger: Your Highness can count on our continuing our peace efforts. Second, we will have talks as soon as possible on joint projects to strengthen our bilateral relationship. Your Highness is always welcome in Washington for this or any other purpose. Third, we are prepared to coordinate our policy with Saudi Arabia very closely as far as the Arabian Peninsula is concerned. We consider the enemies of Saudi Arabia our own enemies.

Fahd: I was very pleased to hear from Foreign Minister Saqqaf after his meeting with President Nixon and with you in Washington.

Kissinger: If I may say one other thing, we do not want to discuss this in detail, but I do want you to know that President Nixon is under the impression from Saqqaf that at the next meeting of the Arab oil ministers, the embargo will be lifted. For the US it is a question of dignity not to be pressed by our friends. We expect this to happen in the very near future. After that, we can start all of the projects we discussed.

Fahd: I would like to assure you that His Majesty is very interested in "repumping" the oil. Actually this is of moral significance. We see some value to it. This embargo has forestalled those who want to fish in troubled waters.

Kissinger: Now it is a blight on our relationship. If there is another delay in lifting the embargo, there will be a very serious crisis of confidence. Now it is a weapon for the Israelis, not for the Arabs.

Fahd: I hope the petroleum will be repumped as soon as possible because the last few days I have noticed His Majesty is very much interested in this.

Kissinger: This has been a very good talk. Let me renew my invitation for Your Highness to make an early visit to the US.

Fahd: Thank you for extending this invitation again. The person-to-person relationship is very important.

Kissinger: Yes, it is very important because it builds mutual confidence.

103. Memorandum of Conversion¹

Riyadh, March 2, 1974, 4:50–5:50 p.m.

PARTICIPANTS

King Faisal ibn Abd al-Aziz Al Saud
 Umar al-Saqqaf, Minister of State for Foreign Affairs
 Prince Fahd ibn Abd al-Aziz Al Saud, Deputy Prime Minister and Minister of Interior
 Prince Nawwaf, Adviser
 Ibrahim al-Sowayel, Ambassador to the USA
 Dr. Henry A. Kissinger, Secretary of State and Assistant to the President for National Security Affairs
 Ambassador James Akins
 Joseph J. Sisco, Under Secretary of State for Political Affairs
 Winston Lord, Director, Policy Planning Staff
 Alfred L. Atherton, Deputy Assistant Secretary of State, NEA

[Omitted here is material unrelated to U.S.-Saudi Arabia relations.]

King Faisal: Our policy also is identical in that we seek to have cooperation with all like-minded Arabs, our brethren. All reasonable Arabs want what you describe and therefore wish to strengthen the improvement of our relations with the US.

Secretary Kissinger: I had occasion to tell your Foreign Minister that in recognition of His Majesty's leadership we are prepared to coordinate our foreign policy with His Majesty in the Arab world.

King Faisal: Our sincere hope is that we will be cooperating and that we will be standing solidly together looking with the same eye.

Secretary Kissinger: That is our intent. Indeed, I have instructed our Ambassador to begin talks with your Foreign Minister in this sense, especially with respect to the Emirates and the southern part of the peninsula.

King Faisal: We are certainly prepared to do so. At the same time we hope you will succeed in eradicating the problem of the dispute

¹ Summary: Among other topics, King Faisal and Kissinger discussed the formation of an expanded economic and military relationship between the United States and Saudi Arabia.

Source: National Archives, Nixon Presidential Materials, NSC Files, Box 1028, Presidential/HAK MemCons, March 1–May 8, 1974. Secret; Sensitive; Nodis. The meeting took place at King Faisal's Palace. Brackets, except those indicating omitted text, are in the original. Portions of this memorandum related to the Arab oil embargo are printed in *Foreign Relations, 1969–1976*, vol. XXXVI, Energy Crisis, 1969–1974, Document 332. Sisco and Saunders provided Kissinger with a briefing packet on plans for an expanded relationship with Saudi Arabia on March 2. (Library of Congress, Manuscript Division, Kissinger Papers, Box CL 207, Geopolitical File, Saudi Arabia, March 2–April 27, 1974)

between the Arab States and Israel so that that frees us to devote all the time in the pursuit of this objective.

Secretary Kissinger: We will pursue our policy of bringing peace in the area, and simultaneously we are prepared to strengthen our relations with the Kingdom of Saudi Arabia.

King Faisal: We hope and pray to God that as soon as possible He grants success to this endeavor looking toward that goal.

Secretary Kissinger: Indeed we are prepared to begin talking about long-term cooperation in the military field, in the economic field, and in the scientific field, in each of which we would be prepared for substantial cooperation with His Majesty when he thought the time appropriate.

King Faisal: We are fully prepared to move along this path with all our capability.

Secretary Kissinger: I may point out that in the military field we are painfully aware that there have been some delays in dealing with the requests and we will overcome these technical obstacles. We would be willing either to receive a Saudi Arabian military mission or to send a mission here on a substantial program, including the Navy and the Air Force.

King Faisal: Whichever you prefer.

[The King talks briefly to Prince Fahd.]

We would like to see that happen as expeditiously as possible. And for the dialogue to be effective it would be useful if both those things occurred at the same time; you would send people here and we would send them there.

Secretary Kissinger: Why do we not begin, Your Majesty, by setting a date next week through our Embassy and your Foreign Minister.

King Faisal: We are ready any time you want.

Secretary Kissinger: We will instruct our Ambassador in the very near future.

If I may say on a rather delicate thing, Your Majesty, we would not object if Your Majesty transferred some of these weapons to friendly countries, especially Egypt, to reduce Soviet influence there.

King Faisal: The Soviets are not sending to Egypt arms or anything else.

Secretary Kissinger: This is why a way must be found to keep their capability; and we have temporary domestic difficulties so we are looking for alternative routes of supply.

King Faisal: We certainly hope that at the same time relations between Egypt and the US will be such so as to preclude their even needing to say hello to the Soviet Union.

Secretary Kissinger: This is our strong interest. As you know, President Sadat has invited President Nixon and that would be a big step forward. The President has asked me to raise the point that he would not feel at ease coming to the Middle East without paying his respects to His Majesty.

King Faisal: We have no doubt whatever about the sincerity of President Nixon and his friendship toward us. If only these thorns could be removed so that the greatest part of the misunderstanding between the Arabs and the US would be removed. If that happens, I would get on a plane and visit the US myself.

Secretary Kissinger: The President had in mind, on a visit to the Middle East, to call on His Majesty in Saudi Arabia.

King Faisal: We would, of course, be honored if he would do that, but we would not want to impose hardship on the President and also on his safety and prestige at home. What is unfortunate indeed is that even some of our friends join along with these people trying to embarrass the President in the US, aided and abetted by the Communists.

Secretary Kissinger: That is true, but we hope that by May, when he is planning his trip, that he will have overcome his most severe difficulties.

King Faisal: We pray to God that that be so. We sincerely hope that these problems will be solved, and I beseech Almighty God to remove Communism off the chests of the whole world.

Secretary Kissinger: It is an obstacle to peace.

King Faisal: It is an obstacle in the path of peace and progress.

Secretary Kissinger: When the President's plans are more definite, should we be in touch with Your Majesty and propose a visit to the Kingdom?

King Faisal: We have no objection whatsoever. We would welcome it.

Secretary Kissinger: He would plan in May also to visit probably Cairo and Damascus.

King Faisal: We would be delighted and proud.

Secretary Kissinger: Because, as His Majesty knows, President Nixon has a special feeling of friendship and affection for His Majesty and Saudi Arabia.

King Faisal: I have no doubt about the sincerity of the President's feelings, and in fact I knew him for many years, since he was Vice President to Eisenhower.

Secretary Kissinger: Yes, he often speaks of this.

In line with the cooperation I have been describing, we are prepared to send a mission to Saudi Arabia to deal with questions of economic and technical cooperation on a long-range basis.

King Faisal: We will welcome this with the greatest pleasure.

Secretary Kissinger: With Your Majesty's approval, I will instruct Ambassador Akins to begin talks with appropriate officials of your government.

King Faisal: I have no objection.

Secretary Kissinger: Our objective is to work with Your Majesty and to strengthen our friendship on a long-term basis.

King Faisal: These are hopes for whose success we pray.

Secretary Kissinger: We are prepared to transform them into reality in a spirit of friendship and far-sightedness.

King Faisal: These steps are bound to widen and strengthen relations between us.

[Omitted here is material unrelated to U.S.-Saudi Arabia relations.]

104. Telegram From the Department of State to the Embassy in Saudi Arabia¹

Washington, March 6, 1974, 2128Z.

45027. Subject: Joint US-Saudi Economic Commissions. For Ambassador from Secretary.

1. FYI: As follow-up to my talks with King Faisal and Prince Fahd, I believe it is desirable to move rapidly to form joint US-Saudi commissions on cooperation in economic, military/strategic, technical/scientific fields which we discussed in Riyadh. We will want these commissions regardless of whether the embargo is lifted. There are several reasons:

A. We want to draw Saudis into intensive dialogue on approaches to cooperation which will provide them an alternative to the bilateral

¹ Summary: Kissinger provided instructions to Ambassador Akins for the rapid formation of U.S.-Saudi joint commissions.

Source: National Archives, Nixon Presidential Materials, NSC Files, Box 631, Country Files, Middle East, Saudi Arabia, Volume V, January 1–April 1974. Secret; Immediate; Exdis. Drafted by Saunders; cleared by Atherton, Sisco, Schlesinger, and Springsteen; approved by Kissinger. For the record of Kissinger's talks with King Faisal and Prince Fahd, see Documents 102 and 103.

barter arrangements the Europeans are discussing in which technology and help with industrialization are traded for guaranteed oil supply at specified prices.

B. We need to bring US-Saudi relationship closer again and to overcome impression in Saudi minds that US has lost interest in Saudi Arabia and discounts Saudi views.

C. We want to establish framework of consultation within which we can pursue our interest in raising Saudi production in 1974 and 1975 in order to get prices down.

2. Although we want to move quickly toward establishment of these commissions in the next two or three weeks, it is absolutely essential that we not appear over eager. We want to play this that we have studied extensively the proposals for cooperation which the Saudis have made over the past year and, as a result of a number of studies we have completed, we are now prepared in response to Saudi initiatives for discussions in depth on a wide range of possible areas of cooperation. While you are in process of making your first approaches on concept and procedures, we will be pressing further preparatory staff work in Washington. Any additional thoughts you may have will be most welcome. End FYI.

3. You are to approach Saudis promptly at high level to begin discussion of formation of joint US-Saudi commissions as described below to develop closer cooperation in economic, military/strategic and scientific fields. Leave to your discretion whom to approach but suggest that, in light of my talks in Riyadh and my invitation to Prince Fahd to visit Washington, you start with him. Also, most important in view of my personal relationship to keep Saqqaf fully in picture.

4. Following themes should be basic to your presentation:

A. We have deeply appreciated Saudi proposals over past year for closer US-Saudi relationship in economic as well as political-military fields. We now ready to respond to Saudi initiative.

B. US interest is broad one consistent with its global responsibilities. US not talking about simple trade of oil for industrialization or arms which has characterized recent bilateral deals.

C. Purpose of this approach is to broaden and deepen longstanding close US-Saudi relationship.

5. You should explain that we envision formation of three commissions, one in each of fields mentioned para 3 above, and seek Saudi reaction. Each commission on our side would be headed at Deputy Secretary level, but we believe it would be appropriate for each side to designate Cabinet-level individual to guide overall effort. Secretary of State would play this role on US side, and though it up to Saudis, Fahd would seem logical on Saudi side. This should be left entirely to Saudis to decide and we should not press for any particular individual.

6. You may indicate for sake of illustration, that following suggests kinds of subjects we believe each commission could discuss:

A. Commission on Economic Cooperation might establish working groups to deal with such issues as: the industrialization of Saudi Arabia; investment both ways; general management of financial reserves; cooperation in helping LDC's develop new sources of energy; projections on oil supply, demand, prices; reasonable formula for oil pricing over long term; means of protecting against inflation; informal preparation for later producer-consumer discussions; a tax treaty. Objective might be to think about these subjects in 10-year perspective.

B. Commission on science and technology might consider a technical cooperation agreement that would facilitate delivery of reimbursable technical assistance to the Saudi Government and cooperation in helping LDC's develop new sources of energy.

C. Commission on military cooperation would periodically review strategic assumptions underlying US-Saudi cooperation and status of programs to strengthen Saudi military capability.

7. In sum, your objectives at this point are:

A. To get Saudi agreement to concept of three joint commissions;

B. To reach general understanding on approximate scope of each commission's responsibility;

C. To see whether our notion of level of delegations is acceptable to Saudis;

D. To achieve mutual understanding that purpose of Fahd visit will be to crystallize plans for commissions and to develop plan of work for Fahd party in Washington. In this connection, you might explore generally possibility of joint announcement at end of Fahd visit in Washington which could serve as vehicle for negotiating agreed charter for commissions. During Fahd visit, schedule for commission meetings and plans for preparatory work could be developed.

E. To reflect flexibility on our part as to how we and Saudis proceed. Thus, in Secretary's message to Saqqaf at end of latest Middle East trip, he indicated our willingness to send or receive high-level military mission, or to send or receive comprehensive mission in military, economic and technical/scientific fields, as way of getting process started. Fahd visit would clearly fit into latter category. Point is that none of these are mutually exclusive. Any or all could constitute beginning of dialogue preparatory to establishment of joint commissions discussed above.

8. Apart from above, you may inform Prince Sultan that revised letters of offer for the Saudi navy are being forwarded and preparations are being made to undertake the requested Air Force and Signal Corps surveys.

Kissinger

105. Telegram From the Embassy in Saudi Arabia to the Department of State¹

Jidda, March 11, 1974, 1153Z.

1192. For Secretary from Ambassador. Subject: Joint US-Saudi Economic Commissions: Saudi Enthusiasm. Ref: (A) State 45017 (B) Manila 2788 (C) State 48042.

Summary: Ambassador briefed Saudi officials Saturday, March 10, and Sunday, March 11, on our ideas about a new U.S.-Saudi relationship. The reaction was uniformly enthusiastic. Saudi consensus was that Prince Fahd should head the Saudi team. The Saudis have not yet decided whether the Fahd trip to the U.S. should proceed or follow a visit by U.S. team to Saudi Arabia. All agreed, however that the first step should take place very soon. All also agreed that the matter must be kept secret until it is announced officially and simultaneously in Washington and Riyadh. End summary.

1. I saw Zaki Yamani in Jidda evening of March 8 (reftel 1137) and informed him of our proposals for joint U.S.-Saudi commissions. Isa Sabbagh and I saw Royal Advisor Rashad Pharaon evening of March 9 and discussed the same matter with him. He gave a full report the same evening to King Faisal. Sabbagh and I met the following morning (March 10) for an hour and a half with Prince Musa'id and Mohammad aba al Khail, (Minister and Deputy Minister of Finance); with Prince Sultan (Minister of Defense) also for an hour and half; with Hisham Nazer (Minister of Planning) for two hours; and we spent the evening with Kamal Adham, the King's Intelligence Advisor. Musa'id and Sultan had been briefed fully by Rashad Pharaon, both on the proposal and on the King's reaction to it.

2. All the Saudis were enthusiastic; indeed they were as close to euphoria as I could imagine them to be. There was no need for any "hard sale" although I made little effort to conceal my own enthusiasm. All the Saudis called this initiative the news they had been expecting for 25 years. All said that the U.S. has finally recognized the importance of its interests in the Arab world; all said that the U.S. and Arab

¹ Summary: The Embassy discussed the Saudi response to the joint commission proposal outlined in telegram 45027 to Jidda, March 6. (Document 104)

Source: National Archives, Nixon Presidential Materials, NSC Files, Box 631, Country Files, Middle East, Saudi Arabia, Volume V, January 1, 1974–April 1974. Secret; Niact Immediate; Exdis. Published from a copy that was received in the White House Situation Room. Reference telegrams A and C were not found. Telegram 2788 from Manila, March 10, is in the National Archives, RG 59, Central Foreign Policy File, P740141–1164.

economies would be so closely entwined that there could be no turning back and all wanted to move forward as rapidly as possible.

3. I was not able to see Prince Fahd (Minister of Interior) who was in the desert on his annual spring mission to the tribes, but he passed word to me that I should speak to Sultan as I would to him and Sultan would then see him. Fahd said he would be back in Riyadh by the end of the week and would wish to see me then.

4. Rashad Pharaon called the proposal “a new and clean chapter in U.S.-Arab relations”. He told us on March 10 by phone that the King was greatly pleased by the idea and he said he wished to thank Secretary Kissinger and particularly President Nixon whose “indelible imprint” is on the proposal. The King hoped that this effort at Saudi-American cooperation would quickly lead to a broader Arab-American cooperation and to a just and durable peace in the Middle East.

5. Ahamd Zaki Yamani said he was looking forward to returning to Saudi Arabia and working with me and his colleagues on the details of the proposal. He will go first to the Arab Oil Ministers’ meeting in Tripoli then to OPEC meeting in Vienna, and should be back in Saudi Arabia by March 20.

6. Prince Musa’id spoke at length and eloquently about the restoration of American position in the Middle East. He said the proposal was important but the spirit behind it was more important. He said not only he and the Royal family but “all thinking persons in the Arab world will consider this to be a new chapter in Arab-American relations. It’s a golden opportunity for the advancement of peace in the Middle East, for the Arab cause and for American global interest. It must not be lost.”

7. Prince Sultan, who had been fully briefed by Rashad Pharaon about the message and about the King’s reaction to it, said that this effort was exactly what he and Prince Fahd had urged for years.

8. Fahd said he spoke at length about the transformation in U.S. policy brought about by “our friend, Dr. Kissinger, whose brilliance is matched only by his mobility”. He hoped other Arab countries could be included in our proposal; “it shouldn’t just be the United States and Saudi Arabia but the United States and the Arabs.” He added “if the United States and Saudi Arabia work together we can transform the Arab world; We can build a bulwark against Communism and subversion that can never be torn down”. Sultan, like all the others, thought only Fahd could lead the effort on the Saudi side. He added “I’ll let you in on a secret; Fahd is already second most important man in the country and he will be our next leader.” He said that Fahd’s taking charge of this effort would serve a double purpose: It would strengthen his prestige in Saudi Arabia and in the Arab world, and it would assure its success.

9. Hisham Nazer listened with great attention to the explanation of the proposal and then said "its good. It's finally happened. You've come to your senses." Although it is difficult to judge degrees of great enthusiasm, I would say that Hisham Nazer was the strongest and most eloquent in his praise of the idea. He reminded me that he had studied in the U.S.; had the reputation of being pro-American but was bitterly disappointed by the American action in October 1973. He had told me earlier that he had resolved never to go back to the States. "Now this is all changed," he said several times that "if this project goes through we will have no need for the French or the British or the Japanese. The United States can do everything. This is exactly what I have always wanted."

10. I told Nazir that we had no intention of displacing all foreign influence in the country. This probably would not be good for the Saudis or for us, but we did think we could do a better job in development of Saudi Arabia than could any country or combination of countries.

11. The reaction of Sayyid Omar Saqqaf, (Minister of State for Foreign Affairs) from Manila (ref Manila 2788) was what I feared it would be. He is peeved that this initiative took place during his absence. We certainly don't want him lobbying against the effort and I hope my two messages (ref Jidda 1123 and ref Jidda 1175) will calm him somewhat. If the Secretary has not sent him a similar personal message, I again urge that this be done. I will see Saqqaf immediately on his return to Saudi Arabia March 20, tell him how important, indeed how essential will be his assistance in making the joint effort succeed.

12. The oil boycott in the U.S. was rarely mentioned in the conversations. It was raised by the Saudis occasionally but they were embarrassed to do so, and their references were always accompanied by assurances that the boycott shall be lifted immediately. They reminded me that Saudi Arabia had long favored lifting the boycott; they hoped the other Arab countries could soon be brought around.

13. I mentioned to each of the Saudis that we were not pushing for oil barter deals and we still opposed them in principle. In any case, our oil import needs will start dropping soon. I said I did not, by this, wish to imply any underestimation of the importance of Saudi Arabia. We knew very well that Saudi Arabia would play the major role in energy supplies and world finance in the next 20 years; and it was not only important but logical for it to work closely with the U.S.

14. I point out to all the Saudis that our proposal was not a disinterested, altruistic one. We expected to benefit by raising Saudi and Arab standards of living and we expected our industry to benefit directly and indirectly through cooperative efforts. All agreed this was a sound basis for a joint approach. Hisham Nazer said particularly that this

type of arrangement was superior to our aid to Europe after the war and to our current aid to Israel and the LDC's. He said gifts only arouse envy, they win no friends. He said that the mutually beneficial arrangement we are proposing is not insulting or degrading for the Arabs, that they know America will profit from this association with Saudi Arabia and they are sure its interest in the Middle East will thereby be kept alive and strengthened.

Akins

106. Telegram From the Embassy in Saudi Arabia to the Department of State¹

Jidda, March 25, 1974, 0620Z.

1472. Subject: US-Saudi Cooperation: Prince Fahd Hopes to Visit US in May. Ref: (A) State 45027; (B) Jidda 1192; (C) Jidda 1471.

Summary: During meeting with Ambassador Akins on March 21, Minister of Interior Prince Fahd said that both King Faisal and he were strongly in favor of proposed new US-Saudi economic/technological/military cooperation (ref A). Fahd's official duties would not permit him to leave Saudi Arabia during April, but in May he hoped to head a team (to include MinPet Yamani, Head of Central Planning Hisham Nazer, and MinState for Finance Aba al-Khail) to Washington to establish form and content of three joint commissions. Because of his concern that such an important project might be marred by premature or controversial leak, Fahd considering whether project could be unveiled soon via simultaneous announcements in Washington and Riyadh. Prince does not plan to brief SAG's Arab friends until time of announcement or very shortly before. He would like to know if we are going to give advance briefings to our European allies and others. He would welcome a visit by US experts to consider projects under joint commissions after (but not before) his own visit to US. End summary.

¹ Summary: The Embassy reported on additional conversations with Prince Fahd regarding the implementation of the joint commissions and raised the possibility of a Saudi visit, perhaps by Fahd, to Washington.

Source: National Archives, Nixon Presidential Materials, NSC Files, Box 631, Country Files, Middle East, Saudi Arabia, Volume V, January 1–April 1974. Secret; Immediate; Exdis. Telegram 1471 from Jidda, March 25, is in the National Archives, RG 59, Central Foreign Policy File, D740063–0462. Telegram 45027 to Jidda and telegram 1192 from Jidda are Documents 104 and 105, respectively.

1. During meeting with Minister of Interior Prince Fahd on March 21, Ambassador Akins (who accompanied by DCM) said that upon receiving Secretary Kissinger's instructions to propose to Saudis formation of joint US-Saudi economic commissions, he had hoped to bring this information to attention of Prince, before discussing it with others in SAG. Because Prince had been unavailable, Ambassador had at Prince's direction, passed info to Prince Sultan and Royal Advisor Rashad Pharaon. Ambassador assumed they had fully informed Prince about our proposals (ref B).

2. Prince said he had received a written report on joint commissions and extensive oral briefings on them as well. He was happy to express his own gratification at US proposals, and could assure Ambassador King Faisal felt the same. Prince noted political relations between US and Saudi Arabia were excellent and would doubtlessly remain so. He was pleased, however, USG moving to further consolidate these good relations by strengthening economic and military ties between the two governments. Links we suggested could be of great importance to Saudi Arabia's own development. They would also ensure a more even-handed US attitude toward the Middle East. Americans would see how a just policy toward Arab world was in their own material self-interest.

3. Prince Fahd wanted to move forward on US-Saudi economic commissions as rapidly as possible. It was his and King's belief that he should travel to United States as head of high-ranking delegation to define scope and content of various projects. Among advisors in Prince's retinue would be Minister of Petroleum Yamani, Minister for Planning Hisham Nazer, and Minister of State for Finance Mohammed Aba al-Khail.

4. Prince had hoped dates for US visit could be quickly established and that he could leave for US "very soon." For a number of reasons, however, it now did not appear that he could plan on departing for US before May. Prince said that Arab radicals most displeased with Saudi Arabian position on oil boycott, and therefore security situation re oil facilities might deserve special scrutiny in coming weeks. Prince added there other matters "both great and small" on which King Faisal also wished to have his advice during April.

5. Fahd said that because of great importance and sensitivity SAG attached to US proposals, knowledge of these proposals has been confined to small circle of the highest decision-makers. Prince believed information secure in Saudi hands but added "you can never tell." He earnestly hoped that such an important and promising initiative would not get off to a bad start by some premature disclosure. Accordingly, for Ambassador's private information, Prince said he had suggested to King Faisal that he and Ambassador work out simultaneous

announcement of joint commissions in US and Riyadh. His visit to US in May would then give added momentum to project.

6. In response to Ambassador's suggestion that it might be useful for team of US experts to travel to Saudi Arabia to work with Saudi officials for selecting and defining projects, Fahd said he preferred that next visit be by him to US. This would start project off with maximum momentum and visibility; therefore, he would welcome assistance of US experts during a follow-up visit to Saudi Arabia. Fahd said he would in next few days give Ambassador his (and King's) final views on an early joint announcement.

7. In response to Ambassador's question whether Saudis would brief their Arab friends in advance of joint announcement about US-Saudi economic commissions, Prince believed—again because of his concern for a tendentious leak—this would not be done. Instead, Saudi Arabia's Arab friends would receive a briefing simultaneously with announcement, or perhaps a very short time before. Fahd asked if US planned to brief Japan or its European allies about proposals. The Ambassador said he did not know what we wished to do, but if we did wish to brief our allies we would inform the Saudis in advance. He asked that the Saudis inform us if they decided to inform any other Arabs.

8. Comment: Throughout the meeting with Ambassador, Fahd showed the same decisive manner that he had in his immediately preceding remarks about Saudi Arabia's political future (ref C). If in fact Fahd moves in some manner during month of April to further assert his primacy (after the King) in SAG's policies, the significance and potential of his visit to US in May could be even greater than envisaged.

9. Action requested: Department's views on a Fahd visit to US in (early) May, and on a joint announcement to take place soon on US-Saudi project.

Akins

107. Telegram From the Embassy in Saudi Arabia to the Department of State¹

Jidda, April 10, 1974, 1500Z.

1876. For Sisco and Atherton. Subject: Possible Change in Power Structure in Saudi Arabia.

Summary: In contrast even with his behavior in recent years, King Faisal is becoming less flexible, more withdrawn from pragmatic daily decision making, and obsessed to the point of mania with the Zionist-Communist menace. At the same time, Prince Fahd, the powerful and well-positioned Minister of Interior, is showing unaccustomed assertiveness and self-confidence and we perceive increasing evidence of support for him within the Saudi governmental apparatus. [1 line not declassified] has said to the Ambassador that Fahd was now the "second man in the country" and "would be the next King." The passage of power from King Faisal to Prince Fahd—because of the King's death or growing incapacity—could be accomplished with a minimum of political drama. Crown Prince Khalid would not effectively block Fahd either in a practical or constitutional sense. Under Fahd's direction of Saudi affairs, U.S. interests would enjoy security and privileged status. [7 lines not declassified]. End summary.

1. This message is highly speculative, hence the restricted distribution, but I think the time has come to try to tie together some of the indications we've received lately about a possible change in the power structure in Saudi Arabia. I do not wish to suggest that a palace coup is imminent, merely that we could see a reduction of the real royal power and a significant increase in the power and stature of Fahd.

2. Faisal's decline

Faisal has never been an easy person to work with but he has been intelligent and usually pragmatic. Recently however his growing inflexibility has become a topic of conversation and concern among high-ranking Saudis. [10 lines not declassified]

3. [1 line not declassified] would like to change the Saudi visa policy dramatically, and eliminate entirely the religious requirement for entering the country. They say they have raised this with the King who adamantly refused to consider it. He is apparently refusing the admis-

¹ Summary: The Embassy predicted the trajectory of Saudi decision making as King Faisal declined.

Source: National Archives, RG 59, Central Foreign Policy Files, P850076-2202. Secret; Nodis.

sion of Joe Kraft. He now considers this a personal issue and will not change his mind.

4. The King also seems to be becoming even more religious as his age increases and his arteries harden. He no longer wants Saudis to study abroad: they can get all of their education in Saudi Arabia except possibly graduate study. He feels that they are corrupted by life in the West and they return to the Kingdom having strayed from the rigid tenets of Islam. He favors increased education in the Kingdom and its industrialization but he insists that the “old values” remain unchanged.

5. The King’s obsession with Zionism and Communism is well known but it seems to be getting far worse. The first Kissinger visit included the obligatory Zionist-Communist conspiracy speech. The King seems to have concluded that the point was made and he omitted it from the second Kissinger visit, but in the third visit we had to hear it again. Parker Hart, former Ambassador here, was recently in Riyadh (he is now a Vice President of Bechtel) and asked to see the King. The King was able to rearrange his schedule to see him and devoted the entire 45-minute meeting to this theme. Mr. Hart has told me that he and members of the King’s entourage tried to change the subject, and talk about industrialization of Saudi Arabia or other economic subjects but they never succeeded in doing so. Hart left the audience with no other subject having been touched. The obsession has now reached the point where Arab leaders, who had previously been spared the speech, are being subjected to it. Muhammad Ahmad Noman (Special Advisor to Yemeni President Iriani) told me April 9 that he had that day spent an hour with the King. Almost all of the time, he said, was devoted to the King’s exposition of his “mother-daughter, daughter-mother” theme, i.e. that Communism is the daughter (or mother) of Zionism.

6. Faisal makes a miserable impression on those he sees now. Saqqaf and other advisors have managed to keep all newsmen away from him. I should think it unlikely that he will give many more interviews. They cannot however keep Heads of State or Foreign Ministers from meeting him. They’re embarrassed by the meetings and they realize that nothing positive comes out of them; indeed that definite harm is done the country. Yet Faisal is still the absolute ruler and if he says something is or is not to be done, and then refuses to discuss the subject, his wishes will certainly be carried out. It is still a rare official or Minister who will openly disobey the King, although I suspect there will be increasing cases of orders being forgotten.

7. Nonetheless we have heard no one speaking openly against King Faisal. Indeed, almost all meetings we have with Saudis where the King is discussed are prefaced with praise of his wisdom and ability. But Saudis are beginning to talk openly—or at least with me—about the succession, about the King’s health, about his rigidity and his imperfect understanding of the changing world.

8. Fahd's rise

Then, to complete the picture, we find Fahd showing an unaccustomed assertiveness and confidence in discussing Saudi Arabia's constitutional and political development. There was no question moreover that he should lead the Saudi side in bilateral talks with the United States on our new cooperative arrangements. He controls one of the most powerful Ministries (Interior) in the country and his brother Sultan is Minister of Defense. Other full brothers are in positions of great authority in the country. And even non-Sudairry Princes and commoners [*less than 1 line not declassified*] are speaking much more favorably of him. Still more significant is the fact that Kamal Adham (the King's brother-in-law) who previously had nothing but disdain for Fahd; and Omar Saqqaf and Zaki Yamani, whose power derives exclusively from Faisal, have also recently praised Fahd to me.

9. [*name not declassified*] told me recently that Fahd was the second man in the country and would be the next King. This is the first instance we know of where a top Saudi [*name not declassified*] has spoken to a foreigner about the succession; it is certainly the first time we know of where Fahd's succession was predicted without qualification.

10. The rumors of a change in power have become even more intense recently, with reports that at recent Cabinet meetings Fahd took control and ran the meetings, with the King saying little or nothing. We aren't sure how accurate these reports are but they are circulating in both Riyadh and Jidda. Possibly as an extension of these general rumors are more specific ones that Fahd is about to assume the Prime Ministry or the Ministry of Foreign Affairs—portfolios currently held by Faisal.

11. The Crown Prince

In meetings with foreigners and other Arab visitors, Crown Prince Khalid communicates an impression of irrelevance that matches that of the King. His range of interest appears confined to horses, falcons, Saudi Arabia's vanishing wildlife and (*in extenso*) his open-heart operation in Cleveland in 1972. Whether the transfer of power from Faisal to Fahd would involve a constitutional change in the order of succession or simply involve Fahd's practical dominance of affairs is uncertain. I do not believe, however, Prince Khalid can become either a political figure in his own right, or even a point around which other elements of the royal family (who perhaps do not fully support Prince Fahd) can effectively unite.

12. Effect on the United States

The United States would have very little to fear by such a change in power, at least not initially. Fahd is very well disposed to the United States; he looks on us as the guarantor of the monarchy and therefore

of the family in Saudi Arabia and we could expect even more advantages in the country than the very considerable ones we enjoy with Faisal as King. But Fahd at the helm would not be an unmixed blessing. Fahd is no ascetic. His life style is already considerably grander than that of Faisal. [7 lines not declassified]

13. [1 paragraph (10½ lines) not declassified]

14. I've had long talks with [name not declassified] about corruption in the country and the effect it will have. (The Embassy is preparing a full report on the subject.) [name not declassified] has told me that he has discussed the corruption problem with [name not declassified], but they feel powerless to stop or even contain it. Corruption, without a doubt, is a major and growing problem and we're going to have to decide soon what, if anything, we can do about it. It will be more difficult to act when Fahd comes to power.

15. The only force that might oppose a Fahd move, I suppose, would be Abdulla and his National Guard but they are not now and not likely soon to be a match for the forces under the Sudairy brothers. And even those tied most closely to Faisal, even his sons, must know that there's no hope for his improvement; that as he ages his rigidity will grow, that his obsessions will become even deeper and that the country could become paralyzed.

16. We seem at times to appear to believe that the King's obsession with the liberation of Jerusalem is his alone. This could lead us quickly to the false conclusion that with his removal from power, in fact if not in name, an Arab accommodation to Israel's current demands about Jerusalem would be made easier. It is absolutely clear however that any ruler of the two holy cities of the Hejaz will have an obligation toward the third, Jerusalem. This would apply to any member of the house of Saud and to any commoner who might overthrow it. And we should never underestimate the importance of Jerusalem to all Arabs, Muslim and Christian, and to non-Arab Muslims. But what might be possible if Faisal were less completely in control would be a compromise on the city, a joint sovereignty or a joint responsibility for the whole rpt whole city of Jerusalem, or perhaps under some circumstances, for just the old city and its eastern suburbs. As long as Faisal is in complete control probably all we will hear from Riyadh on Jerusalem will be a demand for the return to the status quo ante 1967.

17. Conclusion

There is probably very little we can or should do to preserve the full powers of Faisal or to encourage the rise of Fahd. No matter what happens we will probably be blamed for any change but this should not cause us great difficulties. There will be massive support for the winner. The family has an acute sense of self-preservation and the change, if it comes, will probably not be dramatic, just a gradual shift

of power to Fahd. The change could even be to our long-term interests [6 lines not declassified]. We should have time to adjust to any new ruler and, with luck, should be able to exert some positive influence on him.

Akins

108. Memorandum from Director of Central Intelligence Colby to the President's Assistant for National Security Affairs (Kissinger)¹

Washington, April 24, 1974.

SUBJECT

Study Report on US-Saudi Joint Cooperation

1. As a member of the ad hoc Special Committee established by NSSM 198 to supervise the drafting of an "initial study" concerning joint US-Saudi cooperation, I have reviewed the report on this subject produced by the Interdepartmental Group chaired by Under Secretary Sisco. My comments follow.

2. The study report submitted by the Interdepartmental Working Group appears to be an essentially sound approach to intensifying our overall relationship with Saudi Arabia. Its objectives, however, will not be easy to achieve and there will be many difficult problems ahead.

3. The following would appear to be the major substantive problem areas:

a. *The concept of simultaneously intensifying bilateral relationships with Saudi Arabia, Iran and Egypt and encouraging them, at the same time, to solidify their own triangular relationships is certainly sound. A working coalition between these key regional states and the US could stabilize the Middle East political and economic situation and is also consistent with Israel's interests. An ever-present danger is that, because each of the regional states harbors suspicions and jealousies of the other two,*

¹ Summary: Colby provided comments on NSSM 198 and the potential problems of a substantially widened U.S.-Saudi relationship.

Source: Washington National Records Center, OASD Files: FRC 330-78-0011, Saudi Arabia 1974. Secret; [handling restriction not declassified]. Hoskinson forwarded the memorandum to Schlesinger under an April 25 covering memorandum, on which Wickham wrote: "Suggest show to Mr. Clements." A note on the memorandum reads: "Sec Def has seen." NSSM 198 is Document 18.

an aggressive individual US bilateral approach could jeopardize attainment of the final multilateral goal of regional stability. Thus, it is important, for instance, that our actions not be interpreted as an attempt to split off Saudi Arabia from the other Arab states. Likewise, our initiatives with Iran must be construed in a way that will create confidence in the Arab countries that we are seeking regional stability *and not building up Iran to dominate the Arabs*. And finally, of course, the Cairo relationship must not weaken the still fragile Cairo-Riyadh axis around which the mainstream of major Arab policies is beginning to develop.

b. There are already some indications that Saudi expectations about the fruits of the new cooperative relationship may create some problems. In the security area, for instance, the Saudis appear to be focussed primarily on military supply rather than a broader dialogue aimed at first developing a shared conceptual outlook to identify on a rational basis the points where our national security interests coincide, and followed by efforts to develop specific integrated policies. Likewise, in the economic field the Saudis may be interested in some large investments causing problems to the US. These, of course, are natural start-up problems in an exercise like this, but we will need to be attentive to them.

c. A related problem is that the *Saudi bureaucracy* and top-level decision-making apparatus is already suffering acute *indigestion from the flood of ideas, proposals and plans that they are being forced to evaluate*. At best we can expect that our new initiatives will strain to their limits the very thin crust of competent Saudi technocrats and civil servants and in some areas they are likely to be overwhelmed. Added to this is the fact that the Saudis are not attuned to doing business in a systematic and bureaucratically formalized way and may, therefore, have considerable trouble adjusting to the joint commission-working group approach. Thus the success of the exercise *will depend in part on the patience and sympathy* with which it is implemented.

d. Our initiatives will have substantial impact on the Saudi Arabian internal political scene. The Saudis have interpreted even our opening gestures as being an offer by the most powerful and technologically advanced society in the world to be an equal partner in tackling some of their most difficult political and economic problems. The idea makes them a bit dizzy. Moreover, because of the importance they attach to this development, it is setting in motion significant forces within the Saudi power structure. *Prince Fahd's hand, for example, has been strengthened* and a struggle is on within the inner circle for inclusion in Fahd's Washington trip team. Those chosen will be regarded as having won the first important round in a contest among the present Faysal team to see who will be tabbed to carry over and play big roles

under the next generation of leadership. This points up the importance of noting the impact which our plans will have on the Saudi domestic political scene.

e. In the economic field a key element will be how our efforts are tuned to Saudi preferences for ways of doing business. The middleman/commission agent is a well developed institution in the Middle East who cannot be eliminated from business transactions simply on the grounds that they may be making some money in ways that strict Western definition might regard as "corrupt." The primary criteria for these and related activities is their effectiveness in promoting US business interests and their acceptability to the Saudis. Otherwise the paternalistic role of defining for the Saudis, without their agreement, what is "right" and "wrong" would cause difficulty. These "middlemen" may act as promoters of US business or, if opposed, have a certain capacity to sabotage our efforts in both the trade and investment fields.

f. The relatively mild European reaction to our opening moves toward greater cooperation with Saudi Arabia may be misleading. A combination of preoccupation with other developments—Pompidou's death, and EC problems, for instance—and adroit US diplomacy no doubt took some of the sting out of the initial European reaction. Once, however, the full extent of our plans becomes known, there could be a higher European price to pay in terms of future European attitudes when the issue of bilateralism versus multilateralism comes up again. The closest possible continuing consultation with the Europeans can help offset this kind of reaction but not entirely dispel it.

4. On the procedural side, the following comments are offered:

a. [1 paragraph (14 lines) not declassified]

b. The intelligence community can also make analytical contributions to other joint commissions. It may in fact be worth considering the participation of the National Intelligence Officer for Economic Affairs in the annual deliberations of the Economic Commission. At the working group level, the economic expertise of CIA's Office of Economic Research should be of considerable value. Several steps have already been taken to tune our collection and analytical efforts to the requirements generated by this new approach to Saudi Arabia.

c. The structural pattern of setting up joint working groups to operate in the period between annual sessions of the joint commissions may not be feasible in all cases. Qualified Saudi personnel who can do business this way will not be available in many cases; we will have to be prepared to share most of the burden in between annual sessions. Setting up one high level US official to coordinate and oversee our contributions is wise and necessary to avoid bureaucratic confusion.

d. [1 paragraph (7 lines) not declassified]

W.E. Colby

109. Memorandum of Conversation¹

Washington, June 5, 1974, 5:15 p.m.

SUBJECT

Call by the Secretary of State on Prince Fahd of Saudi Arabia

PARTICIPANTS

His Royal Highness Prince Fahd ibn Abd al-Aziz al Saud, Second Deputy Prime Minister

His Excellency Mohamed Ibrahim Masoud, Deputy Minister of Foreign Affairs
His Excellency Ibrahim Al-Sowayel, Ambassador of Saudi Arabia

The Secretary

Joseph J. Sisco, Under Secretary for Political Affairs

Sidney Sober, Acting Assistant Secretary, NEA

Isa Sabbagh, Interpreter

The Secretary called on Prince Fahd for the first conversation of Prince Fahd's official visit to Washington.

Secretary Kissinger: I think the work we do here in the next several days can be of considerable significance. We can't treat you here as well as you were able to take care of us in Saudi Arabia, but we will do the best we can.

Prince Fahd: Whatever we Saudis can do—our generosity—is incumbent on us to do for our friends. We have witnessed only warmth here. Transcending that, we feel ourselves among friends. I felt it from the moment the plane landed.

Secretary Kissinger: Even with Sisco there?

Prince Fahd: He is an old friend.

Secretary Kissinger: I told Asad that Sisco was trying to take my job. It made him a hero in their eyes.

Prince Fahd: Not many people would like to be in Dr. Kissinger's job. You have had difficult work.

Secretary Kissinger: But it is very exciting to have a chance to help bring peace to the Middle East. I wanted to tell His Royal Highness how much we appreciated the great contribution by His Majesty to our efforts.

¹ Summary: Kissinger met with Prince Fahd upon the latter's arrival in Washington. Source: Library of Congress, Manuscript Division, Kissinger Papers, Box CL 207, Geopolitical File, Saudi Arabia, April 30–June 5, 1974. Secret; Nodis. Drafted by Sober. The meeting took place at Blair House. Fahd visited Washington June 5–7. The Department's prepared briefing papers for the visit focused on establishing the new economic and strategic relationship with Saudi Arabia. (National Archives, Nixon Presidential Materials, NSC Files, Box 937, VIP visits, Visit of Prince Fahd June 6–7, 1974 [2 of 3])

Prince Fahd: There is no doubt we have a reciprocity of feelings with our friends in America. We feel the need to look for something beneficial in the area. Now we have seen first steps.

Secretary Kissinger: The first Arab leader I spoke to on this matter was your Foreign Minister, at the UN. He asked me, even before the war, to get involved. I said I would, but I didn't then know how quickly it would be.

Prince Fahd: No doubt what happened expedited the process.

Secretary Kissinger: No doubt. What happened was not possible without the war.

Prince Fahd: The obstacles ahead will require even greater efforts. I urge you to walk steadily ahead with firm steps.

Secretary Kissinger: I agree. That's our intention. We are determined to keep moving.

Prince Fahd: I was very pleased to hear statements by President Asad and his Foreign Minister. The counter-efforts in Syria to what you are trying to do were very powerful.

Secretary Kissinger: That's right. I believe the USSR and maybe Iraq, and also Libya, pursued a negative role.

Prince Fahd: Of course those elements would do their utmost to whip up people and try to cause Dr. Kissinger to fail. But other Arab leaders did just the opposite.

Secretary Kissinger: That's clear to us. We know Saudi Arabia exercised a very beneficial influence.

Prince Fahd: I mentioned that general subject to Secretary Rogers. Sisco was present. When President Sadat took over he showed an intention to turn over a new role. But circumstances didn't permit.

Secretary Kissinger: We didn't understand Sadat correctly. And conditions in Israel were not right. Your visit here can be of great significance. It can help establish good relations between the United States and the Arab states broadly. We are beginning a similar process with Egypt, one step behind Saudi Arabia. In time, we will do the same with Syria and Algeria.

Prince Fahd: Dr. Kissinger knows conditions in Syria and Egypt are different—more complicated in Syria. In Syria, for example, there are a recognized Communist Party, Palestinians, Baathists who favor Iraq, and Qadafi's entrance into the picture by supporting elements against peace. I believe the recent step in Syria has strong support, and that Asad can find support for future steps. But we can't forget that other elements will try to keep Asad from this golden opportunity.

We in Saudi Arabia feel strongly that the Soviet Union is trying a pincer movement around us and the Gulf. There is Iraq in the north;

in the south, South Yemen. One indication is that they are receiving Soviet arms far beyond their needs. What for? It is foolish to say Iraq is arming only against Iran; therefore, it must be against Saudi Arabia and the Gulf. Iraq realizes it can't do anything if Saudi Arabia is strong. We sense from our Arab brethren their desire to get closer to Saudi Arabia because we have no designs on them. Even Kuwait, which tries to emphasize its self-sufficiency, turns to Saudi Arabia at the first sign of a threat. My conviction is the stronger Saudi Arabia is, the more it can contribute to stability in the region.

Secretary Kissinger: It is our firm view that a strong Saudi Arabia is in the interest of the United States and will contribute to peace and stability in the area. The United States would never be indifferent to any threat to the Kingdom from the north or the south. We look with favor on Saudi Arabia's playing a stabilizing role in the Gulf. We count on it to play that role. In your meetings at the Defense Department tomorrow, you will find your requests are well received. If not, let me know. There are no problems—(jocularly) except Sisco's normal problems.

Prince Fahd: I am very pleased to hear this from Dr. Kissinger.

Secretary Kissinger: I have instructed my associates. Your visit is of signal importance, not only to the United States but to our relations with the entire Arab world. I am sure you will find the President expressing the same sentiments. As you are our oldest friend in the Arab world, it is right that we should make our first new special effort with Saudi Arabia. It can be an example to all other Arab countries as well.

Prince Fahd: It is very pleasing to Saudi Arabia to hear this. It will give me double pleasure to convey this to King Faisal.

Back to the Gulf: we in Saudi Arabia have no desire to expand our own area, in the Gulf or elsewhere. That's why our Gulf brethren are at ease. We have no thought of aggressing against anyone, nor of using arms against anyone. Rather it is our intent to bring about stability. When Iraq or others realize Saudi Arabia is strong, they will think twice.

Secretary Kissinger: We have confidence in the stabilizing role of the Kingdom. We have no hesitation in meeting its needs.

Prince Fahd: It is nowhere in our policy that we will aggress. We need stability in the area. Iraq may want to swallow up Kuwait, or open the way to external Communists; we have no such desire. I will mention one incident. Two days after Iraq attacked Kuwait, South Yemen sent planes to bomb Saudi Arabia. We concluded they wanted tension in Saudi Arabia, and in the south, so that we would be unable to help Kuwait in the north. King Faisal realized that the South Yemen action was intended as a diversion to take attention away from Iraq.

He therefore ordered that we not pay too much attention to the South Yemeni bombing raids because we did not want to satisfy Iraq.

Secretary Kissinger: As I told His Majesty, we want to work in the closest cooperation with the Kingdom on South Yemen policy.

Prince Fahd: There is no doubt we should stay in constant touch on matters of bilateral interest and on Arab matters.

Secretary Kissinger: Is His Highness pleased with the program we have arranged for him here?

Prince Fahd: Yes, it is excellent.

Secretary Kissinger: If His Highness permits, I will plan to call on him Friday afternoon at 5:00 p.m. to review where we stand. I hope His Highness will allow me to accompany him to the plane as he departs. We will also have a chance to meet in his call on the President, in our general meeting, and at dinner.

Prince Fahd: I am very thankful. My visit here stems from a mutual desire to see how our interests can be strengthened.

Secretary Kissinger: At this moment, I have in my office all the people working on your visit to insure they don't drown you in paper. If you feel a need to make any change in the program here, let me know.

Prince Fahd: We should review our military and civil interests. The main point in the visit is that we should come up with good tangible results in our common interest.

Secretary Kissinger: That is exactly our intention.

Prince Fahd: I am very pleased to meet you once more. I sincerely believe the Saudi people, and I hope the American people, look forward to something good from this visit. I am glad to meet the "man of the hour." It is so unusual to meet a person of such stamina and ability.

Secretary Kissinger: It is a special pleasure for me to deal with the Arab people.

Prince Fahd: We have a saying about there being one Man in a Century, with a sense of justice and inexhaustible energy. I wish great success to the man who has crowned a spell of intensive effort with a happy wedding. We have a saying that a wife can be of tremendous help to her husband.

Secretary Kissinger: The Ambassador has invited wives to his dinner. My wife is looking forward to the occasion.

The meeting ended with some more social talk on the subject of wives.

110. Memorandum of Conversation¹

Washington, June 6, 1974, 10 a.m.

PARTICIPANTS

The President

Secretary of State Henry A. Kissinger

His Royal Highness Prince Fahd ibn Abd al-Aziz Al Saud, Second Deputy Prime Minister and Minister of the Interior

His Excellency Ibrahim Al-Sowayel, Ambassador of Saudi Arabia

Prince Fahd expressed greetings to the President and stated how greatly he and the Saudi leadership looked forward to the President's forthcoming trip. He further expressed his congratulations to the President and to Secretary Kissinger for their successful efforts in the Middle East.

The President stated how much he looked forward to his first visit to Saudi Arabia. It had been necessary to cancel an earlier visit planned for 1967. The President recalled that his friendship for the Saudis went back 20 years to the Eisenhower Administration when the President attended a dinner at the Saudi Arabian Embassy for King Saud (1957). The President expressed his judgment that King Faisal was one of the wisest leaders in the world because the scope of his concerns went beyond purely domestic and bilateral issues to problems of the Middle East and indeed the world. The President expressed his appreciation for Saudi support during the difficult negotiations of the past months. He added how important it would be that Saudi Arabia play a key role in the Persian Gulf in the future in view of the instability of new governments in that area. The President stated that he particularly looked forward to receiving King Faisal's views on the Gulf States. For the moment, however, the President was pleased at the opportunity presented by Prince Fahd's visit to explore with the Departments of Defense, Treasury and State the outlines that had been sketched by Secretary Kissinger for bilateral cooperation. The President expressed the view that our Cabinet officials would listen to Saudi interests with deep sympathy. *Secretary Kissinger* stated his willingness to cut through bureaucratic obstacles to avoid their impeding the cooperation.

¹ Summary: President Nixon and Kissinger met with Prince Fahd. Nixon told the Prince that Saudi Arabia would play a key role in the Persian Gulf in the future in view of the instability of new governments in that area.

Source: Ford Library, National Security Adviser, Memoranda of Conversations, Box 4, Nixon Administration. Secret; Sensitive. The meeting took place in the Oval Office.

The President emphasized how important a role was to be played by a stable Saudi Arabia in building a permanent peace in the area. The President stated that his sentiments and attitude of support for Saudi Arabia were a product of his respect for the Saudi leadership and King Faisal in particular and their leadership in the area. He expressed the view "oil can not hold people together but friendship and respect can." He concluded by saying that his attitude towards Saudi Arabia and toward the Saudi people was based on friendship and respect.

Prince Fahd agreed with the President's statement and noted that US-Saudi friendship went back to a time long before oil became a major issue. Prince Fahd stressed that friendship and mutual interests with the United States would be the basis for Saudi Arabian foreign policy. He said that this was true not because of the benefits it would bring but as a correct end in itself. Prince Fahd stated that his country had always admired the US position. He added further that King Faisal had promised that US-Saudi relations would always develop on solid ground. He expressed the further viewpoint that had King Faisal's judgment been followed in the Arab world between 1960 and 1967 that things might have turned out differently. *The President* noted that while he had not been in office he believed that previous Presidents had acted with good faith. Prince Fahd stressed that Saudi antagonism to communism had been correct from the start and that it had failed because the Saudi people abhorred communism. Further, the Saudi system of government is based upon as broad a base as possible and operates under the precept that the government's authority should derive from the consent of the governed.

Prince Fahd stated that his directive from King Faisal was to make clear that the King intended for the U.S.-Saudi relationship to be based on mutual relations regardless of the winds which may be blowing; that currently friendship was being broadened at the highest level and that already the two countries are embarking on important innovations.

He added further that the King had spared no effort with Secretary Kissinger in order to bring out new and beneficial things in our bilateral relations.

With regard to the Gulf States, *Prince Fahd* stated that Saudi policy is clear. Friendship with the people of the Gulf States and their government is cherished; Saudi Arabia harbors nothing against them but seeks only peace, stability and progress as they develop. He added that occasional difficulty had arisen as a result of the shenanigans launched from the south and north. He believed that prevention represented the best approach and that the best prescription was a strong Saudi Arabia, in order that potential opponents would recognize that they had to deal seriously with Saudi Arabia. The Saudi army needs to be suffi-

ciently strong to defend itself and its friends outside the country. It is the King's intention to keep the army well-equipped with what it needs, but never to use it as an aggressive force. Saudi Arabia is not looking for conquest; she is looking for respect. The Prince stated that if Saudi Arabia were strong it would be respected, but that if it were a jelly fish then others would go around it. He expressed his personal conviction that in Washington, Saudi requirements, both military and civilian, would be met.

With regard to the President's visit, *Prince Fahd* made clear that it was considered an important event which King Faisal and the government very much anticipated.

The President reiterated that his relationship with Saudi Arabia had its origin many years ago and that his respect for the people in the area was well-known. The President expressed regret that he was unable to visit Saudi Arabia in 1967 when he had been required to stop his travel in Morocco when the war broke out. He recalled the meeting with King Faisal in the late '60's, however, before his election to the Presidency. He particularly appreciated that occasion since it had no official meaning and was not required.

The President referred to his speech (Naval Academy Commencement Address) in which he described what détente meant and what it did not mean. He referred to King Faisal's strong aversion to Communism and stated that the United States agreed completely. He added that when it came to the internal affairs of the Soviet Union, however, that we had very little latitude for changing that. Similarly, the United States would take a strong stand on the right of all countries, as for example Saudi Arabia, to maintain their own systems without outside interference from anyone. *The President* stressed that détente did not mean a privileged sanctuary in Communist states, and open hunting in non-Communist states, but rather that it provided a basis for dialogue in order to avoid nuclear conflict. The President made clear that the United States would defend the right of nations to maintain their independence from outside aggression over or under their borders.

Secretary Kissinger stated that it was in this spirit that the United States had agreed to work against Communist pressure from both South Yemen and Iraq. The United States was developing an action program which should absorb some of South Yemen's energies within that country. *Prince Fahd* expressed his pleasure at these remarks and stated that it was good to know that the Saudis and Americans would be working together, not only for each other, but for the peace and welfare of all people in the area. Prince Fahd then stated that he did not wish to delay the President by overextending the meeting. *The President* noted that a number of Congressmen had been invited to lunch in order that the closeness of U.S.-Saudi relations would be made

clear within the Congress. There would be an opportunity for toasts and for press coverage with pictures. *Prince Fahd* replied that it was a doubly good omen to have the opportunity to see the President twice in one day. The President confirmed that Prince Fahd would be in Jidda during his trip. *Secretary Kissinger* noted that knowing of Saudi hospitality he understood what was in store for the President. *Prince Fahd* closed by saying that when friends come they bring new life and quoted a Saudi proverb: "When you are in our house we are the guests and the visitor is the host."

111. Memorandum of Conversation¹

Washington, June 6, 1974, 11:30 a.m.

SUBJECT

United States-Saudi Arabian Cooperation

PARTICIPANTS

The Secretary
 Treasury Secretary Simon
 Commerce Secretary Dent
 Deputy Defense Secretary Clements
 Under Secretary for Political Affairs Sisco
 Under Secretary of Treasury Bennett
 Treasury Assistant Secretary Parsky
 Assistant Secretary Atherton, NEA
 Ambassador James Akins
 Assistant Secretary Enders, EB
 Deputy Assistant Secretary of Defense for ISA Jordan
 Deputy Assistant Secretary of Defense Noyes
 Harold Saunders, NSC
 Samuel Hoskinson, National Intelligence Officer
 Country Director for Arabian Peninsula Affairs Dickman
 Isa Sabbagh, Interpreter
 His Royal Highness Prince Fahd bin Abd al-Aziz
 Ambassador Ibrahim Sowayel

¹ Summary: Kissinger, Simon, Clements, and others met with Fahd, Yamani, and Nazir to discuss the need for a new relationship between the United States and Arab states beyond the Arab-Israeli dispute.

Source: Library of Congress, Manuscript Division, Kissinger Papers, Box CL 208, Geopolitical File, Saudi Arabia, June 6–August 9, 1974. Secret; Sensitive. Drafted by Dickman. The meeting took place in the Secretary's conference room at the Department of State.

Ahmad Zaki Yamani, Petroleum Minister
Muhammad Aba al Khail, Minister of State for Financial Affairs
Hisham Nazer, Planning Minister
Muhammad Mas'ud, Deputy Minister of Foreign Affairs
Ghazi al Kosaibi, Legal Advisor
Dr. Ibrahim Obaid, Advisor to Minister Yamani
Mr. Mansour Badr, Advisor to Minister Nazer
Mr. Mahmoud Malhas, Advisor to Prince Fahd
Mr. Mohamed Hujaili, Advisor
Mr. Hamad Sayari, Advisor to Minister Aba al Khayl

Kissinger: Your Royal Highness, it is a great satisfaction for me and my colleagues to welcome you here and to have this first working session on Saudi-United States cooperation. I have had the privilege of visiting Saudi Arabia four times. One cannot visit your country without developing a deep personal affection and without becoming convinced of the feeling of friendship which we want to reciprocate. We believe the last six months have marked a turning point in United States relations in the Middle East. We have taken seriously the advice of our friends which was offered for many years. We recognize that the United States has special responsibilities to contribute to peace in the area. We believe that an important first step has been taken but we want to assure His Royal Highness and His Majesty, King Faisal, that we will continue this course of action.

In this context, we believe there is a need for a new relationship between the United States and Arab states that will go beyond the Arab-Israel problem. This relationship should concern itself with how to maintain peace in the area and set an example for other countries in the area. For this reason, all my colleagues and I and the President consider it appropriate that we start with Saudi Arabia in view of the long and friendly relations which we have had with your country. This new relationship can be significant because the principles and practices that we develop together can set examples for similar commissions we set up in other Arab nations.

As Your Royal Highness knows, we have announced that we are going to have a joint commission with Egypt and we are discussing one with Algeria and Syria. We look forward to a new era of cooperation with the Arab nations and the United States. We are therefore happy that the first detailed discussion for joint cooperation should take place between the United States and Saudi Arabia. Now before moving to more concrete topics, I wonder if His Royal Highness has any comments.

Fahd: I want to thank Dr. Kissinger for his apt remarks and full explanation of the purposes of this cooperation. I want to echo his remarks of our desire for close relations with the United States. It is particularly apt that a new chapter in relations is being envisioned

between the United States and the Arab world. It should be a shining and glorious one.

With reference to relations between the United States and the Arab world over the last few years, being marked with stagnation, this has not been true as far as bilateral United States-Saudi relations are concerned. We were following amical and sound relations with the United States before. We believe the whole Arab world will come to realize that Saudi Arabia was moving in the right direction and that it will come to recognize that this policy will have realized a good purpose.

We greatly appreciate your untiring efforts which you have spent in bringing about a disengagement between Egypt and Israel and Syria and Israel. We believe the untiring efforts of Dr. Kissinger will be proven in history to have been of great benefit to the entire world and for peace in general. Although we appreciate the fact that from here on, there are bound to be difficulties in achieving further progress, we do not think these will be insurmountable if wisdom and patience is applied.

As to the invitation to come to the United States and meet with the President and the Secretary of State, I would like to express my appreciation and to say that we come with the spirit of wanting to develop our relations in a way that will be beneficial to both our countries. I consider our meeting today not as an ordinary meeting for negotiation—not the kind of adversary relationship the Secretary is used to and where he has to pull here and pull there—(laughter) but where we come in the spirit of friendship.

Kissinger: I appreciate your kind remarks about the progress of negotiations but I would like to point out that the road to Syria was opened by His Majesty's government during my first visit to Saudi Arabia and during my discussions with the Syrians, I could detect the quiet and subtle influence of His Majesty's government on these discussions.

The spirit of friendship that His Royal Highness described has animated our attitude. We are approaching a common problem. We will seek a common solution. As the President said to His Royal Highness this morning, if projects tend to be stifled by bureaucracy, the President hopes that His Highness will deal directly with him or with me. I would like to tell His Royal Highness that in coming from a much more ancient civilization than our own, that he will have to be patient with our peculiarities. One of these peculiarities is that each agency of the United States government has a small Political Science Department (laughter) dedicated to the proposition that the only ones who know what is better for others are Americans (more laughter).

We have attempted to eliminate these political science discussions from the Department—but if you run into officials who think they

know Saudi Arabia's interests better than you do, please let us know and we will try to straighten this out.

You will be meeting separately with the Secretary of Defense and the Secretary of Treasury on security and economic cooperation. Do not let the Defense Department sell you an aircraft carrier (laughter). With your permission, we might discuss our general approach and the details we would like to take up at these two meetings. With respect to defense cooperation, we have had the privilege of an exchange of views on a number of occasions. The basic attitude of the United States is that we consider the security of Saudi Arabia as central to the security of the Middle East and especially of the Persian Gulf area. The United States considers that a strong Saudi Arabia presents a threat to no one but can be of benefit to area stability. Therefore, I am confident that you will find great receptivity in responding to what is needed for your internal security as well as defense.

We believe that a strong Saudi Arabia can exercise a beneficial influence on the small principalities in the Persian Gulf. We will be prepared to present to Your Royal Highness a strategic analysis of the threats which we may both face in the area during your visit and during the President's visit. The United States will certainly never be indifferent to pressure that may be exerted on the Kingdom from the north or the south. I would like to repeat what I already had the opportunity to say in Riyadh and yesterday to His Royal Highness. We would be prepared to concert our policies for countries like South Yemen and Iraq.

With respect to the economic dimension, in the past, this has been dominated by the oil front. But as the President pointed out today, the purpose of His Royal Highness' visit is not primarily to discuss oil policy but an era of cooperation between the United States and Saudi Arabia which means we must emphasize those interests of primary concern to Saudi Arabia.

As the special session of the General Assembly recently made clear, we are moving into a new economic relationship. We are struck by Minister Yamani's speech there on the use of gas to help meet the world's fertilizer production. This is a project which the United States would be prepared to support and perhaps begin by a survey of fertilizer needs and production capabilities and what might be provided in the way of technical help.

We understand that a serious obstacle in development is the shortage of manpower with the requisite technical skills. To help Saudi Arabia meet its immediate needs, we have prepared a draft technical cooperation agreement between our two countries. Specifically, in our economic discussions we could consider:

—cooperation in the development and industrialization of Saudi Arabia;

- cooperation in international investment and finance;
- cooperation in techniques of agricultural production;
- cooperation in technology education and transfer and in scientific research and development.

In the industrialization field, in addition to the Joint Commission, we could consider joint working groups between our two countries, a government sponsored economic council with top-level private U.S. participants to work with Saudi participants on facilitating cooperation, and perhaps a Saudi-United States Development Council that could get engaged in a more detailed review of economic proposals. We will make specific proposals in the foreign investment area and in the agricultural area.

In the energy area, we have no specific proposals but will be prepared to exchange information on future demand and supply, but we will do that with the attitude that we will require technical assistance from Minister Yamani (laughter).

In the scientific field, we will again suggest various approaches that have occurred to us in which we might assist in the development of Saudi technical manpower, in the development of Saudi educational and technical institutions, in strengthening the Saudi government's capabilities for managing technical and scientific institutions, and in the selection of major industrialization projects that might be implemented in the future.

It is obvious that there will not be time during this visit to agree on these projects. We are putting them forward to show our attitude and to indicate our approach. What might emerge is setting up working groups for each area that His Royal Highness thinks cooperative endeavors might be possible which might be given fairly short deadlines. Secretary Simon will be in charge of the Economic and Technical Commission and we are thinking that Mr. Ellsworth might be head of the Defense Commission. Of course, I will maintain my overall interest. Having had the privilege of visiting Saudi Arabia on four occasions, I will not let any of my colleagues get ahead of me (laughter). This then is our general approach and I wonder if Your Royal Highness feels this is the right approach or if you have a different method of proceeding.

Fahd: If I were to speak, I could not have done it a shade better than Dr. Kissinger. It appears that he read my thoughts before I opened my mouth. His explanation was very adequate and his suggestion to set up working groups a wise one. With the knowledge that Dr. Kissinger and I will help keep a watchful eye, we will see that the work is done. The key responsible Saudi officials have heard Dr. Kissinger's explanations and I have no doubt that we will all agree to press on to start work in earnest. We can only discuss in generalities at this time and we are looking forward to seeing results.

Kissinger: Then if it is agreeable, there will be a detailed discussion on defense in the Pentagon.

Fahd: Yes, this is certainly indicated and we look forward to the discussions this afternoon.

Kissinger: I have reviewed these proposals. Tomorrow, Secretary Simon will present a detailed review on subjects which I have sketched. We will be prepared, however, if His Royal Highness wishes, to have a preliminary discussion with our economic and scientific people—we leave this up to you but the discussions could start this afternoon.

Fahd: That would be very useful.

Kissinger: Then Secretary Simon could be in touch with your officials. I do not think we can cover all the subjects in two or three hours tomorrow. You will have to be careful with him. He was our energy czar for a while during which time he insisted we call him “His Majesty” (laughter). You may wish to indicate who should talk to Secretary Simon.

Fahd: It should be Ministers Yamani, Nazer and Aba al Khail.

Kissinger: With Yamani alone, we will need at least three on our side. You could start at 4:30 in Secretary Simon’s office and discuss scientific and technological subjects tomorrow.

Fahd: Agreed, I think the next thing to think about is the need to issue some kind of statement. We would like to discuss a statement.

Kissinger: Our thinking is on the identical track. Would you want to publish it at the end of the visit.

Fahd: Yes.

Kissinger: We believe the statement should be in some detail so that others can see the scope of this cooperation. Would Your Royal Highness wish to designate who would do this, who could work with some of my colleagues.

Fahd: Yes. This could be done after the meeting on security, perhaps this evening.

Kissinger: Mr. Atherton could represent our side. We should also have a representative from Treasury and Defense.

Fahd: Deputy Foreign Minister Mas’ud and Legal Advisor Kosaibi will be detailed to discuss this this evening.

Kissinger: Roy, will you take the initiative to do this? Since we have to get ready to go to the White House, are there any other topics you would like to discuss?

Fahd: I am putting my script back into my pocket because you have covered everything.

Kissinger: This shows how good our intelligence is (laughter).

Fahd: That would be true if I had prepared the script yesterday but I did it today (more laughter) but the proof is that we have come here on the same wave length, we have compatibility.

Kissinger: Yes, and we have had the opportunity to discuss this before. On behalf of my colleagues, I want to thank you. I believe we may be contributing to a historic evolution of relations between nations.

Fahd: I want to thank you on behalf of my colleagues for your warm cordiality and the understanding shown by the United States for Saudi interests and to let you know that we too are conscious of what is best for United States interests. I would like to go back to what I said at the outset—that we see this as a meeting among friends and this short meeting has shown that this is truly so. And with your permission, I would like to say genuinely how we all feel about your Ambassador, Mr. Akins, in whom we have the highest regard. He is the best kind of representative you could have sent there. It would have been better to say this without having him in the room but I wanted to say this.

Kissinger: We are very pleased you feel this way. He gets to be a nuisance at times because he fights for Saudi concerns with a fanatical intensity (laughter) but the results are there. Thank you.

112. Memorandum of Conversation¹

Washington, June 6, 1974, 4–6:40 p.m.

SUBJECT

Saudi-US Security Cooperation Meeting

PARTICIPANTS

Saudi Arabian Side

Second Deputy Prime Minister and Minister of the Interior—His Royal Highness
Prince Fahd bin Abd al-Aziz al Saud

¹ Summary: Schlesinger, Clements, Admiral Moorer, and other officials from the Department of Defense, along with officials of the Department of State and the NSC, met with Prince Fahd to discuss the Joint Commission on Security Cooperation, military sales, and strategy in the Gulf region.

Source: Washington National Records Center, OASD Files: FRC 330–78–0011, Saudi Arabia, 092.112 1974. Secret; Sensitive. Drafted by Glenn E. Blitgen, Deputy Director, Near East and South Asia Region, International Security Affairs, Department of Defense, and Edward W. Schaefer, Country Director for Saudi Arabia, International Security Affairs, Department of Defense, approved by Ellsworth on July 9.

Saudi Arabian Ambassador—Ibrahim Al-Sowayel
Deputy Minister of Foreign Affairs—Muhammad Mas'ud
Director of Public Security Forces—General Muhammad al Tayib al Tayib al
Tunisi
Director General of Civilian Defense—General Faiz al Awfi
Chief, Military Operations—General Ali al Kabbani
Director General of Frontier Forces—General Abdullah al Shaikh
Deputy Commander of Saudi Air Force—Brigadier Akram Khoja
Saudi Arabian Military Attaché—Colonel Sulaiman Shubaily
Legal Advisor—Dr. Ghazi Al-Gosaibi

United States Side

Department of Defense

Secretary of Defense—James R. Schlesinger
Deputy Secretary of Defense—William P. Clements, Jr.
Chairman, Joint Chiefs of Staff—Admiral Thomas H. Moorer
Assistant Secretary of Defense (ISA)—Robert Ellsworth
Principal Deputy Assistant Secretary (ISA)—Amos A. Jordan
Deputy Assistant Secretary of Defense (ISA)—James H. Noyes
Military Assistant to the Secretary—Major General John A. Wickham, Jr.
Military Assistant to the Deputy Secretary of Defense—Rear Admiral Kenneth
M. Carr
Deputy Director, Near East, South Asia Region (ISA)—Glenn E. Blitgen
Country Director for Saudi Arabia (ISA)—Edward W. Schaefer
Defense Security Assistance Agency, Directorate for Sales Negotiations—Fred
Thieberger
Security Assistance (ISA)—Colonel Thomas Kelly
Military Assistant to the Deputy Secretary of Defense—Lieutenant Colonel Peter
M. Dawkins
US Interpreter for 7 June Security Meeting—Captain Stephen Franke, USA

Department of State and Others

Deputy Director for Politico-Military Affairs—Thomas Stern
American Ambassador to Saudi Arabia—James E. Akins
National Security Council (White House)—Harold Saunders
National Intelligence Officer—Samuel Hoskinson
American Embassy, Jidda, Saudi Arabia—Raymond Close
NEA Notetaker—Morris Draper
Interpreter, American Embassy, Jidda—Isa Sabbagh

1. *SecDef's Opening Remarks*

SecDef welcomed HRH Prince Fahd and his party noting the long term Saudi-US relationship and that we would go forward on the basis of the broad spirit of cooperation established by Secretary Kissinger. There would be two aspects of our cooperation, the one concerning the broader strategic situation in the Middle East and the other having to do with forces, doctrine, training and hardware needed to strengthen the armed forces of Saudi Arabia.

2. *HRH's Opening Remarks*

HRH Prince Fahd replied that Saudi Arabia is turning to a friend to help fill its needs for the strengthening of its armed forces. Saudi

Arabia seeks to strengthen its forces for defensive purposes, not for aggression, while bearing in mind that a power which cannot defend itself effectively will not be taken very seriously. For Saudi Arabia to be better-equipped to defend itself will be to our mutual advantage. Saudi Arabia would not have sought to strengthen its forces if the Soviets had not looked for advantage in our area, taking advantage of certain "open doors and windows" as has been evidenced in the Soviets' showering arms upon the PDRY and Iraq. Our pursuit of the expensive goal of arming our armed forces is an indication of our recognition of our needs. The Soviets have supplied modern weapons, tanks and over 300 aircraft to Iraq and have completely rearmed six divisions.

Why is Iraq making itself so strong? Obviously this is not being done to stand up to Iran; this would not be rational, so its purposes are against Saudi Arabia and other states of the peninsula. There is a serious intent to squeeze Saudi Arabia in a pincers movement from the north and from the south; "people who don't wish us well want Saudi Arabia engaged by Iraq on the one hand and the PDRY on the other in order to force Saudi Arabia to turn in two directions at once." *HRH* cited the example in March 1973 of Iraq's pressure on Kuwait while the PDRY struck at a Saudi Arabian border post on the southern border. *HRH* expressed concern about Saudi vulnerability to enemy air attack in the south because of limited, inadequate air defense in the area.

3. *Modernization of Saudi Forces*

HRH went on to say that these are the reasons why Saudi Arabia seeks to strengthen its armed forces with US help. We fully realize this cannot happen overnight, but given US good will, based on what we have already been told, we see no permanent obstacle to our goal.

HRH continued that in view of the need to develop technical expertise, training is necessary. Saudi Arabia wanted as many of its officers as possible to come to the US for training. Hardware can be purchased anywhere, but what is important is the US desire to help Saudi Arabia. Cash is not the problem. There is a great difference between one who says "Here are the arms—pay me," and one who wants us to plan wisely, giving evidence of heartfelt concern. It is most important that stability continue in the area. It would be bad for all if an imbalance were to develop. The Saudi Arabian Government must protect its people. The emphasis must be on the coordination of planning together on the concept of a program to assist Saudi Arabia—a "partnership." *HRH* emphasized the human element of training; also technical expertise, not just hardware but help in coordinating Saudi plans; training in Saudi Arabia and training in the US; experts as necessary in Saudi Arabia. An example of what he would like to see happen in this respect

is provided by Iran, which could not have modernized its forces so effectively without US help. He has the strong conviction that what has been done for Iran can be done for Saudi Arabia. Both can work for peace and stability in the region. We need to improve our units quickly. "In concluding my remarks, I would like to say that we regard these meetings as talks between friends in which we open our hearts; they are not negotiations between adversaries, but discussions between friends."

SecDef observed that HRH's words were words of wisdom and well-chosen, and that the prospects which he outlined represent a vision which we share. For our part it is an obligation, but it is more than an obligation; it is a pleasant duty as well. HRH has presented a strategic view which we share, involving not only Saudi Arabia but all the Persian Gulf area. With respect to the Soviet Union we recognize that it has both a material national interest and a missionary thrust on behalf of the communist structure. For this reason the US feels it must maintain a strategic balance both worldwide and regionally in the area. The Soviets must feel that there are no regions which they can penetrate, no plums. There must be a regional balance in every part of the world. This is most fundamental in the Middle East.

To maintain the balance, we need recourse to the human spirit; that is, the will and determination to which HRH has referred. The human spirit has preeminence and where harmony prevails and the spirit of mutual cooperation exists, all things are possible.

HRH said that training and doctrine were more important than hardware.

SecDef stated that we are prepared to train large numbers of Saudi personnel here and in Saudi Arabia as fits Saudi desires. *SecDef* noted that HRH spoke of the preeminence of training over mere hardware in providing assistance. We share that concept. HRH appropriately states that there should be a plan and notion of how to use the hardware and men trained to use that hardware. In assisting the Saudi Arabian Government, the USG wishes to treat Saudi resources with exactly the same care as we would our own. Such assistance should be cost-effective and suitable to Saudi needs. We are prepared, therefore, to treat hardware as something that will follow development of a strategic concept which treats the long term needs of Saudi Arabia. But first, we must have a plan and we must complete the advisory report. HRH has spoken with words of great eloquence and wisdom and we are prepared to enter into a comradely relationship in which the human relationship is effective and suitable from the standpoint of our two governments. *SecDef* then invited Deputy Secretary Clements to comment.

4. *DepSecDef's Welcome*

DepSecDef expressed his delight at having Prince Fahd and his party in the United States and recalled his relationships with members of Prince Fahd's family who understand the sense of partnership very well. We would like to consider the Saudi-US relationship in that spirit; it is just another word for mutual interest. *SecDef* interjected, "mutual interest and affection." *DepSecDef* said he agreed completely with HRH and the Secretary that good training is at the heart of the problem and basic to the strengthening of the Saudi Armed Forces. As *SecDef* had already told the Saudis, the determination of training in the US or in Saudi Arabia, or both, is up to the Saudi Arabian Government. We are well aware that in some instances, the Saudi Arabian Government may wish to send personnel here; in other cases to train in Saudi Arabia; we are agreeable to this. The key words here are Saudi self-sufficiency; the sooner this is reached the better we like it. (NOTE: *HRH* signaled his approval of this remark by giving the thumbs-up sign.) But it should be done in the context of good planning.

5. *Training*

HRH expressed pleasure at hearing these comments and confirmed the need for sound planning. As regards training to build strong forces, the two methods must be combined, training in the US and to have military technical institutes in Saudi Arabia. *DepSecDef* agreed that both means should be used. *HRH* observed that Saudi Arabia must depend on US schools while its own are being developed and that there are many levels of training. *DepSecDef* said he understood but observed that we can train many Saudis in-country right now. *HRH* noted that the DOD survey team is at work. This is excellent but a plan and a strategy should be developed and what is required; then do the training. So why shouldn't Saudis come to the US? *DepSecDef* said he was sure we could do both but that programs should not be delayed. The first plan should be ready by early fall—September or October. *HRH* said this was very good, very practical. *DepSecDef* commented that *SecDef* had made clear that we will make available to HRH our views concerning the whole area—Iraq, South Yemen, Ethiopia.

6. *Saudi Preference for Government-to-Government Arrangements*

DepSecDef said it was a very important point to know whether the Saudis preferred Government-to-Government arrangements or to deal directly with contractors and invited HRH's comments. *HRH* said he was pleased the subject had been raised—that he had intended to raise it himself. Saudi Arabia preferred Government-to-Government arrangements. It is the best path to follow; when companies get into the act they must look to their material gain as their number one consideration. This is not the approach of the USG. *HRH* said US

military advisors were more conscientious and effective than contract civilians.

DepSecDef noted that as a partnership, this is a much better arrangement and we could avoid many difficulties on this basis. *HRH* said this was preferred by King Faisal, MODA Prince Sultan and himself. He was very pleased we have agreed on the need for sound planning, and that SAG will look more to the US as the source of modern weapons and equipment.

HRH then referred to the survey team in Saudi Arabia and said that while the team is doing the study, it would be useful to bring along Saudi experts to the US to continue discussions here.

7. Internal Security Training

HRH then said he wanted to raise a new subject—very important! He said Saudi Arabia needed support for internal security elements, particularly the Frontier and Coastal Defense forces. All civil defense elements also need rebuilding and reequipping. It would be appreciated if the team could include these elements in its study. The Saudis would prefer that the study be all-encompassing. *SecDef* stated that the US will deal with the internal security matters very carefully and provide help from appropriate sources.

(NOTE: During *HRH*'s visit to Washington this request was discussed with USAID officials by Generals Tunisi, al Awfi and al Sheikh. The request is now being studied by USAID.)

SecDef also expressed our concern regarding the stability of Saudi Arabia's neighbors. In the former Trucial States he noted, for example, that happily they were developing with stability following the departure of the British. We are aware, too, of the Saudis' concern, a concern we share, regarding the insurrectionary movements in Oman. We commend the Saudis for their vigorous attention to that problem which is in their interest. *HRH* said that if he seemed to emphasize internal security, "our brethern in the Gulf have sought our help. So if our men are trained in security, then we can provide such assistance to our brethren in the Gulf in the conviction that we Saudi Arabians have no territorial ambitions."

DepSecDef said it was important that we mention this among us. It is most important that the Gulf States look to Saudi Arabia and not across the Gulf to Iran. *HRH* agreed emphatically. *DepSecDef* said it was most important that Prince Fahd declare himself in this regard, because we feel it is not in Saudi interest for the Gulf States to look across the Gulf. *HRH* replied that he agreed 100 percent and that he was sure that Saudi neighbors in the Gulf would agree 100 percent. "This is because they are at ease with us, a natural and logical situation."

HRH expressed his delight at what he had heard in the meeting and would convey it to the King. *HRH* said that when he left Saudi Arabia he had said that he would return with his pockets full of goodies. *HRH* then provided a list of sales cases, stating that he hoped that DOD would expedite the shipment of this equipment as soon as possible.

SecDef observed that DOD is prepared to discuss items of equipment including availability times. Equipment will be available when there are trained men to use it. *HRH* responded that naturally, Saudi Arabia does not want equipment to become scrap. We have a mutual conviction on how to go about it (strengthening of the armed forces). *DepSecDef* added that we must not procrastinate.

8. Cost Estimate Problems

SecDef noted that Ambassador Akins had written to him about one area of concern, the problem of estimating the cost of cases. He had put forth Prince Sultan's views very strenuously indeed. To the extent that cost estimates contain erroneous data, DOD can take corrective steps. However, a problem beyond DOD control is that of inflation and the deterioration in the purchasing power of Western currencies. We feel it more painfully than the nations we are supplying. The general rise in prices is also reflected in Saudi Arabia's exports, as well. We hope we can do better in estimating costs but until inflation abates, we request your patience and your understanding that these are beyond DOD control. *SecDef* requested that Prince Fahd convey these thoughts, to Prince Sultan who may then be more gentle. *HRH* indicated acceptance and appreciation of *SecDef*'s comments.

9. Regional Security

DepSecDef introduced certain regional aspects of Middle East security: Soviet influence in Somalia and developments in Ethiopia. As strategic concepts are developed for the region, these countries in adjacent areas have a major impact. Saudi Arabia can do more for them than can the US. Saudi Arabia has good relations with these countries and can help enormously. Today the Soviet impact in Somalia could well be greater than in Iraq. *HRH* said the Saudis would always welcome being advised of developments in the region and that His Majesty King Faisal would be particularly pleased. Of course, Saudi Arabia did not want to see problems in Somalia and wouldn't "take it smiling" because of Somali relations with the Soviets. *HRH* recalled a visit to Somalia, a poor country, a few years ago and the Somali President's visit to Saudi Arabia this year. *HRH* had discussed with him the problem of the growth of Communist influence there. As Somalia had become a member of the Arab League, this emboldened Saudi Arabia to discuss Communist influence in Somalia. He had told the President that this influence was harmful to all Arabs. Perhaps the US and Saudi Arabia

could agree upon a rescue operation to pull Somalia out of the mire. *DepSecDef* stated that we would welcome this and that Ambassador Akins could continue discussion of this in Saudi Arabia.

SecDef then made the point that in this area it is even more important to have a plan in order to avoid an abortive effort. In developing the armed forces, if mistakes are made due to lack of planning it only costs money. But in such an area as was being discussed, mistakes would cost much more than money. *HRH* termed *SecDef*'s observation "absolutely correct." Because of their closeness to the people of Somalia, the Saudis could perhaps wield influence, but only if supplied with material support. *DepSecDef* said he was pleased by Prince Fahd's reply.

10. Bahrain

SecDef then invited Admiral Moorer to comment on Bahrain. *Admiral Moorer* said that he was impressed by *HRH*'s grasp of the strategic situation, noted the presence of our small naval force in the Gulf and his recent visit to Bahrain, and referred to notification received last fall that the use of facilities there would be terminated in line with existing agreements. He stated that the Emir had told him of the need for a regional concept and had referred to mutual interests with the United States. *Admiral Moorer* commented to *HRH* that we would appreciate his advice on what action we might take in order to continue to operate there. *HRH* replied that he will discuss this with the Emir personally and see what can be done. The *Chairman* expressed his appreciation and *DepSecDef* said he was sure that an approach by *HRH* would have a great influence on the Emir's decision.

11. Soviet Strategy

HRH then asked *SecDef* for enlightenment on Soviet strategy in the area. *SecDef* said that the reopening of the Suez Canal would have great impact and symbolic value for Egypt, a sister Arab state. It would provide a greater income for Egypt and restore an asset so closely associated with Egyptian pride. There is no question that it has the disadvantage of allowing the Soviet fleet to move rapidly from the Black Sea to the Indian Ocean. It would shorten the Soviet line of communications from 10,000 miles to 2,000. While the presence and demonstration of Soviet power will likely be a source of psychological pressure at least, we hope it will not constitute more than psychological pressure on the area nations. For this reason we have requested funds from Congress for a facility at Diego Garcia, not because we wish to station forces there but so that if the Soviets enhanced their presence, we could enhance our presence and neutralize Soviet influence or pressure which could become severe. *DepSecDef* said he trusted Prince Fahd agreed with this. *HRH* said he not only agreed but thinks it is necessary.

SecDef then said that, in addition, there is a possibility of movement of Soviet forces into the area. There was such concern on 16 and 17 October during the local conflict of which we were so painfully aware. Aspects of that rivalry are happily reduced, but we must not have armed forces present. *SecDef* then observed that if they "enter your tent"—if he might use that expression—they will never depart. *HRH* replied that "we would sever that nose." *SecDef* said he believed the Soviets would be most reluctant to enter without the invitation of an area nation, so we are most concerned about the orientation of Iraq. Those are the primary considerations. We do not see a general war. *SecDef* then introduced Mr. Hoskinson for further comments.

12. *Mr. Hoskinson's Strategic and Political Assessment*

Mr. Hoskinson said that a special assessment has been prepared by the Intelligence Community in preparation for the visit. However, most of its conclusions have been reflected in the remarks of *HRH*, *SecDef*, *DepSecDef*, and *Admiral Moorer*. *SecDef* observed that this is flattering, but similarity does not mean that these conclusions are correct. *Mr. Hoskinson* said he would merely supplement the earlier statements. Regarding the Soviet role and threat in the region, the Soviets would one day like to control or deny the flow of energy resources to Europe and Japan. The USSR is not in a position to do so today but we must keep this potential threat in mind in assessing their activities in the coming years. *SecDef* made the observation that a worldwide balance of power is essential to containment all over the world. The US believes in the self-determination of nations, a view which is not shared by the USSR. *Mr. Hoskinson* said the Soviets will be particularly interested in strategic areas, in the choke points in the area. A good example today is the Soviet intelligence ship and two minesweepers operating in the Strait of Hormuz. This is the first time that the Soviets have moved an intelligence collector this close to the Gulf. As to the political situation in the Gulf itself, we are encouraged that the smaller states seem to have weathered the quote British withdrawal unquote fairly well. Saudi Arabia is in a better position to judge than we, but it seems to us that important changes could occur when the adaptability of these regimes is put to the test. Iraq poses the greatest potential threat in the Gulf, in the short run. At present the Iraqis seem to be preoccupied. There was the October War and the difficulties with the Kurds and the clashes with Iran. But it would not be surprising if they renew their threat to Kuwait, particularly against the two islands. Iraq continues to give arms support to dissident groups, as does the PDRY. Bahrain may become a problem as regards its capability of coping with emerging social changes. In many respects, this is the most worrisome situation in the area. As regards Oman: Oman receives special attention because of its strategic location and also, should Sultan Qabus's efforts to mod-

ernize and put down the Dhofar Rebellion fail, this would have serious repercussions for both Saudi Arabia and the US. The British say the tide of war in Dhofar has turned and that the rebels will be pushed out in the eastern and central areas and largely in the west by the end of the year.

SecDef observed that one aspect of the problem in Oman was that outside parties are involved there, outsiders in the sense that they are outsiders to the area, that is the British and Iranians. The Sudan is prepared to provide military units in Oman. To the extent that Arab countries can provide such help it is better than foreign forces, such as British and Iranian. If the concept of multi-Arab support for Qabus has appeal and appeals to you, it may be desirable that Saudi Arabia express its support for that kind of approach. *HRH* replied that Saudi assistance to Oman is our duty and a necessity. This in itself does not obviate the need for sound coordination with Saudi Arabia and US aid at some time. This aid to Oman could be provided directly or through Saudi Arabia. What is important is that we help Oman. It would be excellent to have Arab nations help while US helps them. *DepSecDef* observed that in the interest of Saudi Arabia, it is better that there not be "overkill;" it would not be in Saudi interest to have a lot of foreign forces in Oman. *HRH* agreed.

DepSecDef then observed that these kinds of exchanges with Prince Fahd were very important to the Secretary, to himself and Admiral Moorer to understand the views of Saudi Arabia. *HRH* replied that the whole discussion was very useful and helpful. It was a discussion of friends among friends.

Mr. Hoskinson stated that despite the British estimate that the tide had turned in Dhofar, we think the insurgency is certainly not over, would be difficult to quell, and could take many years as we have learned from our experience. *HRH* agreed. *Mr. Hoskinson* said that Oman has an internal security problem in the northeastern part of the country as well. As regards the two Yemens, we are seriously concerned by the situation of the two Yemens. It would appear that the YAR, like Oman, cannot by itself fend off incursions from the PDRY, which is assisted by the Soviets. *Mr. Hoskinson* then said that he would like to make a point as regards regional cooperation in the Gulf and Red Sea areas. First, the relationship between Saudi Arabia and Iran is of fundamental importance to the security of the area as a whole. All of us would be losers if Saudi relations with Iran were to degenerate into confrontation. *SecDef* interjected to say that we fervently share that point of view. *Mr. Hoskinson* said that Saudi Arabia and the US also share a strong interest in the Red Sea Basin area, as noted by *Mr. Clements*. Bab El Mandeb in the middle of the region will be of increasing importance, especially with the opening of the Suez Canal.

13. *Relationship with Iran*

HRH said this explanation of the strategic situation is commendable; however, I wish to comment on Iran. The Saudi relationship with Iran is an old and strong one. We fully realize that for all concerned, good relations must prevail between Iran and Saudi Arabia. We also realize that if Saudi Arabia had serious misunderstandings with Iran it would be bad. This is of interest to all of us here. *SecDef* said that we appreciated that very much. The Soviet interest in the straits is old. It goes back to the time of Peter the Great. We can take some comfort from the fact that they still have failed to achieve their objective after this long period. *HRH* said we hope they will continue to fail.

14. *Concluding Comments*

SecDef thanked Prince Fahd and his party for their time, noting that we had already imposed on them too long. *SecDef* referred to the US objectives of freedom and stability. As regards assistance to Saudi Arabia in developing its forces, we will provide training and we will provide equipment when it is needed—and in doing so we will be as careful with Saudi resources as if they were our own. *HRH* replied that what the Secretary had said is precisely the Saudi view and that it was doubly a pleasure to hear it from the Secretary himself. On a lighter side, *SecDef* referred to *HRH*'s mention of "goodies." "Today these have been metaphysical goodies; tomorrow our staffs will discuss the materiel ones." *HRH* replied he already had the feeling that his pockets, while not bursting, were full—"we have good promises from you." *DepSecDef* said: "I have heard that His Majesty King Faisal prayed for Secretary Kissinger; I hope he will pray for us as well."

HRH and his party then took their leave.

113. Memorandum of Conversation¹

Jidda, June 15, 1974, 10:35–11:35 a.m.

PARTICIPANTS

President Nixon
King Faisal bin Abdel Aziz of Saudi Arabia
Isa K. Sabbagh, Special Assistant to American Ambassador, Jidda (Interpreter and notetaker)

A—The President underscored the significance of this visit to Saudi Arabia by the President of the United States, the first U.S. President to do so:

1. Emphasis on U.S.-Saudi friendly, cordial relations.
2. Emphasis on King Faisal's own tremendous standing and prestige in area.
3. Underscoring the new U.S. direction in its policy towards the Middle East.
4. Underscoring the seriousness of our new joint "active partnership" with Saudi Arabia so that this could be heeded by others as a beneficial relation to have with the United States.

President Nixon listened to King Faisal expound on the wicked designs on the area, and the Arabian peninsula in particular, hatched by the Communists (Chinese, Soviet, etc.) and their Arab helpers. The King stressed the dangers to Saudi Arabia (and therefore to U.S. interests also) coming from the pincer movement around the Peninsula and the Gulf formed by Iraqi designs in the North and PDRY in the South.

The King warned of these designs which seem to have alliance with Zionist plans against the area.

B—In response, the President agreed with King Faisal's analysis of the Communist aims and assured him that the United States was ever watchful because it agreed that this leopard was not going to change its spots readily. The President further explained the strategies of U.S. policy towards the P.R.C. and the USSR. In essence, this policy was purely pragmatic based on interests, indeed on the interest of the world in not having confrontation between giant powers (China: mini-nuclear, yes, but with $\frac{1}{4}$ of the world's population, and the USSR). China did not love the U.S., rather it feared the USSR.

¹ Summary: President Nixon met with King Faisal to discuss bilateral relations, the Arab-Israeli peace negotiations, and the price of oil.

Source: Library of Congress, Manuscript Division, Kissinger Papers, Box CL 208, Geopolitical File, Saudi Arabia, June 6–August 9, 1974. Secret; Sensitive; Nodis. The meeting was held in King Faisal's private office at the Royal Palace. Nixon visited the Middle East June 12–18, staying in Saudi Arabia for part of June 15.

U.S.–USSR relations were based on accommodation in certain fields of mutual interest so that the Soviets cannot readily extricate themselves from such relationship with us and proceed to do harm to others. We would not stand, anyway, for the Soviets or any others taking advantage of *détente* at the expense of our friends such as Saudi Arabia.

C—The United States emphasis on supporting the moderate, responsible governments and elements in the area was also manifest by our “journey for peace.” The point was obvious in Egypt, now in Saudi Arabia, then Syria. We hope all other Arab countries will follow suit.

D—The President asked the King to use influence with Syria so it (and the other Arabs) would not rush things at the Geneva Conference by putting all issues and topics on the same tray for instant solution. This is not only not possible, but it is not wise. Give this your understanding and patience with our tactics and timing.

E—The President intimated to the King that Iraq had sent us a message saying it was not, as supposed, totally in the pocket of the Soviets. What did the King think our reply should be? Should we respond formally to such an Iraqi approach?

King Faisal was in favor of doing anything which would, hopefully, wean Iraq and any other country away from the accursed Communists. Yes, give Iraq if only one eye with which to see the light. “One eye is better than blindness.”

F—Arms: King Faisal explained the need of certain Arab and Muslim states for arms.

President explained Congressional limitations on arms to Pakistan. There are also limits as to what we can supply Egypt and how much. However, if Saudi Arabia found it useful and feasible it could help its friends with any extra amounts it orders. This did not mean to imply that Saudi Arabia should pay for all this, however. In any case this whole subject should be held in strictest confidence.

The United States was keenly interested in Saudi Arabia playing the role of “watch man” vis-à-vis the small states of the Gulf: to help strengthen them, to support them and to have consultations between Saudi Arabia and the United States on that area and its stability.

King Faisal informed the President that “only two days ago I received two messages: one from King Hassan II of Morocco, the other from President Bhuto of Pakistan asking me to intercede with the President for arms needed by them.”

The President thought Morocco was an easier case. Pakistan was subject to the Congressional ban, but something could be worked out given Saudi Arabia and U.S. cooperation.

G—The President informed King Faisal that we would be announcing (Sunday 6/16/74) the restoration of diplomatic relations with Syria.

The King was delighted, praised Asad.

H—King Faisal repeatedly expressed the wish that our American friends could stand solidly by their President and the new policy for a just peace in the Middle East worked on so tirelessly by brilliant Dr. Kissinger. It is painful to see all these intrigues against the President and his Secretary of State just at this juncture. It cannot be coincidental.

The King promised to continue his talk with (and hopefully influence over) his Arab brethren to see the wisdom of going along with the United States on the new path of friendship and cooperation, given the continuation of the United States's new direction and its efforts for a just and lasting peace.

I—The King asked that, if possible, President Nixon not hold official meetings in Jerusalem but in Tel Aviv, lest agitators spread wrong rumors about "U.S. recognizing Jerusalem as Israel's capital."

The President said, frankly, talks were scheduled in Jerusalem but he had repeatedly refused to go to the old (Arab) city.

J—The President, as a final point, asked King Faisal for the favor of influencing the oil producing countries to reduce the price of oil so it can be manageable and would fit in with development of new sources of energy.

The King said, of course, any result "would depend on whether the other oil producing countries would heed our counsel," but he promised to continue trying.

114. Letter from President Nixon to King Faisal of Saudi Arabia¹

Washington, June 25, 1974.

Your Majesty:

Now that I have returned to Washington and have had time to reflect on my visit to the Middle East, I want to share with you my thoughts about the significance for our two countries of the journey I have just completed.

¹ Summary: Upon his return from a visit to the Middle East where he met with King Faisal, President Nixon discussed the state of the region.

Source: National Archives, Nixon Presidential Materials, NSC Files, box 761, Presidential Correspondence, 1969–74, Saudi Arabia, King Faisal 1972. No classification marking. Nixon met with Faisal on June 15 in Jidda. See Document 113.

By visiting the Middle East at this time, I wanted to demonstrate the strength of the United States commitment to work for a just and lasting peace consistent with the dignity and legitimate interests of all the states and peoples of the Middle East. I also wanted to underline the friendship of the American people for the peoples of the Arab world and to give impetus to the various steps now underway to strengthen and to give more concrete expression to the historic as well as the newly evolving links between the United States and the Arab countries. Progress toward peace, and progress in American-Arab relations, will reinforce each other, and I believe we have together made significant progress toward these objectives.

I also feel that, as a result of our talks, each of us has a better understanding of the other's concerns, hopes and political realities. I particularly welcomed the opportunity to describe to you in detail our concept of approaching a final settlement step-by-step, so that each succeeding step will build on the confidence and experience gained in the preceding one. In this process, we consider it important that there be flexibility about procedures while keeping clearly in mind that the final goal is an overall settlement among all of the parties and on all the fundamental issues.

Your Majesty, the friendship with which I was received and the positive response I found everywhere give me hope that, with determination, patience and vision this lofty goal can and will be achieved.

I welcomed the opportunity my visit afforded for the two of us to affirm our personal support for the steps our governments are taking to give new form and structure to our traditionally close relationship. I intend to give close personal attention to the work of the joint commissions and working groups which our governments have agreed to establish. I am sure that our comprehensive and friendly discussions in Jidda have confirmed the old saying that "Old friendships, like old gold, increase in value with time." This is why I take particular pleasure in reiterating to Your Majesty what great honor it would give us, your "American friends"—as you have so aptly called us—to receive you in our country, both formally and personally, when your circumstances permit such a welcome visit.

Your Majesty, I am convinced that we have witnessed in recent months a turning point in the history of the Middle East—a turning toward an honorable, just and durable peace—and have ushered in a new era in U.S.-Arab relations. The period ahead will be difficult at times, and the way will not always be as smooth or the pace as rapid as you and I would wish. But a direction has been set, and it is my firm intention to stay on the course we have charted.

Finally, allow me to reiterate my deepest appreciation to Your Majesty for the warm hospitality accorded Mrs. Nixon and me throughout our visit to Saudi Arabia.

With warm personal wishes,
Sincerely,

Richard Nixon

115. Letter From President Nixon to King Faisal of Saudi Arabia¹

Washington, August 2, 1974.

Your Majesty:

Now that I have had an opportunity to reflect on my trips to the Middle East and the Soviet Union, I feel it is time to follow up my very helpful discussions with you in Jidda and your letter of June 30 by further sharing with you some of our thoughts about the months ahead.

First of all, as I told Your Majesty, we are fully committed to maintaining the steady pace of the peace negotiations that have produced the agreements of the past six months. They are only first steps, but they have been important in establishing a process of negotiation for the first time in a quarter of a century in the Middle East. Without this process, it is difficult to see how concrete steps could be taken toward peace. That is why it has been necessary to expend so much time and effort in establishing and consolidating the negotiating practices which have now begun to show results.

Now that this foundation has been laid, we are deeply conscious of the need to move forward in a way that will strengthen the process. In the next several weeks, we shall hold detailed consultations in Washington with Foreign Minister Allon, Prime Minister Rifai, Foreign Minister Fahmy and a representative of President Asad. The purpose of these discussions will be to reach understandings on how we should now proceed.

¹ Summary: President Nixon provided King Faisal with an update on negotiations among Israel and the Arab states.

Source: National Archives, Nixon Presidential Materials, NSC Files, Box 761, Presidential Correspondence, 1969–74, Saudi Arabia, Faisal 1972. No classification marking. Kissinger forwarded this letter to Nixon under a July 30 covering memorandum, with the recommendation that he sign it. According to Kissinger's memorandum, this letter was to be sent in response to the Embassy in Jidda's report that Faisal was dissatisfied with the pace of negotiations, given recent Israeli military strikes in Lebanon, and had received renewed calls for an oil embargo. (Ibid.) Faisal's June 30 letter to Nixon is *ibid.*, RG 59, Central Foreign Policy File, P850086–2236.

As Your Majesty knows, it is planned that the Middle East Peace Conference will resume its work in Geneva this fall. We are keenly aware how important it is for reaching agreement on a durable peace that the issues of withdrawal, final borders, security, the interests of the Palestinians, the status of Jerusalem and the long-term relationships among states in the area be addressed constructively and decisively at successive stages of the negotiations, as the time for each becomes ripe and the necessary groundwork is laid. Our efforts now are being directed at working out with the members of the Conference how best to structure the negotiations so that they may lead toward a final settlement.

Your Majesty is well aware of our judgment that great care must be exercised in assuring that each step is taken when adequate support has been developed for the decisions that are required. This judgment has led us to the view that it is important to move steadily a step at a time, attempting at each point in the negotiation to achieve what is realistic. I am sure Your Majesty will recognize the wisdom of building on a solid foundation.

I am aware of Your Majesty's concerns about the situation in Egypt, on which I will be communicating with you separately, as well as about the recent violence on the border between Israel and Lebanon and about developments in the occupied territories. We have been exercising our influence to calm the situation and bring an end to the violence, and we will continue to do so. With respect to the occupied territories, we have repeatedly made clear—and this remains our policy—that we do not accept any unilateral action by any of the parties in the area as predetermining the outcome of a final settlement. I know Your Majesty will understand why it is important, in the interest of our continuing to play an effective peacemaking role, that our efforts in these areas of concern to you be carried out with discretion in quiet diplomatic ways.

Finally, Your Majesty, as our consultations with the parties to the Geneva Conference proceed, we will want to discuss further with your Government the next steps in the negotiations. Meanwhile, I wanted to keep Your Majesty advised of the fact that, now that I have returned from Moscow, we are moving promptly to assure that steady progress in the negotiations is maintained.

Sincerely,

Richard Nixon

116. Memorandum From Acting Director of Central Intelligence Walters to the President’s Assistant for National Security Affairs (Kissinger)¹

Washington, October 2, 1974.

SUBJECT

Indications of Saudi Reservations Regarding Implementation of U.S.-Saudi Agreements

SUMMARY: There are recent indications that a conscious decision has been taken by the Saudi leadership to delay the full implementation of specific development and other agreements concluded with the United States Government. Factors contributing to this policy involve serious doubts on the part of senior Saudi officials about the real intentions of the U.S. concerning peace in the Middle East. Furthermore, there are strong indications that the Saudi leadership will not consider questions of oil production increases or oil price reductions until renewed assurances are received that the U.S. intends to continue its efforts toward achieving a Middle East peace settlement. END OF SUMMARY

1. From conversations with several senior and middle-level Saudi officials, [*less than 1 line not declassified*] have recently detected a lack of enthusiasm on the part of Saudi officials for actual implementation of the “new relationship” between the U.S. and Saudi Arabia. While the established working groups continue to perform, they are only producing recommendations which are subject to further review. In Riyadh, these views, [*6½ lines not declassified*]. Thus, the views [*less than 1 line not declassified*] set forth below, may well reflect accurately those of more senior Saudi policy makers.

2. Working level Saudi economic planners and economists feel that a conscious decision has been taken by the Saudi leadership to go slow in the implementation of specific development and other projects with the United States Government. A number of factors seem to have contributed to this decision. First, they believe that there is considerable doubt about the real intentions of President Ford toward the Arab World in general and Saudi Arabia specifically. President Ford’s past

¹ Summary: Walters provided Kissinger with evidence of Saudi dissatisfaction in the wake of Nixon’s resignation and Riyadh’s decision to delay the establishment of the “new relationship” between the United States and Saudi Arabia.

Source: Central Intelligence Agency, Executive Registry Files, Job 80M01048A, Box 4, Folder S–34. Secret; [*handling restriction not declassified*]. David H. Blee, Associate Deputy Director for Operations, signed for Walters.

statements and positions on the Arab-Israeli issue have been examined closely by the Saudi leadership and have done nothing to allay this concern. Although they are in no sense hostile to President Ford, the Saudis have been anxiously waiting for some sign or gesture by the new administration that it sincerely intends to proceed with equal vigor with the policies of the former administration. Since there has been no sign and no tangible progress recently toward a peace settlement, the Saudi Government has consciously adopted a "wait and see" policy. No additional progress in Saudi-U.S. relations can be expected until there is some renewed movement toward an area settlement. (It should be noted that these statements were made to us prior to the announcement of your planned visit to the Middle East 8-13 October 1974.)

3. A second factor causing concern in Saudi leadership circles as of early to mid-September was the sudden increase in rumors, some of which originated from official Egyptian sources, that you will resign before the end of the year. Saudi officials believe that if this is true, it would be a clear sign that the American Government had taken a definite step back from its new policy of evenhandedness in the Arab-Israeli dispute.

4. Working level Saudi officials concerned with petroleum matters believe that Saudi oil production increases and the question of significant price reductions will not receive serious positive consideration from the Saudi leadership until they have received renewed assurances that the U.S. Government intends to continue its efforts for a peace settlement. Although storage capacity problems and adverse weather conditions may have been partially responsible for any recent decrease in Saudi oil production, it is totally unrealistic to think that this would have been undertaken without explicit agreement of the highest levels of the Saudi Government. Without progress towards an area settlement, the Saudi leadership feels itself under no obligation to look for alternate solutions to such technical problems and is likely to continue to go along with the majority of other Organization of Petroleum Exporting Countries (OPEC) in matters of pricing and production.

5. On the purely internal development side, Saudi economic planners have increasingly heard the argument put forth by senior officials such as Nazir and Aba al-Khayl that a rational Saudi development plan can be implemented solely on the income of current Saudi reserves and a greatly decreased level of oil production. Current Saudi free reserves (i.e., reserves over and above current expenditures and obligations) are estimated at US \$15 billion. Saudi internal development schemes could be financed on the returns from no-risk investment of these funds alone.

6. Senior Saudi officials in Jidda, [*names not declassified*] agree that the honeymoon euphoria has cooled noticeably since April. This seems to be the result of the following factors:

a. There has been a natural letdown following the emotional high resulting from Prince Fahd's trip to Washington and Nixon's visit to Saudi Arabia in June. This normal psychological reaction was accentuated dramatically when President Nixon resigned and was replaced by a personality unknown to the Saudis and whom they believe may harbor a pro-Israeli bias.

b. The visit of Treasury Secretary Simon in July and the follow-up activity associated with it has been accompanied by extensive publicity in Washington, much of which was not coordinated in advance with Saudi officials in Jidda, which has left the Saudis with the feeling that the U.S. has been hustling them too much.

c. The Saudis are also beginning to have growing doubts about whether the political quid pro quo they bargained for is really going to be paid off. They remember that former President Nixon promised to devote the full energies of the USG to bring about a "just and lasting peace" in the Middle East based on the "full implementation" of United Nations Security Council Resolutions 242 and 338. Although the intelligent Saudi leadership is thoroughly mindful and appreciative of the obstacles and distractions which are delaying the peace effort (and readily concede that many of these obstacles are the result of Arab intransigence on specific issues), they are nonetheless disturbed at the prospect that Saudi efforts to lend economic support to the U.S. (i.e., massive purchases of USG securities and efforts to control rising oil prices) may give the impression to their critics that they have gone too far in supporting the U.S. in exchange for an equitable political settlement.

7. This information is being made available to Ambassador Akins in Jidda. No other dissemination of this information is being made.

Vernon A. Walters
Lieutenant General, USA

117. Memorandum From Acting Director of Central Intelligence Walters to the President's Assistant for National Security Affairs (Kissinger)

Washington, October 3, 1974.

[Source: Library of Congress, Manuscript Division, Kissinger Papers, Box CL 208, Geopolitical File, Saudi Arabia, August 10–October 28, 1974. Secret; *[handling restriction not declassified]*. 2 pages not declassified.]

118. Information Memorandum From the Principal Deputy Assistant Secretary of Defense for International Security Affairs (Jordan) to the Deputy Secretary of Defense (Clements)¹

Washington, October 5, 1974.

SUBJECT

Status Report on DOD Actions as Regards Arabia and YAR

(S) *Saudi Arabia*

a. *DOD Surveys*. Following State/DOD approval of the DOD survey reports of the Saudi Armed Forces, the reports were presented to MOD Prince Sultan by Ambassador Akins on 23 September.

¹ Summary: Jordan updated Clements on FMS sales to Saudi Arabia, expedited shipping of weapons to Saudi Arabia and the Yemen Arab Republic, the status of the F-5 Peace Hawk programs, and other matters related to the U.S.-Saudi security relationship.

Source: Washington National Records Center, OASD/ISA Files: FRC 330-77-0054, Saudi Arabia, 1974 000.1-121. Secret. Attached at Tab A is telegram 5563 from Jidda, September 24. Attached but not published at Tabs B and C, respectively, are a memorandum entitled "Current DOD actions to speedup FMS Cases for Saudi Arabia," and telegram 5736 from Jidda, October 12, relaying Prince Fahd's request for expedited U.S. arms deliveries to Saudi Arabia. Atherton's December 18 memorandum to Kissinger laid out the status of deliveries into 1977. (Library of Congress, Manuscript Division, Kissinger Papers, Box CL 208, Geopolitical File, Saudi Arabia, October 29, 1974–February 4, 1975) For the records of Fahd's June 5–6 conversations with U.S. officials, see Documents 109–112. The Peace Hawk programs involved the sale of services and training of pilots and support personnel for the F-5 fighter to Saudi Arabia and were divided into phases, such as "Peace Hawk IV" or "Peace Hawk Phase V." Each was a separate sale of equipment and services to Saudi Arabia.

b. *Outstanding FMS Cases.* Ambassador Akins reported in a 24 September message that SAG is discouraged with the apparent slowness of the US to respond to Saudi defense needs and that we risk losing our pre-eminent position in the defense field in Saudi Arabia to France, the UK and others anxious to serve Saudi Arabia (Tab A). Shortly thereafter Sec Def asked that a status report be prepared on outstanding FMS cases. In response to these instructions, a memorandum to Sec Def is now in coordination which will provide an update on some of the more troublesome sales cases for Saudi Arabia and provide suggestions for expediting action on a few others as a means of demonstrating US interest. A paper enumerating DOD actions to speed up FMS cases for Saudi Arabia (Tab B) was sent to State (PM) on 1 October and a copy given to Ambassador Akins when he called on Bob Ellsworth the following day (below).

(C) During their visit to Washington in June 1974, Prince Fahd and his party requested that action be taken to expedite 40 FMS cases for Saudi Arabia. In summary, their status is as follows:

(1) 8 have been completed; a few were completed as far back as one and two years. (Includes 1,000 sub-machine guns shipped 12 September.)

(2) Army has taken action to expedite 16 others; shipments will be made on these cases in 30 to 90 days. (Includes 200 3.5 inch rocket launchers, 100 81mm mortars, some ammunition, 25 tank trucks and miscellaneous items).

(3) There are 9 cases open for repair parts. An 03 priority has been assigned to Saudi Arabia since Fahd's visit. (The Department of the Army states this priority is equal to or better than about 30% of all US Army units in Europe.) Deliveries range for the most part from the 1st quarter of FY 75 to the 3rd quarter of FY 75.

(4) One case for 200 M825 ¼ ton trucks is ready for shipment but is awaiting Saudi payment. Army states that the Saudis have been advised repeatedly that funds are required.

(5) One case for various kinds of ammunition was issued in April 1973 but not accepted until March 1975; advance payments were not received until June. As a result the data was no longer valid and a revised offer to reflect latest cost and availability was dispatched on 28 September; the cost will increase from \$3.3 million to \$5.1 million. This case probably will continue to be troublesome.

(6) One case for battery chargers was signed in September 1973 but Saudi funds were not deposited until 28 June, nine months later. Thus, procurement action was delayed and delivery is now scheduled for the first quarter of FY 76.

(7) Four cases have principal items scheduled for delivery after 31 December 1974. Diversions from US stocks or other FMS programs

would be required in order to expedite deliveries (recommended diversions being forwarded to Sec Def 7–8 October).

c. *Akins Visit*. Ambassador Akins called on Bob Ellsworth on 2 October. ISA pressed Akins for details about Saudi complaints but he had little to offer in specifics. Akins had just seen Embassy Jidda's message reporting Prince Fahd's concern at the USG's slowness in responding to Saudi arms needs and his allegations that this lack of responsiveness by the US was causing the Army to grumble (Tab C). Akins was glad to receive a copy of our paper citing DOD actions to speed up deliveries (Tab B) and said that he would use it in talking with Prince Fahd in London on his way back to Saudi Arabia. Akins would try to get to the bottom of Fahd's concerns.

d. *Security Commission Meeting*. Bob Ellsworth will be in Saudi Arabia for Security Commission Meetings, 9–11 November. A DOD Specialist Team is scheduled to arrive in-country about 25 October prepared to discuss the status of outstanding FMS cases, any problems in on-going programs and future plans based on agreed points in the DOD survey recommendations of the Saudi Armed Forces. The modernization program will be the center piece of discussions in Saudi Arabia.

BG Hill, Chief, US Military Training Mission, will be in DOD for consultation 7–11 October. The primary purpose of his visit is to discuss arrangements for the meeting of the Specialist Team and the agenda (which USMTM has proposed) for its work. Emphasis will be placed on discussion of how best to approach the implementation of the DOD surveys.

e. *Arms for YAR*. On 5 September Embassy Jidda cabled a list of equipment which SAG is now committed to purchase for the YAR and hopefully from the US. With certain exceptions, we have approved sale of these items. The Services have provided price and availability data which is being pouched to Embassies Jidda and Sanaa. We are reviewing the P&A data (almost all of the lead times are relatively long) for possible diversions. Prince Sultan said that he appreciated the USG's rapid and forthcoming response to this Saudi request, that he wanted letters of offer as soon as possible and, in the meantime, would stall off French offers to sell arms. The letters of offer are in preparation.

f. *Civil Infrastructure*. At present the Secretary of the Army is reviewing a recommendation prepared by the US Army Corps of Engineers that, in response to the Saudi request, it expand its role in Saudi Arabia to assist the Saudis in developing its civil infrastructure. ISA will review the recommendations following Secretary Callaway's decision.

g. *F-5 Deliveries*. After the Greek rejection of our request to refuel new F-5's being ferried to Iran and Saudi Arabia, USAF arranged to

transport them via C–5A. Additional cost was not great (one C–5 can carry 8 F–5's), and we have a small excess capacity at present. The only alternative would be to try to have Saudis and Iranians pressure GOG into changing its mind—both we and State felt that this was not likely to be successful and we also considered it would be useful to demonstrate our ability to do without a Greek stopover.

h. *Peace Hawk IV*. Before the Royal Saudi Air Force Survey was undertaken, the Saudis had indicated their desire to purchase additional F–5's beginning in CY 76. A formal request had not been made, however, pending receipt of the survey report. In order to make it possible for deliveries to begin in CY 76, USAF, under a short time constraint, prepared a letter of offer covering only long lead items to protect delivery of 30 F–5E aircraft in CY 76. The letter of offer was refused on the grounds that it did not provide the technical data justifying the purchase of long lead time items. MODA wants a letter of offer covering the total proposed buy (for 60 aircraft). This is in preparation on an expedited basis.

i. *Saudi Air Defense Team*. A Saudi Air Defense Team is in the US (7–17 October) for briefings and to observe static displays and demonstrations of short range air defense equipment with emphasis on CHAPARRAL and VULCAN.

YAR

a. *Saudi and Jordanian Survey Teams*. A Saudi survey team recently in the YAR presented its report to MODA Prince Sultan on 30 September. Sultan told our Charge in Jidda that the report was very positive and practical and that when approved by the King, he would review it with USMTM Chief, BG Hill. Sultan wants to get the YAR committed to a binding one-time deal. The Jordanians, who have been providing advisory assistance, will be sending a military mission to prepare a comprehensive plan for rebuilding the YAR Armed Forces. It is not clear whether there has been coordination between the Saudis and Jordanians as regards these surveys.

b. *US Survey Team*. The USG requires an assessment of Yemen's military requirements in order to evaluate Saudi and YAR requests to purchase military equipment and ammunition of US origin. To this end, the USG in early September offered to send a small DOD survey team to the YAR and this offer has been accepted. Plans are being made for the survey team, which will operate under the auspices and staff supervision of the DOD Middle East Task Group (METG), to arrive in the YAR during the week of 21 October and to remain there for a period not to exceed two weeks. It will be headed by Col. William A. Fifer who has just completed a three-year tour as Defense Attaché in Saudi Arabia and was also accredited to the YAR as a non-resident

Attaché during the last year of his tour. In addition to validating equipment requests, the US survey will put the USG in a far better position to comment authoritatively on the survey recommendations of the Saudis and Jordanians.

c. *US Shipment of Arms.* A shipment of arms (including machine guns, mortars, 106mm rifles and ammunition) originally valued at \$2.8 million and funded by Abu Dhabi is en route to YAR. A recent price rise affecting the 106mm ammunition will require that the YAR obtain additional funding. Mr. Sisco requested in a letter to you that the price rise for the ammunition be reviewed. However, he has been informed in a letter from LTG Fish that it will not be possible to revoke the price rise. We are informing Yemen of this development and the need for them to pay approximately \$471,000 over and above the \$2.8 million already paid.

Tab A

Telegram From the Embassy in Saudi Arabia to Secretary of Defense Schlesinger

Jidda, September 24, 1972, 0515Z.

5563. Subject: Expediting Action on Matters Relating to Saudi Arabia.

Summary: The Saudi Government is discouraged with the apparent slowness of the US to respond to Saudi defense needs, and we urge the establishment immediately of a mechanism within DOD to expedite matters relating to Saudi Arabia, as well as quick action on providing arms to the Yemen Arab Republic. Should we fail to become more responsive, we risk losing our preeminent position here to France, the UK and others anxious to serve Saudi Arabia.

1. During recent months it has become apparent that the leadership of Saudi Arabia is becoming discouraged with what it sees as a lack of responsiveness, enthusiasm and efficiency on the part of the United States in meeting Saudi Arabia's defense needs. It is also evident that the Saudi leadership respects and trusts the United States, prefers US equipment and training over that of the United Kingdom and France, but has had to turn to those nations—which are eager to be accommodating—because the United States has been unable or unwilling to produce.

2. Last June while meeting with DOD officials in the United States, Prince Fahd, the Deputy Prime Minister, Minister of Interior and probably de facto successor to King Faisal, raised this point as a matter of

serious concern to Saudi Arabia. More recently, in the context of Saudi military aid to the Yemen Arab Republic, Prince Fahd advised YAR President in early July that the YAR should seek armor equipment from the French and other military supplies and services from the British because of “slow American action in delivering military equipment.” Prince Sultan, the Minister of Defense and firm advocate of US military cooperation, commented early this month that he did not expect the US would be either willing or able to respond to recent YAR requests for military assistance with the same enthusiasm as the French are displaying.

3. The need for close US-Saudi relations is well known, as is the desirability both politically and economically of an active role for the United States in the development of Saudi Arabia. Because of the many years of amicable, mutually profitable dealings by Americans here, we have a head start on the many other nations, which are, in Prince Sultan’s words, “moving very fast” to improve their positions.

4. It is recognized that Saudi Arabia, with its decision-making processes centered on only a very few individuals, can act much more quickly than the United States, and I recognize that not all Saudi Arabia’s expectations may be reasonable. But the key point here is that the British and French are apparently capable of being responsive in Saudi terms. For example, in May 74, when the Ministry of Defense and aviation asked for information on availability and cost on short range air defense weapons by 11 June, both the French and British met the deadline. The United States offer did not come through until 7 July. By that time the Saudis were already involved in visits to Europe to view French and British equipment and tests. It now appears the Saudi army will buy the French Crotale missile, although the US Vulcan gun system may also still be considered. The DOD survey of the needs of Saudi armed forces is another example of seemingly unnecessary delays that have disappointed and discouraged the Saudis. The survey was begun in April and completed in June. It was originally promised to the Saudi government by mid-June, a date continually extended until it was finally released on 20 September 1974, leaving the Saudis only perhaps 30 days to study it before the Joint Security Commission meets in late October. If another example is needed, the question of new uniforms for the Saudi Army is a case in point. The latest information available here indicates it will require 18 months to two years to provide them. MODA had asked for them by late fall of this year, and despite the long delay apparently still wants to buy them from the United States, because of the prestige of the soldiers having uniforms “direct from the United States.” How long the Saudis will hold to such values in the face of our relative lack of responsiveness is subject to severe question.

5. I strongly urge that a mechanism be established within DOD to monitor and expedite matters pertaining to US security assistance to Saudi Arabia. We recommend the establishment of such a body as a key agenda item for Under Secretary Ellsworth during the conduct of his meetings in connection with the Joint Security Commission. I would suggest, however, that this action be instituted before he arrives, so that he can discuss it as a project already well under way. I believe this will show the Saudi Government that the United States is interested and working hard to be more responsive.

6. I also ask that action on the supplying of arms to the YAR be expedited and that a solid response, including the date of arrival of the US Mission, be forwarded as soon as possible, but well before the Joint Security Commission meets.

7. I wish to emphasize again that Saudi Arabia is a close ally of the United States but its leaders are increasingly aware of their power and their options to deal with any country they choose. They pay cash. If we are to maintain our position and gain the resultant benefits we must be more forthcoming and responsive. Otherwise, we risk losing the race and the prize to the French, the British and the others.

Akins

119. Memorandum From the President's Deputy Assistant for National Security Affairs (Scowcroft) to President Ford¹

Washington, October 14, 1974.

The following is Secretary Kissinger's report of his conversations with King Faisal.

"I had a one and one half hour audience with King Faisal in Riyadh this evening, preceded by a one hour preliminary meeting with Foreign Minister Saqqaf. Contrary to some indications we had that the King might be in a difficult mood, and despite his fatigue in the last few

¹ Summary: Scowcroft relayed to President Ford a summary from Kissinger of his October 13 meeting with King Faisal.

Source: Ford Library, National Security Adviser, Trip Briefing Books and Cables for Henry Kissinger, 1974-76, Box 1, Kissinger Trip File, October 8-13, 1974—Middle East, HAK Messages for the President. Secret; Sensitive. Ford initialed the memorandum. The record of the meeting is in the Library of Congress, Manuscript Division, Kissinger Papers, Box CL 208, Geopolitical File, Saudi Arabia, August 10-October 28, 1974.

days of the fasting month of Ramadan, I found His Majesty alert and the atmosphere of the meeting warm and positive. I conveyed to the King your personal greetings and hope that he will be able to visit you, as well as your strong commitment to continuity in our Middle East policy.

“The King reiterated several times his strong desire for even closer relations with the United States and his determination to do all he can to encourage closer United States ties with the Arab world. As he has on a number of occasions recently, the King combined this with an appeal for rapid movement on the peacemaking front. He also urged that we do all we can to speed our assistance to the Arab countries, that Saudi Arabia is encouraging to follow a peaceful and moderate course. I assured him of our firm intention to do so.

“The King made his usual plea for the all-out Arab program: 1967 frontiers, return of Palestinians, Jerusalem. The King listened carefully to my explanation of our current strategy and of the need to mobilize support for it at home. I stressed the imperative need for a step-by-step approach. While he would obviously like more rapid progress, I believe I was able to obtain greater understanding on his part of the realities within which we must work and to allay for now, at least, the restiveness which he has lately reflected. I also explained why we feel we must vote against the General Assembly Resolution on the Palestine Liberation Organization. Despite Faisal’s strong emotional support for the Palestine cause, he acknowledged that we must do what we feel necessary to preserve our peacemaking role. I am hopeful that he will help temper Arab reactions to our position on this issue in New York.

“I am particularly encouraged by my talk with Faisal on the oil price question. In explaining our concerns about the effect of high prices on the world economic structure, I made clear that our recent public statements on his questions were not directed only at the Arabs. I stressed that a collapse of the world economy would only assist the spread of Communism. Faisal affirmed that it is Saudi policy to bring prices down and said he would seek to help in this respect, with other oil producers. He urged me to say so publicly. In my departure remarks at the airport, I commented favorably on Saudi Arabia’s constructive position on the oil price question—a statement which the Saudis made clear they welcomed. Saqqaf, the Foreign Minister, endorsed the statement. He also effusively supported our step-by-step approach which should help greatly in Syria and other radical countries.

“Given King Faisal’s influence in the Arab world, particularly with those countries whose support for our peacemaking efforts is important, and recent indications that Faisal was becoming disheartened and beginning to doubt our constancy, I am very encouraged by his positive reaction this evening. I think we can count on him to help keep tempers

calm in the area as we continue our preparations for the next stage of the negotiations.

"I am now on my way back to Cairo where I will have talks tomorrow with President Sadat."

120. Memorandum From the President's Deputy Assistant for National Security Affairs (Scowcroft) to President Ford¹

Washington, November 6, 1974.

The Secretary has asked me to provide you with the following report of his meeting with King Faisal.

"I flew from Cairo to Riyadh, the desert capital of Saudi Arabia, for an hour and a half audience this evening with King Faisal before going on to Amman tonight. With his wealth and prestige, the King carries great weight in those Arab countries which are important to our peace efforts, and I again sought his support in urging moderation on the Syrians and PLO during the period ahead.

"I explained generally to the King, and in greater detail to his Foreign Minister, the problems the Rabat Summit decisions will cause us with the Israelis and at home. While I do not expect to change Faisal's strong commitment to the Palestinian cause, I am hopeful that through his Foreign Minister, whom he is sending to New York, the Saudis will seek to exercise a moderating influence during the Palestinian debate in the General Assembly next week.

"Faisal continues to take an oversimplified view of the Israeli side. The important thing, however, is that he reaffirmed his support for our peace efforts and authorized his Foreign Minister to make a statement at the airport strongly supporting our step-by-step approach. He also authorized Foreign Minister Saqqaf to reiterate Saudi Arabia's policy of working to stabilize and ultimately bring down oil prices.

"In addition, the meeting with Faisal gave me an opportunity to relieve Saudi suspicions that had been aroused by recent Israeli-

¹ Summary: Scowcroft provided President Ford with Kissinger's report of his November 6 meeting with King Faisal.

Source: Ford Library, National Security Adviser, Trip Briefing Books and Cables for Henry Kissinger, 1974-76, Box 2, Kissinger Trip File, October 20-November 9, Europe, South Asia, Middle East, HAK Messages for the President (2). Secret; Sensitive. Sent for information. Ford initialed the memorandum. No record of the meeting with Faisal has been found.

inspired press stories about our military supply to Israel, and to counter suspicions shown at the Rabat Summit about our policy toward a Middle East peace settlement.

“We continue to face a difficult road ahead, and I do not want to over-estimate the Saudi will or capacity to stand up alone to pressures from extremist elements in the Arab world. There is no doubt, however, that Faisal wants to continue to work with us, both bilaterally and in the Arab world and can be helpful in cooperation with other moderates, particularly Sadat. That the two continue to work closely together was evident from the fact that Sadat sent his special emissary, Ashraf Marwan, from Cairo to Riyadh after my meetings in Cairo this morning to brief the King before my audience with him. To sum up: we defused the situation and created an opening for negotiations. A lot now depends on the Israelis.

“I will meet with King Hussein tomorrow morning before going on to Damascus and Tel Aviv, after which we should have a clearer picture of where the Rabat Summit leaves us. At a minimum, however, I am hopeful that my current trip has defused the post-Rabat situation in the area and may possibly have opened up the opportunity for further negotiations.”

121. Memorandum for the Record¹

Washington, November 22, 1974.

MEMO OF RECORD: Discussion Between Prince Turki of Saudi Arabia and Secretary of Defense Schlesinger and Deputy Secretary of Defense Clements

1. The Prince asked that the Secretary convey to President Ford greetings and best wishes from King Faisal, together with hope for success and prosperity in his Administration. The Prince indicated that he wanted to assure the Secretary of King Faisal's desire to strengthen friendship and cooperation between the two countries. He emphasized the importance of paying no attention to efforts from various sources

¹ Summary: The memorandum provided notes of a discussion among Prince Turki, Schlesinger, and Clements regarding military supply.

Source: Washington National Records Center, OASD Files: FRC 330–78–0011, Saudi Arabia, 091.112 1974. Secret; Sensitive. A copy of the memorandum was provided to Prince Turki's delegation, as per the attached November 25 written note from Wickham to Ellsworth. A note on the attached addendum reads: “Dep Sec has seen.”

to disrupt relations between the two countries. He believes that now is the time to strengthen relationships in pursuit of the common objective of peace and prosperity in the Middle East. The Prince indicated that while he was well aware of the difficulties the USG must face in dealing with the problems of the Middle East, it was his hope that the U.S. Mission at the UN would adopt a flexible position with regard to the Palestinian issue.

2. The Secretary expressed appreciation for the Prince's views and for his greetings which he would convey to the President.

3. The Prince indicated that statements of President Ford concerning the Middle East have been well received and appreciated by Arab Governments. He emphasized again that a flexible position of the USG on the Palestinian issue is important and that it would make the task easier for King Faisal to bring about the kind of settlement desired by the USG and which Secretary Kissinger has been attempting to work out.

4. The Secretary indicated that he would convey these specific points to Secretary Kissinger and the President, and particularly the point on flexibility of the U.S. Mission at the United Nations.

5. Secretary Clements said that the position of the USG calls for some movement on the Palestinian issue. He personally felt strongly on this point and believed that the Secretary of Defense shared his views. However, how far we could go in terms of achieving our objective would depend on flexibility of both sides.

6. The Prince indicated that the initiative should be up to the U.S. He did not wish to place a greater burden on U.S. shoulders but the Saudi Government is prepared to provide whatever assistance it could. The sooner that flexibility occurs, the sooner there will be peace in the area. The present leaders in all of the Arab States are men eager to move together in finding a settlement based on peace and justice. All of these leaders want to improve relations with the U.S. and it is important that they receive encouragement at this time. The Prince said he was aware of U.S. Government difficulties but believed that it would be possible to achieve a common objective. Once again there is a word of warning—do not pay attention to those who seek to destroy good relations between our two countries. This relationship of friendship is reflected in statements recently issued by Secretary Kissinger and also in correspondence from President Ford. The Prince also expressed best wishes for a speedy recovery by former President Nixon.

7. The Secretary remarked on the eloquent comments of the Prince concerning the Palestinian question. He said that we are keenly aware of the friendship that King Faisal has shown and that the Saudi people have expressed toward the United States since the 1930's. He said that the views of the leaders of Arab nations are well understood and that

the Prince's comments would be conveyed to President Ford and to Secretary Kissinger.

8. The Prince noted that friendship between the two countries dates back at least to the time of President Roosevelt. He said that the SAG knows what its security interests are and that the USG should give further military support.

9. Secretary Clements said that both he and Secretary Schlesinger had discussed the matter of support many times. He also discussed this with Secretary Kissinger. The relationships which both governments have is something which must be safeguarded and protected. This relationship has special problems such as the Palestinian issue and it is in the best interests of both governments to get the problem solved.

10. The Prince agreed that the special relationship between the two countries must be protected. The Prince went on to point out that it was important to strengthen military capabilities and that the SAG has come to the U.S. because of friendship to the U.S., because U.S. equipment is superior, and because it is felt that the U.S. would respond to the Saudi needs. In closing, the Prince quoted remarks of King Faisal upon the Prince's departure for the U.S., "Please emphasize to our friends in the United States, our urgent need for them to meet our military requests which we regard as important."

11. The Secretary indicated that we are anxious to move ahead as soon as possible in strengthening Saudi military capabilities and that this continues to be a matter addressed by the Joint Commission. However, the capacity of the available trained manpower to absorb additional training and equipment becomes the pacing factor. Secretary Clements indicated that this is the number 1 issue and the Prince concurred, saying this is a point which King Faisal makes with all visitors.

12. The Prince raised one final point on behalf of Prince Sultan in regard to arms for Egypt. He expressed eagerness that this request be fulfilled as soon as possible.

13. The Secretary pointed out that legal issues are involved with transfer of equipment to a third party. Such transfer requires a finding by the Secretary of State and subsequent public disclosure. This would raise an issue on which we should ponder. The Prince said that he was aware of such difficulties but wanted to emphasize the urgency because both countries should do all they possibly could to end the dependence of Egypt upon Soviet assistance.

14. The Secretary said he would discuss this matter with Secretary Kissinger upon his return. Once again, he thanked the Prince for his courtesy in transmitting the King's greetings. He said that the Prince had spoken most eloquently of the Palestinian tragedy which we must

attempt to correct in terms of historical justice. The Prince said he had no doubts about the Secretary's feelings on this matter.

15. [4½ lines not declassified] Secretary Clements said that in regard to the broader issue of training that our desire is to assist as quickly as possible. However, it would be necessary for the SAG to make available people for training. He noted that for years Iran has had 10,000 students in the U.S. and that only when a country could achieve such a volume of long-term training could the SAG hope to accomplish the things which they desired to do in terms of commercial change and improved defenses. The Prince indicated that this is exactly what he desired to do.

Attachment

Paper Prepared in the Department of Defense

Washington, November 25, 1974.

SENSITIVE ADDENDUM TO MEMO FOR RECORD OF DISCUSSION WITH PRINCE TURKI

1. The following additional points were items of discussion between Prince Turki, Secretary Schlesinger, and Secretary Clements. However, these two points were not included in the basic Memo for Record which was provided to the Saudi delegation.

2. Secretary Clements pointed out that the SAG has peculiar, special relationships with other countries in the Middle East and it may be necessary to discuss these relationships. The paths of common interest have not been the same in the recent past, such as between Egypt and Saudi Arabia. In the future, the paths may not necessarily be the same. Prince Turki replied that this is true and all the more reason why it will be necessary to protect the special relationship between the U.S. and the SAG and not allow Israel or other Arab states to destroy this relationship.

3. During the discussion concerning the security [less than 1 line not declassified] interests of the SAG, Secretary Schlesinger noted that there have been and continue to be forces at work seeking to undermine the security of Arab governments and the ruling families in various states. We have been urging that internal security be strengthened and, therefore, Secretary Schlesinger was delighted to hear of the recognition by Prince Turki of the need to strengthen internal security [less than 1 line not declassified]. Secretary Schlesinger indicated that we would be looking into measures for strengthening internal security [less than 1

line not declassified] in Saudi Arabia. Prince Turki remarked that he was sure of our interest in their security.

122. Airgram From the Embassy in Saudi Arabia to the Department of State¹

A–97

Jidda, December 16, 1974.

SUMMARY AND INTRODUCTION

Corruption, according to one definition of the term or another, has probably always existed in Saudi Arabia. We have been looking closely at the subject since the beginning of the year. Our original examination led to the tentative conclusion that corruption was widespread, involved some high-ranking people, could lead to embarrassment of the SAG and to American firms doing business in Saudi Arabia (and perhaps the USG), but that it was not so widespread, high-reaching and resented as to endanger over the short or medium term the stability of the present regime and hurt the very major U.S. interests in Saudi Arabia. We have since revised this estimate. Because we have been looking for it we have seen more of corruption and of its effects. At the same time we have concluded that corruption has been on the increase. There is no immediate danger to the regime or U.S. interests but the unchecked growth of corruption at the present rate would probably start to breed political instability fairly soon after King Faisal (who is honest and admires honesty in others) passes from the scene. The effect on a vital U.S. interest—a reliable source of oil and a responsible use of resulting income—would be incalculable. We recommend certain limited actions we might take to inhibit corruption and protect our interests.

BACKGROUND

Examination of the subject of corruption in Saudi Arabia requires defining the term in a way that has meaning. There are many actions and patterns of behavior in Saudi Arabia which might be offensive to

¹ Summary: The Embassy assessed the impact of corruption on Saudi Arabia's relationship with the United States.

Source: National Archives, RG 84, Jidda Embassy Files: Lot 79F80, POL 15–4, Denmark File (corruption). Secret; Exdis; Stadis. Drafted on December 10 by Nicholas M. Murphy (POL), with contributions in draft from Akins, Horan, Bird, Close, Butcher, Cecil, and Samuel Wyman (COML). Approved by Horan. Repeated to Abu Dhabi, Amman, Beirut, Cairo, Damascus, Dhahran, Doha, Kuwait City, Muscat, and Tehran.

the morals (and aesthetic sensibilities) of the average Westerner. We might term some of these actions corrupt, but unless the Saudis themselves find them morally reprehensible, they have little relevance to U.S. policy and interests.

While there is little that is “Ottoman” about the present Saudi government—it is a combination of the traditional tribal and “modern” European as interpreted by Egyptian bureaucrats—the Ottoman experience has clearly influenced attitudes towards corruption. First because bribery became a way of getting things done or just being left alone during the Ottoman period. At the same time, since there was no particular identification with the apparatus of government, there was no sense of damaging one’s own interests by suborning and corrupting a public official. This attitude has survived in a modified form: there is a strong sense of identification with (and support for) the ruling institution personified by the King. But in general this feeling does not carry over to the apparatus of government.

[1 paragraph (5 lines) not declassified]

Equally great influences come from Saudi Arabia’s own customs and traditions. Today amidst the burgeoning signs of fabulous wealth it is hard to recall that until very recently Saudi Arabia was the home of very poor peoples and that only 15 years ago the SAG couldn’t balance a budget which aspired to economic development and provision of basic social services. The Hajj, now possibly even a net drain on the Saudi economy, was once its mainstay and the prosperity of much of the country depended on how many pilgrims could be relieved of how much money. While this acquisitiveness of the Hijazi might have been scorned by the tribes of the desert, they had their own traditional ways of acquiring money including collecting “tolls” from caravans and selling “protection” to settled agricultural communities.

Much as Americans once held frontier self-reliance to be a positive national characteristic, the average Saudi today extols the virtues of the vanishing beduin society: strong individualism (or aversion to discipline?), fierce loyalty to family and tribe; a strong sense of responsibility for weaker members of the tribe and the conviction that loyalty must be repaid.

Within this traditional pattern, it is customary for a person with influence to use it to benefit his followers. The person who gains thereby is expected to reward his benefactor in a manner consistent with the benefit derived.

Much of the foregoing is not unique to Saudi Arabia, the Arab, or Islamic world. It is, however, a partial explanation of the ubiquitousness of practices such as bribery and influence, peddling, which Americans regard as corrupt. It also points to an ingrained tolerance for these

practices and we must turn to more recent developments to understand why they have now become a threat to the stability of Saudi Arabia.

THE WAYS OF CORRUPTION

Small Stuff

Any individual or organization trying to do business in Saudi Arabia is quickly confronted with a situation which generally results in some compromise of principles. Even for embassies there is the need to be nice to and do favors for the petty, officious and vain [*less than 1 line not declassified*] who personally approves the customs clearance of even the smallest shipment. And also for embassies but particularly for commercial enterprises is the need by one means or another to have the cooperation of important port, airport, and customs officials. Even with the cooperation of a top customs official most firms find it advisable to have an “expediter” to make the rounds disbursing small amounts of money to get the signatures necessary to clear a shipment.

Saudi laws and regulations were designed to protect Saudi businesses and workers but they also have the effect of enriching enterprising Saudis. Labor is short in Saudi Arabia, but a person waiting to come to Saudi Arabia to work in most cases must have a visa and this means having a “sponsor” who will accept financial responsibility for the person. The amount paid to a sponsor (who in fact assumes very little risk) can run upward from the SR100 per month a maid might pay to several times this for a technically trained person.

Businessmen also require sponsors. In the case of a small firm, the sponsor may actually take some risk in return for his share of the profits. In the case of a large and well established firm, however, it's all gravy. Sponsors (who function to protect the interest of Saudi citizens) should not be confused with agents. That's where the real action is.

The Role of the Agent

Wholly owned foreign firms cannot function in law or in practice without a Saudi agent. For a firm new to Saudi Arabia an agent performs many valuable services: visa assistance, customs assistance, introductions to business contacts, etc. The major value of the agent, however, is supposed to be his ability to influence important people when it comes to the awarding of contracts for the really big business. The range of business is vast and the amounts of money involved in the billions. Opportunities for doing business with the SAG exist in arms and defense services, civil aviation, health equipment and services, road, housing and other construction, petrochemicals, steel, etc., etc. For a very healthy fee, the agent is supposed to get in touch with the right people who can help get the contract.

A company may never know precisely what in fact its agent has done for it. The apparently authentic story is told of a confidential

clerk handling the bids for a multimillion dollar project who informed his brother several days before final ministerial action that a certain company was going to win the bid. The brother had time to contact that company and say it was in trouble but that he could get the bid for a fee of \$100,000—payable only if the contract was won. Feeling vulnerable, the company agreed to pay. It got the contract but would have in any case.

This case is probably unusual, but it illustrates the atmosphere in which business with the SAG is carried out—companies believe a bribe is necessary whether or not it is. In fact, very high commissions are common and a good part of this is paid out in bribes. Most of the really big contracts seem to be handled by relatively few agents, Adnan Khoshoggi being the most famous or notorious. Khoshoggi (or his Triad company) is, for instance, the agent of Raytheon, Northrop, Lockheed and others.

Who Pays

We have long known that British and French firms, particularly those in the arms business, have, with the apparent approval of their governments, paid large commissions amounting to bribes. On excellent authority, we have been told that the commission/bribe element of the \$625 million [*less than 1 line not declassified*] contract amounted to around \$100 million.

Though we couldn't document it, we know that American companies are also involved in the practice to get and keep contracts. [*less than 1 line not declassified*] is reputed to have ineptly paid a middling official in the Coast Guard a middling amount to quiet dissatisfaction with its performance on a contract with the Coast Guard Frontier Forces. This fact became known to the Commander of the Coast Guard and was one of the things which came back to haunt [*less than 1 line not declassified*] in its losing bid for a contract to modernize the National Guard.

Saudi Arabian Airlines recently contracted to buy three [*less than 1 line not declassified*]. High commissions for various purposes being the norm in the aviation industry, there is probably not much unusual in the reported \$5 million per plane to get this contract.

[*less than 1 line not declassified*] recently won a contract for \$117 million to staff and operate a series of military hospitals for the next two years. [*less than 1 line not declassified*] was the high bidder on the contract by a fairly wide margin. After a reexamination of the bids, however, [*less than 1 line not declassified*] was awarded the contract. The word around Riyadh now is that [*less than 1 line not declassified*] will have to perform on its \$117 million contract with \$89 million, the difference of \$25 million presumably having gone into "fees" connected with getting the contract.

Foreign firms are not the only ones who pay, of course. There is tremendous public works activity going on all over the country and especially in the cities. It is commonly assumed that the local firms competing for the many contracts also make payoffs.

Many Forms

The bribe to get a contract appears to be the most significant form of corruption, at least in terms of the money involved, but it has many forms. Some variants such as the payoff to expedite customs clearance have already been mentioned. Payoffs to officials to remove artificial roadblocks to construction projects is another. One particularly egregious case reportedly involved the [less than 1 line not declassified]. Playing on the desire of the Japanese, the Koreans and the ROC to please Saudi Arabia and assure their oil supplies, so the story goes, [less than 1 line not declassified] was offered a quantity of cement at about \$35 per ton—well below the world market price. Not content with taking a handsome profit by selling at the then going local rate of about \$54 a ton, he ordered merchants with cement on hand to up their prices to about \$70 a ton. Everyone with cement to sell turned a handsome profit.

Since we have not precisely defined corruption we might also examine the case of oil sales. Theoretically, all of Saudi Arabia's oil production not taken by Aramco as equity or buy-back oil is marketed by the state owned company Petromin. Practice is fairly close to theory, but not so close that a number of persons can't turn a healthy riskless profit. This happens because a certain, relatively minor, proportion of Saudi production is allocated to Princes for their disposal. The oil is not turned over to the Princes, only the right to sell it. Through agents the oil is then sold, usually by single shiploads in spot markets around the world. The profit is the difference between the amount paid to the Treasury (believed to be equivalent to the buy-back price paid by Aramco) and the actual selling price. There have been stories in connection with this type of transaction to the effect that agents have taken exorbitant commissions without the knowledge of some of the unsophisticated Princes to whom a quantity of oil has been allocated.

Where Does All the Money Go?

King Faisal is an honest man with quite simple tastes. His sense of what constitutes a corrupt practice to be condemned and rooted out includes most if not all of those we have named. We believe he is particularly repelled by the practice of awarding contracts through bribery. Most others at or near the top in the Saudi hierarchy are on the take. [12 lines not declassified] The list is by no means limited to [less than 1 line not declassified] members of the government. [6 lines not declassified] Many upper-middle and upper level military officers rou-

tinely take bribes and otherwise supplement their salaries. The elaborate villa built by the former Chief of Staff of the Air Force is somewhat of a Riyadh landmark (though some say he lost his position because of this ostentation which also says something about official sensitivity.)

A ministerial or other position of authority is not a requirement for sharing in the spoils of corruption. Agents apparently frequently split fees with other agents, a practice which reduces the likelihood of a sore loser doing anything which might ruin the game for all. Similarly, the Princes with the greatest opportunity reportedly are generous with their less fortunate brothers and cousins. (The oil allocation is one way in which opportunity is shared.) At the same time, royal recipients would be expected to, and presumably do to some extent, share their good fortune with their many non-royal followers, helpers and hangers-on in continuation of traditional beduin practice. The extent to which this latter practice is adhered to is, of course, a factor in the degree of tolerance of corruption.

At times one has the impression that everyone is on the take, though this is certainly not true. Hisham Nazer, Head of the Central Planning Organization, is probably clean. Shaykh Zaki Yamani has, in conversation with the Ambassador, been perhaps the most eloquent Saudi to speak with us about corruption and its pernicious effect. [4½ lines not declassified] The late Minister of State for Foreign Affairs, Omar Saqqaf, several times expressed concern to the Ambassador over the extent and possible effect of corruption. (He claimed to be able to afford his own expensive living standard by inherited wealth—he had said his land holdings in Medina were worth over \$15 million—and by reason of the rather large amounts of cash that the King periodically thrust upon him. That also is possible).

We also know that there is a fairly large group of generally younger military officers and government officials who are not involved in corruption, talk strongly against it, and live modest, if not actually frugal, lives. And that is where the danger to the stability of the Saudi regime may lie.

WHY WORRY?

In the course of one week this summer [less than 1 line not declassified] may have lost 10 million French francs at the gaming tables of the Riviera. (Rumors to this effect were current in Saudi Arabia many weeks before *France Soir* and *L'Express* magazine published articles on the gambling of Saudi princes on the Riviera.) [1½ lines not declassified], is said to have lost over 2 million pounds sterling during a short stay in London this past spring. Another story has it that [1½ lines not declassified], also lost heavily on the Riviera this summer. These and other stories of high living by Saudi princes come to us not only

from American and other Western sources but from Saudis within the country who are critical of this princely behavior. The stories—such as the *L'Express* magazine one—may be exaggerated, but are not inherently implausible and are widely believed to be true. [name not declassified] has told us the story on [name not declassified] was absolutely true—even the sums—and that “[name not declassified] should have been more discreet.”

We have noted that influential Saudis [2 lines not declassified] have expressed to the Ambassador their deep concern over the effects of corruption. In their most recent conversation on this subject [name not declassified] agreed with the Ambassador's thesis that rampant corruption could lead to a reaction from Wahabi purists and that this in turn could lead to a takeover of the government, the ousting of the royal family and perhaps the installation of a new Qadafi or worse. [name not declassified] said that furthermore this result could come about within the next five years.

We have found that in general younger, more junior, and less self-confident Saudi civilian officials are reluctant to discuss the specifics of corruption. However, there is no reluctance to admit the existence of corruption and it is not uncommon to hear talk of the need to purify Saudi society by a return to basic moral principles.

[2½ lines not declassified] recently told an Embassy officer of his discouragement at frequently having weeks of work on a contract come to naught because of a princely decision to award the contract without regard to normal criteria.

[2½ lines not declassified], is very religious and also has a finely developed sense of honesty. He carried this to such an extreme that he automatically disqualified his older brother—who has for many years specialized in government contracts—from any bid from [2½ lines not declassified]. These examples illustrate that there are qualified, capable and potentially powerful people with a very low tolerance for corruption at a time when corruption is visibly on the increase.

At the present time there are about 3,000 Saudis studying at colleges and universities in the United States. The figure may be higher now than it ever has been, but for many years large numbers of Saudis have been studying there. We have been interested to note that with very few exceptions almost all of these students have returned to Saudi Arabia when they have completed their studies in the United States (though their stay abroad quite frequently stretched out for a remarkable number of years). U.S. trained Saudis now constitute the backbone of most Saudi ministries concerned with economics and development. The salaries of these officials—normal by Saudi standards—are generally but a fraction of what an equally or less well educated representative of a western company is paid in Saudi Arabia. Many of these

people will follow the example they see about them and try to get what they can from the system. They will find that the system of graft is non-exclusive and frequently generous. We believe, however, that a number of other persons will resist the temptations to corruption. From the example of other countries it seems reasonable to assume that these persons will be prepared to work to alter or completely change the system which fosters this corruption. It is in any case doubtful to what extent sharing in the spoils will induce loyalty to the prevailing order—especially as the really big payoffs will continue to go to members of the royal family.

PROSPECTS FOR THE FUTURE

Whether on the take or not, Saudis in a broad spectrum of society are increasingly aware of the world outside and they care very much what that world thinks of Saudi Arabia. Thus while [*name not declassified*] gambling and wenching will have genuinely offended many people—[*less than 1 line not declassified*]—the publicity given to his behavior has humiliated many more, some of whom might begin to question a system [*1½ lines not declassified*].

It was mentioned earlier King Faisal is an honest man. He is revered by his subjects, who regard his integrity as above question. [*4 lines not declassified*]

But the Embassy wonders how relevant Faisal's personal character traits are to the problems the Royal Family will face as the King relinquishes power, or after his death.

The King's interests seem to be narrowing, and the issues about which he shows most evident concern are general foreign policy, the Arab-Israeli question, and the "Zionist-Communist conspiracy". On other matters, the Minister of Interior, Prince Fahd bin Abd al-Aziz, and his supporters have been assuming more and more authority. A year and a half ago King Faisal cancelled Fahd's planned visit to the United States, and Embassy officers recall Fahd was afraid even to approve a visa for a Jewish staff aide of Senator Jackson, though he finally did so. This year, Fahd's visit to the United States resulted in agreement on a comprehensive special relationship between the United States and Saudi Arabia on economic, scientific, and security matters. Visas for several Jewish newsmen who wished to visit Saudi Arabia were promptly obtained on the Ambassador's request to Fahd. Fahd's influence, moreover, has not appeared to diminish after articles appeared in the French and English press criticizing his extravagance while on vacation this summer. Two of his full brothers, in the Ministries of Interior and Defense, have also been given the personal rank of full Minister.

[*3 lines not declassified*] In years to come, moreover, the money available to Saudi Arabia will increase fantastically. By the end of 1974,

Saudi Arabia's monetary reserves may exceed 20 billion dollars; by 1980 they could exceed 100 billion dollars. Royal Family corruption in absolute terms seems bound to increase. But should the King's influence further weaken, or in that period vanish altogether, there would be no figure in the Royal Family with the record of probity or the moral authority to check a rush to the trough.

If, with the passage of time, the Sa'uds become widely identified with corruption, they will become more vulnerable politically. The active loyalty of government officers, the armed services, and the populace that the regime would need in a crisis (and which it probably enjoys now) would be degraded into a passive, opportunistic camp following. The shock effect than of a challenge to the regime could be out of proportion to the physical assets at the opposition's disposal. The Embassy considers, moreover, that if corruption is allowed to flourish in the next three to five years, the likelihood is good that the regime will have to cope with some troublesome and potentially dangerous challenge to its authority. Reaction time by the government will be critical.

At such a juncture, it might well be that the considerable resources of strength of the Sa'ud dynasty would prevail: the family is extraordinarily large and cohesive, and its three to five thousand princes function fairly well as a political party, and as an intelligence gathering mechanism; the monarchy's legitimacy is widely accepted throughout one of the most homogeneous states in the Middle East; Saudi character tends naturally to be passive, and—always barring complications that may arise out of the Arab-Israeli problem—Saudi Arabia's relations with its neighbors are less troubled than ever before. Finally—and most importantly—among the mass of royal Princes there are several who could swiftly provide leadership if the regime and the position of the Sa'ud family were challenged. But we would unquestionably have left behind the very rare kind of stability we have become accustomed to in Saudi Arabia.

ACTIONS TAKEN AND PROPOSED

As we have watched corruption mount we have asked ourselves what we might do to counter it—not from any moralistic concern, but as a means of guarding U.S. interests. We have concluded that there is relatively little which we can effectively do, but what we can is worth the effort. As noted, the Ambassador has discussed corruption and his concern over its pernicious effect with [*names not declassified*]. He has also discussed the subject with [*2½ lines not declassified*]*—*who like the King is scrupulously honest—left no doubt about his own concern with fighting corruption.

The Ambassador and other members of the Embassy have also warned American firms doing or considering business in Saudi Arabia

of the pitfalls presented by tying up with “agents” promising lucrative contracts in return for fat “commissions” and other questionable practices. We have pointed out that this could permanently tarnish the reputation of the company in Saudi Arabia and also damage the presently excellent reputation of American business for being straightforward in business dealings.

[*name not declassified*] has urged the Ambassador to take up the question of corruption with the King since the King knows and respects the Ambassador’s strong position on the subject. (The King has been told of the Ambassador’s return to the Chief of Protocol of a watch given him as a gift and of his practice of rounding up and returning valuable gifts given to American official visitors). Discussing corruption with the King is an extreme step whose negative effects would probably outweigh the benefits: The King is aware of the high living of his brothers and disapproves. He also knows that there is a certain amount of graft in the awarding of contracts. He tries to curb both. Even a respected outsider’s raising the subject with him would cause him intense embarrassment. The approach might eliminate particular instances of corruption, but the general practice will not be so easily stamped out. Certain Princes, [*name not declassified*], would be certain to learn of the Ambassador’s action. Whether their names were mentioned (and they wouldn’t be by the Ambassador) they would very probably regard the initiative as having been directed against themselves and their positions of power. The effect would be to endanger the Ambassador’s effectiveness with those who might soon be in power.

A more promising approach might be made directly to [*names not declassified*] when specific instances of corruption involving U.S. interests come to our attention. If the action were taken in the context of saving their own and the SAG’s reputation from blemish due to practices of which they must be unaware, the tactic might have some effect.

We are likely to be most effective in connection with the activities of the Joint Security and Joint Economic Commissions. The Embassy recommends that in connection with the activities of the commission we constantly emphasize to our Saudi counterparts that the U.S. government will not become a party to facilitating corruption and that we will not permit our contracting procedures nor our experts to be used to promote payments to any Prince or powerful minister. We should emphasize to Saudi officials from the King on down that the USG will disassociate itself from any contract given on the basis of corruption (since proving corruption would be difficult and that is not our business, in practice we must insist upon contracts being let in accordance with pre-set guidelines.)

Reasonable fees for agents are one thing but when a fee reaches over 15% of a contract and is obviously going to the person who is

responsible for awarding the contract, we should remove our umbrella of identification with the contract and the corrupt personalities. (We can do this quietly or with some publicity if we judge it might have a positive effect). We should resist being influenced by the possibility of losing export sales or short term political or military policy considerations. We might lose a little in the short run but we would have as allies the King and many others in the Kingdom who wish to see corruption checked. The longer term result will be even greater use of the American channel for important contracts and, more importantly we would maintain the presently very high esteem of the U.S. within Saudi society. Our own U.S. government reputation for incorruptability may one day prove to be our most valued asset in Saudi Arabia.

Information addressees of this airgram are requested to destroy it after reading.

Akins

123. Letter From the Deputy Secretary of Defense (Clements) to Saudi Deputy Minister of Defense and Aviation Prince Turki¹

Washington, December 23, 1974.

Your Royal Highness:

I am pleased to have received your three letters summing up the important issues discussed and the agreements reached during our recent meetings. The information you provided during our frank discussions and in your letters has been most useful in helping me pinpoint a number of areas in need of special attention. I am most appreciative for the information you have given me.

You may be assured that the entire range of subjects which we discussed during your recent visit to the United States has my personal concern and will have my continuing attention to see that all subjects

¹ Summary: Clements reassured Turki regarding Saudi requests for expedited arms shipments and the modernization of the Saudi armed forces.

Source: Washington National Records Center, OASD/ISA Files: FRC 330-77-0054, Saudi Arabia 000.1-121 1974. Confidential. Clements wrote a brief postscript: "It was great having you in the USA—Come again soon!" The record of Turki's November 22 meeting with DOD officials is published as Document 121. Turki's December 2 letter to Clements was not found.

are given due consideration. The appropriate organizations in the Department of Defense are obtaining the necessary information and taking the actions required to respond to your requests. Some areas, as I am sure you will understand, are more complicated than others and require more time to reach a suitable solution. I'm sure you and your staff are already receiving information through USMTM and our Embassy as a result of your visit here and your meeting in November with Assistant Secretary Ellsworth and you may expect to receive more information soon. I am determined that we will carry out fully those things to which we have already agreed.

I believe that one of the understandings we have reached concerning your interests in aircraft and associated weapons systems, by itself, clearly demonstrates my Department's fundamental, forthcoming attitude toward Saudi Arabia. Problems are sure to arise from time to time in carrying out your very extensive modernization program but I trust that neither side will allow such difficulties to obscure the sound fundamental relationship between them.

I have also received your letter of 2 December concerning medical treatment for Saudi military personnel and their families at various military installations in the United States. Mr. Ellsworth's staff has contacted your Military Attaché to obtain more information with a view to resolving the problem.

Finally, Your Royal Highness, I wish to thank you for your kind letter of 4 December. I am most pleased that you and your delegation were favorably impressed with your visit to Washington and your tour of the United States. I look forward to steady progress in the modernization of your Defense Forces and our continued cooperation in that endeavor.

Please accept the renewed assurance of my highest esteem.

Sincerely,

Bill Clements

124. Minutes of the Secretary of State's Staff Meeting¹

Washington, January 3, 1975, 8 a.m.

[Omitted here is material unrelated to U.S.-Saudi relations.]

SECRETARY KISSINGER: Jack.

MR. ROBINSON: The Joint Commission program is going forward. We had two good meetings, one on Iran and one on Saudi Arabia, on Tuesday.

SECRETARY KISSINGER: With whom?

MR. ROBINSON: The heads of the committees that make up the Joint Commission. We selected a Director for Coordination. We think we are moving in the direction that—

SECRETARY KISSINGER: We have to have one commission that does something massive. And I think Iran is eager to do it.

MR. ROBINSON: That is the reason I called this meeting.

SECRETARY KISSINGER: And I would like to have a meeting of the Joint Commission. I want to have Ansary over here during March.

MR. SOBER: He has promised to come. We are waiting for firm dates. It is the first week in March.

SECRETARY KISSINGER: Okay. I am going to see the heads of the Indian Commission.

MR. INGERSOLL: Just the Cultural Sub-Committee.

MR. SOBER: No, sir—all three—the three-sub-committees—4:30.

MR. INGERSOLL: I thought you meant the people who were—

SECRETARY KISSINGER: The heads.

MR. INGERSOLL: Yes.

SECRETARY KISSINGER: I don't think much is going to happen in that commission. How is the Saudi?

MR. ROBINSON: I think we are beginning to get that on track. Sid Sober can report in more detail, perhaps. But we have Parsky, I think, now responsive to our direction. I am told that may be a false hope. But at least it looks that way at the moment.

SECRETARY KISSINGER: Let me know if there is a problem.

¹ Summary: Secretary Kissinger and his staff discussed the functioning of the Joint Commissions with Iran and Saudi Arabia.

Source: National Archives, RG 59, Transcripts of Secretary of State Kissinger's Staff Meetings, 1973–77, Entry 5177, Box 3, Secretary's Analytical Staff Meetings. Secret. Kissinger chaired the meeting, attended by all the principal officers of the Department or their designated alternates.

MR. ROBINSON: He left last night. He has a three-day meeting in Saudi Arabia. Two of our men—Joel Biller and Morris Draper—are going with him. And I think we have clearly established the guidelines and he promised to stay within them. We will see.

MR. INGERSOLL: He has no background. That is one of the problems.

SECRETARY KISSINGER: What is his background?

MR. INGERSOLL: He is a lawyer. But he just has not had the experience. Very eager.

SECRETARY KISSINGER: But he doesn't understand what the commissions are supposed to do. That's the first thing.

MR. INGERSOLL: We have tried to drum it into him.

SECRETARY KISSINGER: The second thing—he doesn't know how to deal with the Saudis. His job is not to reform Saudi society. His job is to create as many links between the Saudis and us as can be created, and to do things that they cannot think of.

MR. INGERSOLL: He doesn't have the background in their society, either, to understand how it operates.

SECRETARY KISSINGER: That's putting it kindly.

Okay.

[Omitted here is material unrelated to U.S.-Saudi relations.]

125. Telegram From the Embassy in Saudi Arabia to the Department of State¹

Jidda, January 7, 1975, 1545Z.

138. Subject: Ambassador's Comments on Views of King and Royal Council of Princes. Ref: A) Jidda 0032; B) Jidda 0067; C) State 1955; D) State 1969; E) Jidda 0137.

1. You may have read some of my messages on the growing Saudi nervousness arising from repeated reports from Israel and the United States on the necessity of occupying the Arab oil producing countries, notably Saudi Arabia. You may also have noted the limited reassurances I've given the Saudis (ref A&B) which anticipated the Department's instructions (ref C&D).

2. I don't know whether the U.S. and Israeli newspaper articles are inspired; I can see why they might be. If there is any considered purpose behind them, it probably is to warn the Saudis of the consequences of another oil embargo in the event of another Arab-Israeli war.

3. There is no doubt that King Faisal is worried and his worry is shared by Fahd, Sultan, Yamani and others. They fear that the United States, in a misguided zeal to support Israeli conquests, will bring down disaster on itself, on the Middle East and on the entire world. And they interpret the U.S. threats as proof that Zionist influence in the U.S. is undiminished. There is however no disposition to foreswear the oil boycott as a weapon.

4. If the war does start and if we come to Israel's aid as we did in 1973, I am convinced the boycott is inevitable. If the war starts and Israel does very well using the massive arms deliveries we have made in the last year, then the boycott is almost equally certain—although in this case we could conceivably preserve something. If the war is a stand-off, then I think the chances of avoiding the boycott would be at least twenty-five percent.

¹ Summary: After Secretary Kissinger gave an interview in *Business Week* and referred to the possible use of military force in the event of another oil embargo, Ambassador Akins informed the Department of the importance with which the Saudi Government viewed the matter.

Source: Ford Library, National Security Adviser, Presidential Country Files for the Middle East and South Asia, Box 29, Saudi Arabia—State Department Telegrams, To SecState—Nodis (3). Secret; Niact Immediate; Cherokee; Nodis. Reference telegrams C and D were not found. Telegrams 32 from Jidda, January 4; 67 from Jidda, January 5; and 137 from Jidda, January 7, are in the National Archives, RG 59, Central Foreign Policy File, D750004–0636, D750004–0773, and [no film number], respectively. Kissinger's interview with *Business Week* appeared in the January 13, 1975, issue. A transcript is in the Department of State *Bulletin*, January 27, 1975, pp. 97–106.

5. The result of the threatening press articles has been a series of meetings between Yamani and other Saudi leaders with the Western European Ambassadors (I'm not sure about Japan) where the Saudis are apparently doing everything they can to ensure there will be no consumer solidarity. The point they seem to be making is they do not intend destruction of Israel, they are willing to reach peace but if Israel is not, there will be war. And the Saudis will expect European support. If they get it there will be no cutoff of oil deliveries to them—only to the United States, and if United States invades them, then all oil supplies will be lost.

6. I also strongly suspect the Saudis are already taking measures to ensure destruction of the oil installations in Dhahran. I asked Yamani point-blank about this; he laughed and said "you don't really think I would tell you, the American Ambassador, what we intend to do, do you?" I told him there would be some utility in our knowing Saudi intentions; they would be carefully considered in the United States. He made no comment other than to repeat that he knew the United States well; he was convinced that its support of Israel would stop short of provoking its own destruction and that of its allies. But if we lost our minds we could rest assured that there would not be enough oil left in the Persian Gulf to run the smallest European state; and production would be out for a decade.

7. Sultan made the same statements to me somewhat less boldly earlier (ref E).

Akins

126. Telegram From the Department of State to the Embassy in Saudi Arabia¹

Washington, January 11, 1975, 0549Z.

7265. Subject: Message from President Ford to King Faisal. For Ambassador from the Secretary.

1. Please convey following letter from President Ford to King Faisal.

2. Begin message: Your Majesty: I am writing you again so soon because I believe it essential that we remain in close touch in this period of intensive diplomatic activity in which we are now engaged to achieve further agreements on the path to a just and lasting peace in the Middle East.

There is much irresponsible and uninformed speculation in the world today about American policy, and I want your Majesty to have a correct picture of what our policy is. There must be no misunderstandings between ourselves and our friends in the Middle East, because misunderstandings can only erode the mutual confidence which has been so essential in our relationship and provide opportunity for those whose interests are contrary to ours to profit.

I sense from Your Majesty's response to my last letter that you share these views. I fully reciprocate your strong desire to strengthen the friendship which exists between our two persons and countries. I also recognize that early progress toward peace in the Middle East is essential to preserve the positive results already achieved and to maintain an atmosphere in which the friendship between the United States and the Arab world can further prosper.

As I previously wrote to Your Majesty, we are determined to move forward quickly toward a new agreement that will return substantial additional territory to Arab control. Secretary Kissinger and I will be

¹ Summary: Responding to Ambassador Akins' message on the *Business Week* interview, the Department transmitted a letter from President Ford to King Faisal referring to the matter.

Source: Ford Library, National Security Adviser, Presidential Country Files for the Middle East and South Asia, Box 29, Saudi Arabia—State Department Telegrams, To SecState—Nodis (3). Secret; Immediate; Cherokee; Nodis. Drafted by Atherton; approved by Kissinger. Faisal's January 7 letter to Ford was transmitted in telegram 136 from Jidda of the same date, and concerned discussions of an energy consumer-producer conference. (National Archives, RG 59, Central Foreign Policy File, P850106–1424) On January 13, Akins delivered a similar message from Kissinger to Sultan, as transmitted in telegram 7266 to Jidda. (National Archives, RG 59, Central Foreign Policy File, P850106–2309) On January 14 the Embassy transmitted Faisal's reply to Ford's letter, requesting that Kissinger "set straight" U.S. policy regarding a second oil embargo "in a way which would not leave room for any misinterpretation." (Ibid., P850014–1470) Akins' message on Kissinger's interview is published as Document 125.

meeting next week with Foreign Minister Allon to impress upon him the need for Israel to cooperate in this effort. Thereafter, in response to a suggestion by President Sadat, I have agreed in principle that Secretary Kissinger should travel to the Middle East in the first part of February to seek to move matters toward a successful conclusion. We are now engaged in laying the groundwork so that such a trip by him will have a reasonable prospect of achieving the desired results, since failure to do so would constitute a serious setback to all our hopes. This will be a difficult period for us, and we will need steadfast encouragement and confidence of Your Majesty and our other friends in the area. Your forthcoming visits to Damascus and Cairo are therefore most timely.

In this connection, I have been disturbed by tendentious and misleading reports in a number of Arab countries about remarks Secretary Kissinger made recently in response to a question as to what American policy would be if faced with concerted economic warfare threatening to strangle the non-Communist industrialized world. I have been pleased to note that no such comments have emanated from the Kingdom of Saudi Arabia. Ambassador Akins will have explained to Your Majesty's government what our true policy is in this regard. In fact, Secretary Kissinger's remarks were designed to put a stop to irresponsible talk about reckless military or political action on the price issue. I would also like to reemphasize what Secretary Kissinger told you when you last received him that the friendly relations between Saudi Arabia and the U.S. preclude military threats between us. I trust that Your Majesty will continue to use your wise influence to make clear that the United States follows responsible policies designed to bring about peace and cooperation in the world.

As we move forward on the course we have set for ourselves, I will be strengthened by Your Majesty's words of hope that we shall succeed in attaining the just and permanent peace we all seek in the Middle East.

Sincerely, Gerald R. Ford.

End message.

Kissinger

127. Memorandum of Conversation¹

Riyadh, February 15, 1975, 3:10 p.m.

SUBJECT

Secretary Kissinger's Visit to Saudi Arabia

PARTICIPANTS

Prince Fahd, First Deputy Prime Minister and Minister of Interior
His Excellency Mohammed Masud, Acting Minister of State for Foreign Affairs

Secretary Henry A. Kissinger
Under Secretary Charles Robinson
Ambassador James Akins
Assistant Secretary Alfred L. Atherton, Jr., NEA
Mr. Isa Sabbagh, Interpreter

Prince Fahd: We are following your efforts and hope they will be crowned with success.

Secretary Kissinger: It is more difficult every month.

Prince Fahd: That is true. It often happens that the difficulties increase, but this often means relief is at hand. When matters reach their ultimate depth, they can only go up. It is my belief that the Arab-Israeli problem is one of the most difficult.

Secretary Kissinger: Will Your Highness be present when I meet the King?

Prince Fahd: Yes.

Secretary Kissinger: I will give His Majesty a detailed explanation of our efforts but I want to say one thing now. We must conduct our policy in difficult circumstances and under great domestic difficulties. Your Highness is aware of the attacks on us. Your Highness is also aware of the complicated situation in the Middle East. Israel's interest is to complicate matters further. But we have no interest in dividing the Arab world.

Prince Fahd: That goes without saying.

Secretary Kissinger: I began 15 months ago because I was convinced that American relations with the Arab world must be improved. I wanted America's oldest Arab friends to be proud of American actions and not have to apologize for them.

¹ Summary: Kissinger met with Prince Fahd to discuss the Joint Commissions; the Soviet base at Berbera, Somalia; and South Yemen.

Source: National Archives, RG 59, Central Foreign Policy File, P820123–0938. Secret; Nodis. No record of the conversation between King Faisal and Kissinger has been found.

We are prepared to make the same effort for Syria as we are for Egypt. Your Highness knows that the Syrian problem is more complicated, but our intention is to help in the same way. I know this must be of concern to Saudi Arabia.

Prince Fahd: True. We feel that what has been achieved since October 1973 in U.S.-Arab relations is substantial. And in the proper perspective, the improvement has been great compared with the absence of good relations with the U.S. in the Arab world in the previous period. This has enabled your friends to speak up and to give the U.S. credit for what it is doing. This is consonant with His Majesty's desire to see us move along this path.

Secretary Kissinger: His Majesty always encouraged us.

Prince Fahd: True. His Majesty's policy has not been confined to U.S.-Saudi relations, but he has wanted an improvement in U.S. relations with all the Arabs.

Secretary Kissinger: That has been our impression. His Majesty has used his influence to that end.

I think Your Highness understands English perfectly. You have an unfair advantage. You can reflect on your replies.

Prince Fahd: My English is limited and confined to personal matters. One must hear some things in one's own language to be sure he understands.

Secretary Kissinger: That is true. I never negotiate in a foreign language.

Prince Fahd: That way your replies are as you want them.

Secretary Kissinger: Absolutely.

Prince Fahd: It is my belief that Israel should be made to realize that these are the most opportune circumstances for peace. This is so because the Arab side is closer and closer to the conviction that a peaceful settlement is the best solution. If matters drag on, the Arabs will come to believe that the only solution is to increase their armaments. This will be dangerous.

I feel the Soviets may not want the solution we want.

Secretary Kissinger: The Soviets want no solution.

Prince Fahd: That is because they benefit from the situation. Hence pro-Soviet elements seek to distort your efforts, which we hope will succeed.

Secretary Kissinger: If our friends continue to support us, we are closer than ever to the next stage; it should be in the next few weeks.

Prince Fahd: I am confident His Majesty will be one of your strongest supporters in the belief that you will realize the rights of the Arabs.

Secretary Kissinger: His Majesty is always a source of inspiration and encouragement. I look forward to my discussion with him.

As Chairman of our Bilateral Commission, may I discuss a bilateral question? Perhaps we could also discuss security problems in the area.

Prince Fahd: Yes.

Secretary Kissinger: I have brought Under Secretary Robinson with me, who has just joined our Department, because I believe we must strengthen our economic relations in major projects. I want to implement the principles I expressed when Your Highness came to the U.S. in accordance with the wishes of Saudi Arabia. Mr. Robinson is prepared to talk to Your Highness or your designee and give impetus to the Joint Commission.

Prince Fahd: I will see him tomorrow.

Secretary Kissinger: He has ideas about agricultural development and the use of by-products of the petroleum industry for fertilizer production that I think might be of interest. He also has ideas about long-term Saudi Arabian investment abroad. We have always discussed these matters in a multilateral framework and have not discussed them enough bilaterally. Historically our relationship has been bilateral.

Prince Fahd: Yes.

Secretary Kissinger: What is Your Highness' view of how the Joint Commission is performing?

Prince Fahd: It is doing well and achieving things. Your Ambassador signed an agreement a few days ago.

Secretary Kissinger: How is the military commission going?

Prince Fahd: It seems to be doing okay but perhaps needs a shot in the arm. Time is of the essence.

Secretary Kissinger: We could send a senior military person for a visit to speed things up. We could even send the Deputy Secretary of Defense.

Prince Fahd: This would be a very good thing in my view because it would expedite carrying things out.

Secretary Kissinger: This is what I thought.

One way to give you more advanced aircraft would be to send them with pilots to Dhahran to train Saudi pilots and then turn the aircraft over.

Prince Fahd: This is a practical idea. Responsible people would see the physical presence of the aircraft which would have great practical effect.

Secretary Kissinger: We will send a mission to discuss this and other ideas with His Majesty and Your Highness.

Prince Fahd: Good.

Secretary Kissinger: With respect to your neighbor, Somalia, we will show your [less than 1 line not declassified] Soviet missile installations there.

We have ships in this area more frequently now—primarily against the Soviets. In the peninsula and Arab world, we consider the Kingdom's enemies to be our enemies. We are prepared to coordinate our measures, especially with respect to Iraq and South Yemen.

Prince Fahd: We know the Soviets are providing sophisticated weapons to Iraq. In Yemen, the Soviets have an interest in bases in addition to what they have in Somalia.

Prince Fahd: For these reasons Saudi Arabia feels it should have the most sophisticated weapons possible—anti-tank, anti-aircraft, etc., in particular.

Secretary Kissinger: We are selling TOW's.

Prince Fahd: As you realize, because of the great geographical expanse of Saudi Arabia, we should concentrate on a sophisticated aircraft and air defense system. The major factor is training personnel. As I said to you in Washington, we want to see these things done the fastest in Saudi Arabia.

Secretary Kissinger: Are these things going right?

Ambassador Akins: Yes.

Prince Fahd: The problems we see are Somalia, Iraq and South Yemen. We are surprised that Somalia is rushing into a venture not in its interest, since Somalia is part of the Arab family and none of its members is urging this.

Secretary Kissinger: We are prepared to cooperate with the Kingdom in reducing Iraqi influence.

Prince Fahd: Excellent. I find this strange. The Somalia Foreign Minister was here a month ago and told me that Somalia was seeking to distance itself from the Soviets. Then one week ago they executed ten Muslim holy men.

Secretary Kissinger: We will show you the photographs.

Prince Fahd: That will be helpful. When the Somalia Foreign Minister was here, I said that I know you have economic problems. If you seek to distance yourself from the Soviets, we are prepared to help you economically. But if you follow a path that is of no use to Somalia and the Arab world, we cannot help. I told the Foreign Minister to heed the lesson of Egypt and the Sudan. Why start from the point that Egypt is trying to get out of?

Secretary Kissinger: That was a good point.

With respect to Eritrea and Ethiopia, we would welcome Saudi Arabia's help. There are no American interests in Ethiopia per se, but we don't want Eritrea taken over by Chinese influence internally and by the Soviets from outside.

Prince Fahd: That is true. I also think that Ethiopia should be asked to use other than military methods.

Secretary Kissinger: I agree. We think some of the Ethiopian leaders are crazy and immature.

Prince Fahd: True. Some Ethiopian leaders came to Jidda to see His Majesty, who said we don't care about what kind of Government you have; we will help if you follow a moderate policy toward Eritrea. If Ethiopia does not do so, it will leave the door open to the Communist Chinese and Eastern Europeans.

Secretary Kissinger: That is our concern.

Prince Fahd: In Ethiopian minds, the need for a Red Sea outlet looms large. But with reason, Eritrea could be autonomous and Ethiopia could have its outlet.

Secretary Kissinger: If Saudi Arabia exercises a moderating influence with Eritrea, we will work with Ethiopia to encourage moderation.

Prince Fahd: Very good. Nimeiri has suggested discussions between the two sides in Sudan.

Secretary Kissinger: We support such steps.

Prince Fahd: Because of the geographical proximity to Saudi Arabia, we are anxious to see an amicable solution. We fear that a Qaddafi will fight the flames of that conflict.

Secretary Kissinger: That is our view.

Is enough being done about South Yemen?

Prince Fahd: You mean now?

Secretary Kissinger: Yes—are we cooperating enough?

Prince Fahd: Yes. So far as I can see, things are moving well. We are trying to convince South Yemen that cooperation with Saudi Arabia and the Gulf is better for them than with the Communists. It is always better to have these side talks than confrontation. We want no more problems in our area. South Yemen gets no benefit from being close to the Communist world.

Secretary Kissinger: Not at all.

Prince Fahd: The Communists have used South Yemen to make problems for North Yemen, Oman and the Gulf. South Yemen is being used for purposes that are neither in their or our interests. We are trying to make them understand that if they leave the Communist camp and return to the Arab fold, this will be infinitely better for them.

Secretary Kissinger: We will cooperate in ways Your Highness thinks useful.

Prince Fahd: Our method of operating under His Majesty is a quiet one, but we do not lose sight of the goal. We know Dr. Kissinger and find ourselves absorbing these traits from him. He knows that quiet actions speak for themselves. We can only achieve results this way.

(The meeting adjourned at this point for the Secretary's audience with King Faisal.)

128. Telegram From the U.S. Delegation to the Department of State¹

Riyadh, February 16, 1975, 1730Z.

76. Subject: Fahd Places Priority on Military—Requests F-15.

Summary: MinInterior Prince Fahd in discussions with Under Secretary Robinson placed great emphasis on strengthening the military potential of Saudi Arabia to make her a key element in stabilizing the entire Gulf and Peninsula. He also argued that such military strengthening was necessary if Saudi Arabia were to play a full role in leading the oil states away from radical policies. Only if such countries as Kuwait and North Yemen Saudi Arabia was capable of protecting them from such radical powers as Iraq and South Yemen could she play this role which would promote U.S. interests throughout the area. He specifically asked for U.S. evaluation of the purchase of F-15 fighters as one important step and said that the Saudi military were dissatisfied with the amount of material and the speed with which they were receiving U.S. military equipment, drawing comparisons with the Soviet supply of Syria. The Prince said that there was a group within the SAG who were seeking to have the Kingdom turn to reliance on Europe for a major share in developing the country both militarily and on the civilian side. Prince Fahd said that he wanted to maintain the U.S. connection but needed help to do so. He painted a picture of even larger involvement by the USG and private American companies in developing the agriculture and industry of the Kingdom provided the U.S. oriented group within the government continued to be successful. The Under Secretary noted our intention to send a high-ranking U.S. Defense Department official to Saudi Arabia as soon as possible along the lines discussed with the Secretary the previous day and suggested that Saudi Arabia meanwhile could assist the U.S. by reassuring Syria on the intentions of the Secretary in seeking to really resolve the problem of the conflict in the Middle East. The U.S. also has a new and broader plan for developing agriculture in the Kingdom and in developing the fertilizer industry. The Prince said that he was seeing the

¹ Summary: Newly-appointed Under Secretary of State for Economic Affairs Charles Robinson discussed military and agricultural matters with Prince Fahd, including the potential Saudi purchase of the F-15 fighter jet.

Source: National Archives, RG 59, Central Foreign Policy File, D750056-1111. Confidential; Exdis. Also sent to Jidda. Robinson and Akins accompanied Secretary Kissinger to Riyadh to meet with King Faisal and Prince Fahd; they remained after the Secretary's departure. The record of Kissinger's February 15 meeting with Prince Fahd is published as Document 127.

Syrian Foreign Minister later that day and would make every effort to support the initiatives of the Secretary. End summary.

1. Prince Fahd, Minister of Interior and effective operating head of the Saudi Government, in a February 10 meeting, originally scheduled for 45 minutes but which lasted over two hours, with Under Secretary Robinson dwelt at length on his long history of supporting the American connection among Saudi policy makers. He concentrated on necessity for developing a more credible Saudi military establishment arguing that only if this happened and quickly would Saudi Arabia be able to play its full role both in the Gulf and in the Peninsula as a whole. This would be very much in the U.S. interest because Saudi Arabia as a matter of policy still sought a reduction in the price of petroleum and wanted to continue process of weaning smaller states from fear of and dependence on the radical Arab states in area, namely Iraq and South Yemen.

2. The Prince emphasized that the situation had changed with regard to relations with the Gulf states since his efforts to settle border dispute with Abu Dhabi. These states were no longer fearful of Saudi Arabia and indeed Saudi Arabia, he said several times, did not have any aggressive intentions whatsoever. It was extremely important to arm Saudi Arabia with modern weapons that would be believable. He knew there were elements in Congress and in DOD who sought to portray Saudi intentions as wanting to use such arms against her neighbors or even against Israel. He wanted to give assurances that Saudi Arabia would never attack Israel. The arms were needed purely for their own protection and to balance the arms being sent to the radical states in the area.

3. Developing the theme further, Prince Fahd said that several officers, both those still in Syria during his recent visit there and those in Tabuk and Khamis Mushayt had openly expressed to him their shame and concern regarding Saudi weakness relative to these radical states. He wanted an evaluation made of the F–15 aircraft and its availability to Saudi Arabia. The Kingdom's military weakness led to serious problems in making Saudi policy leadership effective and believable in other areas such as energy. Saudi Arabia still had as its policy that the price of petroleum should come down. The ULF states were following her lead but Kuwait was not and this was mostly because of her fear of Iraq. If Kuwait felt that she could rely on Saudi Arabia her fear of Iraq might largely disappear.

4. There was a group, another group inside the Saudi Government, which opposed placing such reliance on the U.S. for military and civilian development of the Kingdom. Even now the Europeans were opening their arms to Saudi Arabia and promising that they were ready to cooperate in all fields. It was becoming embarrassing to the Prince to

have so little to show for the efforts made so far with the U.S. in both military and civilian fields. The U.S. must find ways to strengthen the Saudis' military.

5. Turning to the economic development of the Kingdom, the Prince said that they were most concerned about agriculture. The Kingdom had adequate water resources and soil and they were keen on making the country self-sufficient. We do not care about the expense he said so long as it is economically sound in the long run. In industry, they wished to develop some light industry to meet consumption needs within the Kingdom and perhaps export to Gulf area. Joint ventures with Saudi citizens were needed and the Joint Commission could be helpful on this.

6. The Under Secretary said that he could not assure the Prince that the F-15's could be delivered but this would be reported to Secretary. Plans had been laid to send out a high ranking Department of Defense official as soon as possible. There was much appreciation for the efforts of Saudi Arabia and of the Prince in helping to resolve the problem of the relations of Syria and the other states with Israel, and for its help in establishing the close friendly relations that now existed between Egypt and the U.S. He noted with appreciation the efforts of the Prince on continuation of the Bahrain naval facility for the United States. The Secretary had promised that there would soon be a visit by a high-ranking Department of Defense official to review Saudi military needs. Insofar as the economic development effort, the Secretary had made him responsible for following the work of all of the Commissions and this would have the highest priority. They had prepared a new agricultural program which would be discussed with the Minister of Agriculture later the same day.

Akins

129. Minutes of the Secretary of State's Staff Meeting¹

Washington, February 26, 1975, 8 a.m.

[Omitted here is material unrelated to the boycott or U.S.-Saudi relations.]

MR. ROBINSON: We have the Saudi Arabian Commission meeting starting here in a few minutes. We have run into a problem. The problem is developing over the exclusion of Jews from any of these contractual arrangements. We are going to have to try to work it out. And I think there are solutions. But it is going to create—

SECRETARY KISSINGER: Like what? Like Faisal converting? That way he can also go to Jerusalem.

MR. ROBINSON: We think perhaps if we exclude any reference to religion in soliciting contracts, and let the Saudis make their own decisions.

SECRETARY KISSINGER: How about race?

MR. ROBINSON: Race and religion.

SECRETARY KISSINGER: Both?

MR. ROBINSON: I don't know.

SECRETARY KISSINGER: Get that word around, will you, McCloskey. We are against discrimination on the grounds of race and religion.

MR. ROBINSON: It is going to be a problem.

SECRETARY KISSINGER: Does anyone seriously believe that we are going to change the Saudis?

MR. ROBINSON: I don't. But I think that perhaps in the way we handle it on this end, we can avoid the kind of criticism that is building up.

One other issue—

SECRETARY KISSINGER: The criticism that is building up is the same kind as with the Jackson amendment—people who want to interrupt the Saudi relationship. There is nothing new about what the Saudis are doing.

¹ Summary: Kissinger, Sisco, Robinson, and other Department principals discussed the Arab boycott of companies doing business with Israel as it pertained to U.S. companies performing work on Joint Commission projects.

Source: National Archives, RG 59, Transcripts of Secretary of State Kissinger's Staff Meetings, 1973–77, Entry 5177, Box 3, Secretary's Analytical Staff Meetings. Secret. Kissinger chaired the meeting, attended by the Department's principals or their designated alternates.

MR. ROBINSON: Just that we are expanding our relationship with them, a government-to-government relationship, that brings the issue into focus.

MR. SISCO: The other side of the coin, Henry, is the boycott that the Arabs are making a matter of importance publicly themselves.

SECRETARY KISSINGER: That is a different problem. The problem of boycotting in the United States—that is one thing. That we should resist. The question of whom they take into their country is another matter.

MR. SISCO: I realize they are two different problems. But I happen to believe that is part of the overall problem. And it is being played as such. Sure they are two different problems.

SECRETARY KISSINGER: I know what is being played.

[Omitted here is material unrelated to the boycott or U.S.-Saudi relations.]

130. Telegram From the Embassy in Saudi Arabia to the Department of State¹

Jidda, March 2, 1975, 1300Z.

1469. NEA for Atherton from Ambassador. Subject: Reactions to Current Anti-Saudi Campaign. Ref State 45186. From Saunders.

1. We are beginning to get reactions to the current anti-Saudi campaign in the States. There has been, as yet, no official statement, and there may not be but the press is beginning to take up the cry.

¹ Summary: Akins reported on the Saudi reaction to a perceived “anti-Saudi” campaign in the U.S. press.

Source: National Archives, RG 59, Central Foreign Policy File, D750073–0428. Secret; Stadis. The reference telegram was not found. The Department responded that it gave Akin’s comments “serious consideration” in telegram 48750 to Jidda, March 5. (Ibid., D750076–0380) In its March 1975, issue, *Harper’s* ran an anonymous article entitled “Seizing Arab Oil.” The article formed the subject of telegram 1887 from Jidda, March 17, in which Akins described Saudi concern—as expressed to IBRD President Robert McNamara—that no U.S. official had condemned the article. (Ford Library, National Security Adviser, Presidential Country Files for the Middle East and Africa, Box 29, Saudi Arabia—State Department Telegrams, To SecState—Nodis (6)) Akins repeated the substance of Saudi concerns in telegram 2407 from Jidda, April 3. (Ibid.) On April 13, he sent a paper, entitled “War for Oil: Armageddon as Fun City” to posts worldwide, expanding on these points. See *Foreign Relations, 1969–1976*, vol. XXXVII, Energy Crisis, 1974–1980, footnote 3, Document 52.

2. The Arab boycott of Israel: The Governor of the Central Bank (SAMA) told me we should understand Saudi Arabia would invest where it wanted and through whatever banks it wished. It would not deal with banks on the Israeli boycott list. If we don't like this, he said, then they will go elsewhere. He asked how the Israeli boycott differed from our boycott of firms or of ships dealing with Cuba or of the boycott of certain transactions with Communist countries—even by European affiliates of American firms.

3. He said the Arabs had considered a significant relaxing of the boycott rules [*1 line not declassified*], but in view of the current campaign in the United States this would now be very difficult.

4. It should be noted that Saudi Arabia in the last year has invested almost \$1 billion in FNMA debentures and has bought or committed itself to over \$4 billion in Treasury notes.

5. Visa for Jews: Congressman Waxman, who was not a member of the House Foreign Armed Forces Committee, got onto the Committee's tour of the Middle East apparently solely to raise the question of visas for Jews. He asked King Faisal why Jews were not permitted freely into the Kingdom and the King asked why they would want to come. Most Jews, said the King, support Israel.

6. We have made extraordinary progress through quiet diplomats in getting visas for Jews since I have been here—as you know and as Hal Saunders testified before Senator Church. It has not been particularly easy but every Jewish applicant has come in with the sole exception of Joe Kraft—and I finally got that arranged.

7. Now as a direct result of the publicity, the reaction has set in. A Colonel David Berg (or Burg) has apparently recently applied for a visa in Washington in connection with some Air Force survey (we have no details from the Saudis; and our military mission knows nothing about him). The Acting Minister of State for Foreign Affairs, Muhammad Mas'ud, asked me last week if I thought they should allow him in. I said of course; to refuse him a visa now would cause tremendous problems. He referred the matter to Prince Sultan, Minister of Defense, who has just replied through the Foreign Ministry that we could, in effect, take Colonel Berg and shove him. Visa matters are the prerogative of every sovereign state, the Foreign Minister quoted him as saying, and he added that the United States is extraordinarily careful about letting anyone into the country who might harm it. The Arabs must assume that Colonel Berg could report everything he learned in Saudi Arabia to the Israeli Embassy in Washington. If we insist, too bad; but Colonel Berg will not rpt not come into Saudi Arabia. The Saudis are prepared for whatever consequences this might bring. I doubt, incidentally, that I will now be able to get Joseph Kraft in. And visas for all Jews will be harder to get.

8. The Embassy leases: We have long-term leases on two large pieces of property in Jidda and Dhahran. The Dhahran lease expires the end of next year and the Jidda lease 8 months later. I've been trying to get both extended on the same terms, i.e. no rent. The Jidda property—42 acres—is now worth over \$60 million. The Dhahran property—65 acres—is worth over \$40 million. The head of the political section of the Foreign Ministry, who is handling the lease renewals, has just told me they will not rpt not renew the leases in view of the extraordinary campaign conducted against Saudi Arabia in the United States. He asked how he could justify this "gift" to us today. He suggested we buy the land; "you're a rich country."

9. Saudi Arabia in OPEC: Our wireless bulletin tells us this morning about the extraordinary role Saudi Arabia is playing in OPEC to keep oil prices down in spite of the opposition of every other country in OPEC; Saudis find themselves under attack from other quarters (especially the U.S. Congress) and hear nothing positive about their actions in Vienna. I believe Saudi Arabia in anger may weaken under pressure from fellow OPEC members unless it feels it receives more support and understanding from the U.S.

10. The invasion threats: Omar Shams, Saudi Director of Intelligence, told an EmbOff recently that the Saudi Government is convinced that the various invasion articles, culminating in the March *Harper's* article by "Ignotus," is part of a USG plan to soften up the American people for attempted occupation of the Arabian Peninsula. The Kennedy proposal to stop arms deliveries to the Persian Gulf is considered part of this strategy. In an extraordinarily bitter outburst, Shams said that from now on the Arabs must consider the United States as "an extension of Israel"; as "Israel's tool in the Middle East."

[1½ lines not declassified]

11. Comment: Neither our allies who see themselves in the position of picking up the pieces of the military/commercial empire we have carefully constructed here since the October War, nor our enemies who see us voluntarily giving up our influence in the Arabian Peninsula, will be particularly unhappy with these developments. There is not too much we can do here to counter the inflammatory stories out of Washington. You will have to handle them. We will, of course, do what we can to keep the Saudis calm.

12. Information requested:

A) Who is Colonel David Berg? Why does he need a visa for Saudi Arabia?

B) We have heard nothing about the reaction of the Saudi team in Washington to all this. How did they take the cancellation of the Simon/Abu al-Khail press conference? The formal announcements which we

have received in our news bulletins are fine; but there must have been some private reaction. If not, I suspect the Saudis are holding it in and I'll get an ear-full when they come back.

13. Action I will take here:

A) I will see Prince Sultan, Prince Fahd and Omar Shams soon; ask them to remain calm; tell them they must not allow themselves the gratification of an open or hostile reaction to the threats and statements from individuals in the United States. This could only make matters worse and would play into the hands of those who want to disrupt our relations. The administration attaches great importance to good relations with Saudi Arabia; many Members of Congress share this opinion, as does the overwhelming mass of American businessmen.

B) I will ask Sultan to give a visa to Colonel Berg, provided he is a bona fide U.S. officer on official business.

C) I will ask all of them to continue to support actions to relax the Israeli boycott. Anything they do will not necessarily be interpreted as yielding to U.S. pressure in this field; they had, after all, considered relaxation long before the latest attacks on them.

D) I will continue to work on the Embassy and ConGen compound problem. But I do not think there will be much chance of success soon. (I can imagine the reaction in NEA/EX if faced with a \$100 million bill for facilities in Saudi Arabia.) I had earlier suggested that the Saudis give us free-hold to the land, and I thought this idea was catching on until the recent stories from Washington.

Akins

131. Letter From the Assistant Secretary of Defense for International Security Affairs (Ellsworth) to Prince Sultan ibn Abd al-Aziz Al Sa'ud of Saudi Arabia¹

Washington, March 6, 1975.

Your Royal Highness:

The importance of the PEACE HAWK V program to the modernization plans of the Kingdom of Saudi Arabia is well understood by the United States Government. The program has been subjected to close scrutiny within the Department of Defense because of its size as well as the major role which it has in your plans. The cost of the program will depend, of course, upon the extent of contractor support and facilities construction desired by Saudi Arabia.

You should be aware of two particular features of the cost estimate for the program. First, the Letter of Offer includes a \$50 million line item for contingencies. The purpose of including this line item is to avoid the need to process additional requests for funds for program additions or price increases not foreseen at the time of contract definition. As these items occur, they will be submitted to you in detail, and fully documented.

Second, in addition, the Letter of Offer includes approximately \$45 million to cover costs involving the Agent's Fee Agreement between the Northrop Corporation and the Triad Financial Establishment. The Department of Defense is not in a position to assess the appropriateness of this item, and therefore is informing you.

I wish to assure you that the United States Department of Defense will provide continuous top level management attention to the PEACE HAWK V Program. Please feel free to bring any program problems to my personal attention.

Robert Ellsworth

¹ Summary: Ellsworth informed Prince Sultan of the \$45 million commission fee payable to Adnan Khashoggi's Triad Financial Establishment as part of the Peace Hawk V program.

Source: Washington National Records Center, OASD/ISA Files: FRC 330-78-0038, Saudi Arabia, 1975, 461-702. No classification marking. Copies were sent to Ellsworth and Jordan.

132. Telegram From the Embassy in Saudi Arabia to the Department of State¹

Jidda, March 29, 1975, 1800Z.

2250. For Atherton from Akins. Subject: American Invasion Plans.

1. On March 25, shortly after the assassination of King Faisal, the rumor circulated in the eastern province (Dhahran) that the Embassy had put all American citizens on alert and had told them to prepare their passports for departure from the Kingdom. The Acting Consul General denied the reports but Prince Nayef (Deputy Minister of the Interior who had gone to the eastern province) asked that there be an official denial from me. I gave him one. I said we had not expected any disturbances and there were none. American citizens had not been alerted to be prepared to leave; we expected them to stay in the country as, indeed, they did. Nayef was gratified and said he would start an investigation to see who had started the rumors. (Upon receiving word of the assassination the Embassy passed reassurances to U.S. firms in Jidda and Riyadh, and had Dhahran do so also per Jidda 2120.)

2. [*1½ lines not declassified*] the Egyptians had told the Saudis the United States could be reporting disturbances in the country in order to justify military occupation of the eastern province. I saw [*name not declassified*]. He was with [*name not declassified*]. I asked them both about the reports. When [*name not declassified*] confirmed having heard them, I said they were absolute fabrications. I asked [*name not declassified*] how the Egyptians could have reached such a conclusion, much less could have told the Saudis. [*name not declassified*] said they had heard two suspicious press releases from the Pentagon. The first one was that the Seventh Fleet had been alerted; the second that it could be put on full alert soon. He had no further details.

3. I told [*names not declassified*] I thought this was irresponsible. I had heard no such report in connection with the Middle East—and I would have if it had been made. The Seventh Fleet possibly could have been put on alert due to the situation in Cambodia, but it certainly had nothing to do with Saudi Arabia and it was clearly wrong to tell the Saudis something so pernicious.

¹ Summary: Ambassador Akins reported on Saudi fears of U.S. intervention in Saudi Arabia in the wake of King Faisal's assassination.

Source: National Archives, RG 59, Central Foreign Policy File, D750110–0724. Secret; Stadis. Telegram 2120 from Jidda, March 25, is *ibid.*, D750103–1020. On the “anti-Saudi” campaign, see Document 130. At a March 19 press conference in Riyadh, Kissinger noted: “Our relation with Saudi Arabia is based on friendship and cooperation in which threats, military or otherwise, play no part.” See Document 141.

4. Vice President Rockefeller raised the matter with Prince Fahd, who said that the Saudis indeed had been disturbed by the talks of invasion and by the distortions of Secretary Kissinger's remarks made by the American press and certain American writers. Fahd spoke of my press interview a few weeks ago which he said had a positive effect in Saudi Arabia and the rest of the Arab world and made the work of President Ford and Secretary Kissinger in the Middle East much easier. He was pleased the Secretary had confirmed what I said in his departure statement from Riyadh on March 19. But, he said, the rumors persist that the U.S. has evil intentions toward Saudi Arabia. The Vice President replied that the reports we intended to invade Saudi Arabia were absolutely wrong. He, President Ford and Secretary Kissinger worked closely on matters of policy and he could assure the Prince that the USG had no such intention.

5. Mohammad Mas'ud, Acting Minister of State for Foreign Affairs raised matter once again today. He said that the Saudis were gratified with the Secretary's statement at Riyadh airport but the Secretary had promised King Faisal that he would also refer to the matter in his next press conference. Mas'ud said they had seen the account of the March 28 press conference but had read nothing on the subject. He said he hoped the Secretary could soon publicly condemn the invasion articles.

6. Comment: The invasion story will probably continue to poison our relations with Saudi Arabia (and the Arabs) until there is a detailed refutation of the invasion concept by a member of the administration.

7. Action requested:

A. That the Secretary at his next press conference refer to and refute the invasion articles;

B. That I be authorized to release the speech (or article) which I have given you—appropriately amended to include the Secretary's Riyadh airport statement;

C. If release of speech is not approved, then request consultation in Washington the last two weeks of April. I have not been back in Washington at State Department expense since Fahd's visit last June, and not at all in the last six months.

Akins

[1 line not declassified]

133. Telegram From the Embassy in Saudi Arabia to the Department of State¹

Jidda, April 2, 1975, 1600Z.

2386. Subject: Investigation of Faisal bin Musa'id bin Abd al-Aziz, Assassin of King Faisal.

1. [1 paragraph (7 lines) not declassified]

2. [1 paragraph (2 lines) not declassified]

3. Prince Fahd raised the same matter with me on April 1st. He also asked that the FBI conduct a full investigation of the boy's activities in the United States; whom he had associated with, what he'd done, etc.

4. Abdullah Battal, personal assistant to the Minister of State for Internal Affairs Prince Nayif bin Abd al-Aziz, will be departing for Washington on the morning of April 3 on a mission to contact several U.S. agencies, including Immigration and Naturalization Service, FBI, CIA and appropriate local police departments in connection with the Ministry of Interior's investigation of the assassin of King Faisal. Mr. Battal will be staying at the Madison House Hotel in Washington beginning April 4. He is American-educated, (BA from Central Missouri State College, 1968). Battal is about thirty years old, and is related by marriage to Prince Nayif. Members of the Embassy staff who are personally acquainted with Battal have found him exceptionally friendly and competent. He is very earnest about doing a good job on this assignment.

5. Action requested:

A) That I be sent the FBI report when complete for transmittal to Fahd;

B) That the Department notify the Federal agencies listed in [garble—paragraph] 4 of Battal's arrival and request that they extend him appropriate assistance and courtesies.

Akins

¹ Summary: Akins approved the Saudi request for help with the investigation of King Faisal's assassination.

Source: Ford Library, National Security Adviser, Presidential Country Files for the Middle East and South Asia, Box 29, Saudi Arabia—State Department Telegrams, To SecState—Nodis (3). Secret; Immediate; Nodis. The Saudis asked for U.S. Government help with the investigation on March 29. (Central Intelligence Agency, Executive Registry Files, Job 80M01066A, Box 10, Folder S-34)

134. Memorandum From Director of Central Intelligence Colby to the President's Assistant for National Security Affairs (Kissinger)¹

Washington, April 16, 1975.

SUBJECT

Reaffirmation by Crown Prince Fahd of Saudi Arabia's Friendship with the United States

SUMMARY: On 8 April Crown Prince Fahd restated Saudi policy of maintaining and promoting friendship and alliance with the United States. Fahd stated that this is the time when the U.S. needs friends and Saudi Arabia would be one—openly and proudly. He then outlined his recent directive to the Central Planning Organization that preferences in the new Saudi Five Year Development Plan would go to Americans. Fahd also briefly discussed the direction of foreign policy and his relations with Khalid. End of summary.

1. On 8 April 1975, [*less than 1 line not declassified*] met with Crown Prince Fahd in Riyadh to discuss [*less than 1 line not declassified*] activities in the context of the new leadership changes in Saudi Arabia following the assassination of King Faysal on 25 March. During the course of the meeting, [*less than 1 line not declassified*], Fahd made the following points which may be of interest to you.

2. Fahd stated, "I am determined that the policy of close working relations with the United States which I began and which has become known as my policy, shall be implemented promptly and fully now that I am in charge. I repeated this to the Central Planning Organization (CPO) [*less than 1 line not declassified*]. We are going to be allies and friends of the United States—not privately, but openly and proudly—at a time when the United States needs friends. The only thing I ask in return is that the projects and programs which I discussed with your State, Treasury and Defense Department officials in Washington last June (1974) should be supported without complications or delays that could embarrass me."

3. Fahd had just come from a meeting with the CPO officials at which the proposed new Five Year Plan had been reviewed. This plan,

¹ Summary: Colby provided Kissinger with a report on the April 8 meeting between Prince Fahd and a U.S. official on the U.S.-Saudi relationship in the wake of King Faisal's assassination.

Source: Central Intelligence Agency, Executive Registry Files, Job 80M01066A, Box 10, Folder S-34. Secret; [*handling restriction not declassified*]. Deputy Director for Operations William E. Nelson signed for Colby.

he said had been sitting on King Faysal's desk for sometime before the assassination, and there had been concern that it would not be approved and implemented in August 1975 as originally scheduled. The plan had been given to him for review and he expected that it might now be approved and started even before August. Preferences in the plan will be given to large U.S. corporations which are willing not only to provide goods and services to the Saudis' modernization program, but which are willing to bring training and technology with them as permanent contributions to the improvement of Saudi society. Contracts will be awarded to the Japanese, English, Germans, French and others, but the majority will definitely go to the Americans. This decision, which Fahd said was his own, had been given substance in the form of a directive to the CPO President Hisham Nazir.

4. Turning to foreign policy, Fahd said that Saudi Arabia's relations with Egypt will remain as strong as ever. Secondly, Fahd said he was looking forward with enthusiasm to a successful trip to Iran, which will now be more important since the death of King Faysal. Fahd stated emphatically that there was no problem between him and King Khalid. He confirmed that the King had issued written instructions to all senior officers of the Saudi Government that they were to serve Fahd directly and that Fahd would be managing the administration of the government. This was the King's decision, Fahd emphasized, and "not the result of my having demanded such authority."

5. [1 paragraph (1 line) not declassified]

W.E. Colby

135. Telegram From the Embassy in Saudi Arabia to the Department of State¹

Jidda, May 13, 1975, 1420Z.

3378. Subject: Corruption in Saudi Arabia; U.S. Firms.

1. During the past weeks we have seen a number of reports in the press concerning efforts now underway in the U.S. to probe activities of U.S. firms abroad. Embassy has heard from a reliable businessman that the SEC investigation of Northrop activities could produce evidence of Northrop payments to officials as high as [*less than 1 line not declassified*]. We have also noted that Lockheed and Raytheon are reportedly under investigation.

2. We believe American performance has been significantly "better" in this area than our British and French competitors. Nevertheless, despite our advice that the old payoff system is no longer mandatory, many Western businessmen believe it is a way of life in the Middle East (some of the news articles, of course, indicate the Middle East is not unique in this). No doubt there is some fire under this current smoke screen.

3. If widespread publicity is given to allegations of corruption and bribery of Saudi officials the results could be extremely damaging. Bilateral relations would almost certainly suffer, and American business with Saudi Arabia would receive a serious setback, especially in the defense field if [*less than 1 line not declassified*] name were to be directly associated with major otherwise unexplainable payoffs. There might also be an important impact on Saudi society and political stability if [*2 lines not declassified*] should come into the [*less than 1 line not declassified*] light.

Despite news censorship, this kind of development could not be kept secret. It might have the effect of exaggerating it. The impact could be even greater at this particular time when lines of authority are still being drawn in the new regime.

4. Action requested: We are in no way implying that the Department should interfere in this investigation. We do, however, urgently need whatever advance notice the Department can give us concerning the course of investigations (both SEC and Congressional).

Akins

¹ Summary: The Embassy requested up-to-date information on investigations by the Securities and Exchange Commission of military contractors operating in Saudi Arabia, including Northrop, Lockheed, and Raytheon.

Source: National Archives, RG 84, Jidda Embassy Files, Lot 79F80, DEF 12-5.13, Northrop. Confidential; Exdis. Drafted by Butcher; cleared by Bird, Murphy, and Akins; approved by Horan.

136. Telegram From the Department of State to Secretary of State Kissinger in Cairo¹

Washington, May 19, 1975, 2044Z.

Tosec 10030/116387. Subject: Saudi Concern at Secretary of Defense's Statement; Visit of Under Secretary Robinson to Saudi Arabia. Ref State 115497.

1. BBC has carried report that Secretary of Defense Schlesinger has said we would use "political, economic and even military" means to break another oil boycott.

2. Saudis are concerned and Foreign Minister has asked us for text of the statement. The Kuwaiti Ambassador asked to see me immediately after his meeting with the Saudi Foreign Minister. The Kuwaiti said, and I presume he was reflecting the views he had just heard, that we would be very mistaken if we thought this revival of the invasion threats would help oil prices or the cause of peace in the area. The Kuwaiti said the timing was the worst possible and asked if we were determined to lose all our Middle East interests or if Schlesinger were deliberately sabotaging the peace efforts. I told him I thought he was overreacting; Secretary Schlesinger had said nothing new.

3. We do not rpt not know if it is cause-and-effect but the visit of Secretary Robinson with Crown Prince Fahd which had been cleared with Royal Protocol and Foreign Ministry and was waiting only the fixing of exact time is now up in the air again. Chief of Royal Protocol told Embassy Officer in Riyadh that no rpt no appointment would be set; we should call after Robinson arrives and protocol will "see what Prince's schedule for day looks like."

4. We are calling to Fahd's attention Secretary's personal interest in the meeting (reftel) and believe that once Under Secretary is here, things can be worked out. In any case, Under Secretary should come as scheduled. Meeting with Aba al-Khayl is now set for 0900 May 21.

¹ Summary: The Department repeated telegram 3543 from Jidda, May 19, in which Akins asked for the text of Schlesinger's recent remarks on the possible U.S. responses to a new oil embargo.

Source: National Archives, RG 59, Central Foreign Policy File, D750176-0032. Secret; Priority; Stadis. Drafted and approved in S/S by Jay Moffat. Schlesinger's comments are in telegram 116290 to multiple posts, May 21. (Ibid., [no film number]) Schlesinger also gave an interview to *U.S. News and World Report*, published in the May 26 issue, in which the following exchange occurred: "Q: What do you mean by less tolerant [of a renewed oil embargo]? A: . . . I'm not going to indicate any prospective reaction other than to point out there are economic, political, or conceivably military measures in response." (James Schlesinger Interview, *U.S. News and World Report*, May 26, 1975, 38–39) Schlesinger also made similar comments on May 18 on the ABC television program, "Issues and Answers." See Document 54.

5. Action requested: Please send us text of Secretary Schlesinger's remarks on our response to new oil boycott.

Akins

Unquote

Ingersoll

137. Telegram From the Embassy in Saudi Arabia to the Department of State¹

Jidda, May 19, 1975, 1145Z.

3541. Subject: Letter From Prince Sultan Rejecting Payments to "Middlemen" on Defense Contracts.

1. There follows a letter dated May 17, 1975 from MinDef Prince Sultan replying to a March 6, 1975 letter from Ass't SecDef Ellsworth on the subject of the payment of a commission fee on the Peace Hawk program. The letter is definite in rejecting the payment of agents fees to middlemen on government to government defense contracts.

2. Begin text: Mr. Robert Ellsworth, greetings: In response to your letter dated March 6, 1975 A.D., concerning the importance of the F-5 Peace Hawk program and with reference to the mention in your letter of allocating the sum of \$45 million as a commission on the agreement between the Northrop establishment and the Triad financial establishment, I should like to inform you that as soon as I received your letter I informed the American Ambassador, the Kingdom, and the Chief of the American Military Mission of my utter rejection (of that) commission and my complete non-acceptance of any middleman, no matter who or from where he happens to be, in any arms contract between the Government of the Kingdom of Saudi Arabia and the Government of the United States of America.

¹ Summary: The Embassy forwarded a letter from Prince Sultan to Ellsworth regarding Northrop's contracted commission payment to Triad, included in the F-5 Peace Hawk program.

Source: National Archives, RG 59, Central Foreign Policy File, D750176-0884, D750175-0706. Confidential. Also sent to the Department of Defense. Repeated to CHUSMTM, USCINCEUR, and Dhahran. Lt. Gen. H.M. Fish replied for Ellsworth on May 23, informing Sultan of a further \$23 million payable to Triad included in the letters of offer for Peace Hawk IV, signed by Sultan on January 4. (Ibid.) For Sultan's June 10 reply, see Document 147.

I thank Your Excellency for this observation. In so doing I hope that your side will be strict about carrying out the wishes of the Government of the Kingdom of Saudi Arabia and the United States of America to keep military contracts away from any intercession.

Renewed thanks and greetings. Signed, Sultan bin Abd al-Aziz, Minister of Defense and Aviation and Inspector General. End text.

Akins

138. Message From the President's Assistant for National Security Affairs (Scowcroft) to Secretary of State Kissinger¹

Washington, May 21, 1975, 0232Z.

TOHAK 29/WH50867. For Secretary Kissinger. Ref: Jidda 3586, Jidda 3588, Amman 3361.

1. As is reported in Jidda 3586, Crown Prince Fahd has turned down our invitation to visit the President in Washington on July 10 and has asked that it be put off until an indeterminate future date. This follows and may have been linked to Secretary Schlesinger's remarks on the Issues and Answers program of May 18 and in the current edition of *US News and World Report* on the possible US use of military force in event of an oil embargo. Ambassador Akins is attempting to arrange a meeting between Robinson and Fahd tomorrow, May 21 despite Fahd's reluctance to see Robinson because of Schlesinger's remarks. Given the importance of our relations with Saudi Arabia, especially at this critical period of our reassessment and our efforts to get Saudi economic cooperation, you may want to try to smooth the ruffled feathers. Here is a suggestion Robinson could pass to Fahd, if you think it worthwhile to do something.

2. Begin message. Quote The President is concerned by the recent comments by Secretary of Defense Schlesinger on the subject of possible

¹ Summary: Scowcroft informed Kissinger that Prince Fahd had declined an invitation to meet with President Ford in response to Schlesinger's remarks about possible U.S. responses to a new oil embargo.

Source: Library of Congress, Manuscript Division, Kissinger Papers, Box CL 208, Geopolitical File, Saudi Arabia, March 26–June 1, 1975. Secret; Nodis; Black Patch. Telegrams 3586 from Jidda, May 20; 3588 from Jidda, May 20; and 3661 from Amman, May 20, are in the National Archives, RG 59, Central Foreign Policy File, P850106–2359, D750176–1092, and P860035–0128, respectively. No telegram conforming to the draft Flash message was found. For Schlesinger's comments, see Document 136.

US reactions in the event of another oil embargo. The President wants it clearly understood that the United States position remains emphatically as he himself stated it on numerous occasions; that is, that the US does not presently envision the occurrence of any event which could be construed as economic strangulation. The President—in a press conference on January 21, 1975—specifically and publicly denied that the imposition of an embargo comparable to the embargo of 1973 would be tantamount to quote strangulation unquote. The President wants it understood that any discussion by US officials under present circumstances of possible US military actions in response to an oil embargo is of an extreme hypothetical nature and does not reflect his views.

The President wishes Crown Prince Fahd to know that he is strongly committed to a close and cooperative relationship with Saudi Arabia. He would welcome the views of His Royal Highness, the Crown Prince, on how we can move forward together to resolve the broad economic and political problems which concern our two countries. The President wishes to express his regret that the Crown Prince is unable to visit the United States at this time and hopes that they can meet in the very near future. Unquote. For Under Secretary Robinson. In transmitting the foregoing message, you can orally explain that the President will be dealing with this problem privately with his officials and believes that further public discussion would serve no useful purpose, at this time.

3. If you approve, recommend you Flash text along lines of paragraph Immediate to Embassy Jidda for Robinson and Akins.

Warm regards.

139. Telegram From the Embassy in Saudi Arabia to the Department of State¹

Jidda, May 22, 1975, 0858Z.

3634. Pass: To Secretary from Robinson. Subj: King Khalid's and Prince Fahd's Reactions to SecDef Schlesinger's Statements on Use of Force in Event of Oil Embargo. Ref: A. Jidda 3633; B. Jidda 3632.

1. Immediately preceding telegrams give factual account of my lengthy sessions (2½ hours total) with King Khalid and Prince Fahd May 21 concerning Secy. Schlesinger's remarks on use of military force in event of oil embargo. I conclude that the resultant situation is a cause for serious concern and that we should consider alternatives for remedial action as urged by Prince Fahd. Our choices seem to be as follows:

A. Ignore the Saudi *démarches* and do nothing. I think the Saudis are genuinely concerned over both the import of the statements and their effect on our position in the Middle East. To do nothing would heighten their suspicions and permit erosion of our influence with the moderate Arabs.

B. Formally disavow Schlesinger's remarks. I can imagine the ramifications of doing this, though it appears that SecDef went well beyond your own *Business Week* and subsequent remarks concerning an oil embargo that would "strangulate" Western economies. An embargo similar to the '73 one would not constitute "strangulation."

C. Issue a positive statement concerning US policy toward the Arabs and particularly Saudi Arabia. Such a statement could reaffirm our commitment to strengthen bilateral relations with the Arabs, our support of territorial integrity in the Middle East, and our dedication to a peaceful solution of the Middle East conflict which would eliminate any consideration of military action. A carefully drawn statement along these lines would probably meet Fahd's request.

D. To meet Fahd's concern over Israeli aggression against northern Saudi Arabia in event of another war, give assurances supporting Saudi Arabian territorial integrity. This could be done separately and

¹ Summary: Robinson reported that he and Akins met with King Khalid and Prince Fahd regarding Schlesinger's comments on the possible use of military force in the event of another oil embargo and provided options for responding to Saudi concerns.

Source: Ford Library, National Security Adviser, Presidential Country Files for the Middle East and Africa, Box 29, Saudi Arabia—State Department Telegrams, To SecState—Nodis (6). Secret; Niact Immediate; Nodis. Khalid and Fahd remonstrated to Akins and Robinson during May 21 meetings. (Telegram 3632 from Jidda, May 22; National Archives, RG 59, Central Foreign Policy File, D750179–0947) Telegram 3633 from Jidda, May 22, is *ibid.*, D750179–0887. For Schlesinger's remarks, see Document 136.

privately, possibly in conjunction with the public statement under alternative (C).

2. On basis of my knowledge from here I would recommend course (C), with possible combination with (D). I would be glad to discuss this further with you on my return to Washington May 23.

Akins

140. Memorandum of Conversation¹

Washington, May 22, 1975.

SUBJECT

Commissions Paid by Northrop to Middlemen in Iran and Saudi Arabia

PARTICIPANTS

Northrop Legal Advisers—Mr. Lloyd Cutler
Mr. Howard Willens both of Wilmer, Cutler and Pickering

STATE

D—Mr. Ingersoll
T—Mr. Maw
L—Mr. Leigh
L—Mr. Feldman
D—Mr. Pendleton
NEA/RA—SEPalmer, Jr.

Mr. Cutler said Northrop wanted to give State and Defense a status report on the question of commission fees, now being investigated by the Church Subcommittee and the SEC. The Northrop representatives were calling on Defense (Hoffman) May 23. Cutler asked Willens, who recently visited the area, to take the lead.

Mr. Willens said Northrop viewed the situation regarding commissions in Iran as “tolerable and survivable”. Ambassador Helms had

¹ Summary: Officials of the Department of State met with Northrop’s legal counsels to discuss the developing problem of Triad’s commission fee, under investigation by the SEC and the Senate’s Church Subcommittee on Multinational Corporations.

Source: National Archives, RG 84, Jidda Embassy Files: Lot 79F80, DEF 12–5.13, Northrop. Confidential; Nodis. Drafted by Palmer; approved in D by Miles Pendleton. Hoffman is not further identified. The time of the conversation was not indicated. An untitled paper summarizing Northrop’s relationship with Triad and a description of the Peace Hawk IV and IV programs are attached but not published. (Ibid.) Telegram 3378 from Jidda is published as Document 135.

agreed with this assessment, according to Mr. Willens. The Acting Secretary wondered if the worst cases of commission payments had occurred before the Shah took steps to rectify the situation. Mr. Willens agreed; thereafter Northrop had taken appropriate steps to avoid commission payments except for actual services rendered. (Later in the discussion Mr. Willens said Northrop was looking into allegations that “some very minor payments” were made to tax collection officials by one of Northrop’s Iranian agents.)

With regard to Saudi Arabia, Mr. Willens said the situation was “very difficult”. In 1972 Adnan Khashoggi (Triad) had sought and received from Northrop a payment of \$250,000 which Khashoggi averred had been demanded by the then Commander of the Royal Saudi Air Force. Six months later the then Deputy Commander (now Commander—Lt. Gen. Zuhair) of the RSAF had demanded \$200,000, according to Khashoggi, and this amount was paid to the latter by Northrop for transmittal. After these payments were discussed with DOD, they were deemed not allowable in the context of the pertinent FMS case, and they have now been “netted out”. Mr. Feldman noted that this \$450,000 was peanuts compared to the \$45 million which Khashoggi was reportedly obtaining as his 5% of Northrop’s Phase IV program in Saudi Arabia. Mr. Cutler said the \$45 million cited by DOD was inaccurate. Khashoggi was due 5% only on the Northrop portion of the program, i.e., only a \$20 million fee.

Mr. Maw said State would be working out with DOD in the near future a policy with regard to payment of commissions and agents fees in Saudi Arabia. Tentatively we had concluded that no commissions should be paid in connection with FMS cases, except of course for actual services rendered. There followed an exchange on the Church Subcommittee’s investigation, with focus on Section 4 of the Ernst and Ernst audit report. Mr. Cutler noted that the report cites the name of Prince Khalid (presumably, Khalid bin Abdullah’ bin Abdul Rahman, who holds no official position in the SAG). It was acknowledged by the participants that much of the information which the Church Subcommittee has or will soon have will be made public.

Mr. Cutler said Northrop plans to send Thomas Barger, formerly head of ARAMCO and now an outside director of Northrop, to Saudi Arabia in early June to consult with pertinent Saudi officials. The Acting Secretary and Mr. Maw agreed it was wise to inform the Saudi Government in advance of probable publicity regarding commission payments. (Note: See also Jidda 3378.)

Mr. Willens asked the Department to consider whether Northrop should make an effort with the Church Subcommittee to withhold the names of the two Saudi generals as well as information which would enable their easy identity, and whether the Department might make

such an effort. Mr. Cutler thought that the USG's foreign relations interest would be the only basis for confidentiality and that the Government should raise that concern. The Acting Secretary opined that disclosure of the names would be of no value, and noted the possibility of unfairness to the individuals concerned, particularly in view of the uncertainty whether they received the payments.

In response to a question Mr. Cutler said that in Saudi Arabia, Northrop normally included a 5% commission in FMS cases, and a 10-12% commission on direct sale cases. The French paid commissions up to 20%, and if US companies were forbidden to pay any commissions, other parties would likely get most of the sales. Northrop favored the disclosure to the local government of all commission payments and diplomatic efforts to encourage other exporting countries to join us against payment of commissions. Mr. Cutler noted that Khashoggi reportedly was peddling the story that Northrop itself had instigated the current controversy over commissions, in order to wiggle out of its commitments to him. Mr. Willens returned to the question of the broader US/Saudi bilateral interests, not permitting this commission question to disrupt such important elements of our relationship as Northrop's extensive involvement in Saudi Arabia. He thought the SAG might react strongly against disclosure of high level corruption. Mr. Leigh said we regarded the United Brands case as a precedent, i.e., we cannot be in a position of giving advice on disclosure and cannot intervene. Granting this, Mr. Cutler said, Northrop wanted to be as helpful as it could, in the interests of our bilateral relations and its own self-interest, and therefore would like to have the Department's and Ambassador Akins' thoughts on how to minimize damage in Saudi Arabia. The Acting Secretary said we would seek Ambassador Akins' views now, and agreed it would be well if Mr. Barger called on the Ambassador before informing SAG officials about the probable forthcoming disclosures.

The Church Subcommittee expects Northrop's report June 9; Barger plans to visit Saudi Arabia the first week of June. The Subcommittee plans to hear testimony on Saudi Arabia in executive session about mid-June.

141. Telegram From Secretary of State Kissinger to the Embassy in Saudi Arabia¹

Secretary's Aircraft, May 23, 1975, 1840Z.

Secto 1133. For the Ambassador from the Secretary. Subject: Saudi Reaction to Schlesinger Statements. Ref: Jidda 3632, 3633, 3634.

1. You should convey the following orally to King Khalid and Prince Fahd from me:

A. Undersecretary Robinson reported promptly to me the strong reactions of His Majesty and His Highness to reports of Secretary of Defense Schlesinger's comments in a recent magazine interview about the use of force to secure oil supplies.

B. This is a subject on which there has been much public discussion, and I regret that it has again been raised in our country.

C. It is not our policy to threaten our Arab friends. Our policy is to work cooperatively to strengthen our bilateral relations and to resolve in that spirit any differences between us. We proceed from the assumption that this is also the policy of our Arab friends and that they are not contemplating actions against us.

D. I stated in Riyadh on March 19: Quote: I would like to state categorically here that our relation with Saudi Arabia is based on friendship and cooperation in which threats, military otherwise, play no part, and we base our relationship on cooperation and not confrontation. Unquote. That remains our policy.

E. I will seek an early opportunity to reaffirm this publicly.

2. Re Jidda 3633, you should tell Fahd Israelis have not yet responded to our *démarche* to them about overflights of Saudi territory. We will follow up vigorously with them as soon as I return to Washington. Meanwhile, His Highness can be assured that we have no information of any Israeli intention to attack Saudi Arabia. If Israel were to contemplate an unprovoked attack on Saudi Arabia, we would make clear to them that this would have the most serious consequences. Our support for the Kingdom's territorial integrity is undiminished and as firm as ever.

¹ Summary: Kissinger responded to Saudi concerns about Schlesinger's comments and directed Akins to convey a message to King Khalid and Prince Fahd.

Source: National Archives, RG 59, Central Foreign Policy File, P840125–1612. Secret; Immediate; Nodis; Stadis. Repeated Immediate to the Department of State. Kissinger was en route from Ankara, Turkey, where he attended the annual meeting of CENTO May 21–23. Kissinger's message was delivered to Fahd at Dhahran on May 25, reported in telegram Tosec 20015/122586, May 27. (Ibid., [no film number]) For telegrams 3632, 3633, and 3634 from Jidda, May 22, see Document 139 and footnote 1 thereto.

3. Finally you should call to Fahd's attention following extract from my speech during opening public session of CENTO Conference in Ankara May 22: Quote: The challenge to diplomacy in the Middle East is to achieve agreement among the parties that will assure the territorial integrity, security, and right to national existence of all the states of the region and that will be seen to take into account the legitimate interests of all its peoples. Since the suspension of negotiations in March, we have reviewed the various approaches of assisting the parties to continue their progress. Our reassessment is still under way. But we are convinced that the present stalemate must not be allowed to continue. The United States has every intention of remaining actively involved; we shall promote practical progress toward a just and durable peace pursuant to Security Council Resolutions 242 and 338. Unquote.

Kissinger

142. Memorandum of Conversation¹

Washington, May 29, 1975.

SUBJECT

Northrop Commission Payments in Saudi Arabia

PARTICIPANTS

Thomas Barger, Director, Northrop
 Howard Willens, Northrop Legal Advisor, of Wilmer, Cutler, and Pickering
 Sidney Sober, Deputy Assistant Secretary, NEA
 Mark Feldman, L
 William Lewis, T
 Francois M. Dickman, Director, NEA/ARP

¹ Summary: Department of State officials met with Northrop representatives to discuss upcoming meetings between Northrop and the Saudi Government.

Source: National Archives, RG 84, Jidda Embassy Files: Lot 79F80, POL Northrop and Lockheed. Confidential; Nodis. Drafted by Dickman; approved in S/S by Deputy Executive Secretary Frank Ortiz in June. Barger met again with Department officials on May 30. (Telegram 126781 to Jidda, May 30; *ibid.*, DEF 12-5.13 Northrop) The Embassy indicated on May 25 that Akins would meet with Barger upon the latter's arrival, "before he talks to anyone else." (Telegram 3714 from Jidda, May 25; Library of Congress, Manuscript Division, Kissinger Papers, Box CL 208, Geopolitical File, Saudi Arabia, March 26-June 1 1975) The Embassy reported on Barger's arrival and plans in telegram 3940 from Jidda, June 2. (National Archives, RG 84, Jidda Embassy Files: Lot 79F80, POL Northrop and Lockheed)

Mr. Willens explained that Mr. Barger would be travelling to Saudi Arabia to help Northrop on the issue of disclosing information contained in the Ernst and Ernst audit report of the company's operations in Saudi Arabia which the Church Subcommittee has and which is likely to become public soon.

Mr. Barger said he had volunteered "reluctantly" for this job. He was going to Saudi Arabia as a representative of the outside Board of Directors of Northrop. He would not be reporting to Northrop's management but only to its Board of Directors. Since portions of the audit report made last year may become public very soon, he felt the Saudis should be apprised of this as soon as possible to let them ponder about what they might want to do. He also felt the Saudis should be aware that Northrop's outside directors had been conducting their own investigation and they had a commitment to make a report before the courts and Securities and Exchange Commission by the end of July. But the result of this investigation was likely to leak before then, in particular when the Church Subcommittee begins to hear public testimony June 9.

Referring to the earlier meeting with the Acting Secretary, Mr. Willens said Northrop had made two payments at the request of Khashoggi's TRIAD Corporation: \$250,000 for former RSAF Commander General Hashim and \$200,000 for its present commander, General Zuhair. Mr. Barger said Northrop's files were replete with remarks concerning these payments. Early when the subject was mentioned, there were comments questioning whether Khashoggi was telling the truth that these payments had in fact been demanded by the Saudi officers. Later, however, the tone of the memos appeared to change and the company seemed convinced that these were genuine demands. The files indicated that the first payment (to General Hashim) had been made but there was no similar reference in the files about the second payment (to General Zuhair). Despite these references, there was no hard evidence that either payment had been received by the generals. Barger assumed that when he described what the investigation had uncovered and what was in the auditors report, he would be closely questioned by the Saudis on this for proof of payment, since under Sharia law, circumstantial evidence is not acceptable.

In response to Mr. Feldman's question whether Northrop planned to pursue its request that its testimony before the Church Committee remain confidential to protect the company's interests in Saudi Arabia, Mr. Willens said Northrop was considering what to do. It had already been advised informally by Mr. Levinson that this request would be turned down. The company would ask that the names of the generals not be disclosed but, in all likelihood, their names would come out in public.

Mr. Barger said there were several other ancillary problems. First of all, he understood that Prince Sultan had sent a letter to Mr. Ellsworth about Northrop commission payments to TRIAD but he did not know what it said. He would like to have a copy. Mr. Sober said he would look into the question of Northrop's receiving a copy of the letter but in the meantime had no objection to his knowing its content. Mr. Sober then read Prince Sultan's letter to Mr. Barger.

Mr. Barger then asked what the Department's position should be. He planned to go first to Jidda to consult with Ambassador Akins and he hoped that the Ambassador would be able to accompany him on some calls. He also hoped the Ambassador would arrange appointments for him so that he would not have to go through Khashoggi to obtain them. Mr. Sober remarked that indeed we wanted Barger to meet first with Ambassador Akins to review the present situation and get the benefit of his views. Akins was already informed of Barger's proposed visit and had recommended that he first see Prince Sultan. While the Embassy might be helpful in arranging an appointment for Barger with Prince Sultan, Mr. Sober did not believe it would be appropriate for the Ambassador to accompany him on the call.

Mr. Barger said another issue was that the company's notes (not the auditors' reports) contained numerous references relative to Lockheed which explained why certain things were done. There were references for example that General Hashim had removed Northrop and GE representatives from meetings related to the original F-5 sales contract discussions because Northrop had not paid anything as Lockheed had done.

Finally, Mr. Barger said, there was the question of what happens if the Saudi government decides that TRIAD is no longer a bona fide agent. What happens to the various American companies that use TRIAD as their agent. This becomes even more complicated by the fact that Northrop is now in the midst of two major negotiations, the last half of Peace Hawk IV which relate to add-ons for the F-5Es and Fs (radars, ECM, laser guided bombs, etc), and Peace Hawk V which involve the design and construction of the infrastructure facilities for the RSAF.

Mr. Feldman said he believed Ambassador Akins would want to talk about the reach of the Northrop disclosures. Were only the two generals mentioned? It was our understanding that at least one Saudi prince (Prince Khalid bin Abdullah bin Abdul Rahman) had been mentioned. Mr. Barger replied that both generals names are mentioned as is Prince Khalid, but the latter is a recognized businessman.

Barger said that he and other outside directors had discussed this matter with Khashoggi about six weeks ago. Regarding the payment to General Hashim, Khashoggi had said this was a problem Northrop

had gotten itself involved in and he had helped the company to extricate itself from going any deeper. With regard to the payment to General Zuhair, Khashoggi had not said anything. As for Prince Khalid, Khashoggi had made the point that he is a well known and recognized businessman.

In response to Mr. Sober's question whether there might be any other disclosures that will touch on other Saudi personalities, Mr. Barger did not think so, although Minister of Defense Prince Sultan is often mentioned in the company memoranda but not in the audit report. Mr. Barger said that there were basically four groups of documents: the auditors' report, the oral examination made by Northrop's group of outside directors, the legal opinions prepared by the Northrop Legal Advisor (Wilmer, Cutler and Pickering), and company documents. He thought he had looked at all of the documents.

Mr. Willens said it was possible that Prince Sultan's name might come to the forefront because the company's documents indicate the belief that Khashoggi had close connections with Prince Sultan, though there are no allegations of any payment by Khashoggi to Sultan. Khashoggi had told Barger that of course he knew Sultan and had been his close friend for many years but it was no more than that.

Mr. Feldman asked if we knew of any business relationship between Khashoggi and Prince Sultan. Mr. Barger said he had asked the same question to Khashoggi who had denied any, and had said "Why should Sultan ask me anything, he has much more money than I do." Mr. Barger pointed out that the Northrop documents also refer to Sultan insisting that sales go via the FMS route rather than commercial sale to avoid problems relating to agents' fees.

Mr. Feldman noted that while there was concern over the \$450,000 payments, questions would inevitably be raised whether any of the \$20 million or so Northrop paid Khashoggi under Peace Hawk IV had been passed to others. Barger said that except for a small payment of between \$5 and \$10,000 to a few individuals, there was nothing he had seen. Asked if the files contained anything to justify that the services provided by Khashoggi were worth what Northrop had paid, Mr. Willens said he was not aware this existed. If the question is raised by the Church Committee whether payments to others had been made from the big commissions received by Khashoggi, Northrop would say that it was unaware of any.

Mr. Sober asked if [name not declassified] might be implicated. Mr. Barger said that [name not declassified] is mentioned and while company documents contain some allegations regarding [name not declassified], there is no indication of any payments. Mr. Barger added that once the story comes out, all kinds of inferences would be drawn.

Mr. Barger noted one other problem which he would raise with Mr. Ellsworth when he meets him in the Pentagon on Friday. This was

that when Mr. Ellsworth sent his letter to Prince Sultan in March about the agents' fee for the next Peace Hawk program, Khashoggi claimed the letter had been instigated by Northrop to reduce its commission to him. Khashoggi could be expected to pursue this line and say that Northrop's disclosures before the Church Subcommittee were in furtherance of this campaign.

Barger said he would try to explain to the Saudis that Northrop has no way of evading requests to testify before Congressional committees or refusing to respond to subpoenas. Recalling his experience with ARAMCO, Barger remarked that the Saudis still believe US corporations have a great deal of power and influence in the US and do not have to make disclosures unless they have some special motive for doing so. The company was therefore concerned that Saudi reaction would be very strong and the company could lose its position in the Kingdom. Barger was also concerned that events could move very quickly once the Saudis were aware that there would be public disclosures. He hoped that Ambassador Akins could support the point that under US law Northrop has to respond and is being forced by legal action to make these disclosures.

Mr. Sober said he would welcome hearing from Mr. Barger after he meets with DOD officials. We would inform Embassy Jidda regarding his travel plans. While we would not want to instruct the Ambassador to go along on any meetings, we were sympathetic with his problem of needing Embassy help to get appointments with Saudi officials to avoid going through Khashoggi. While the US obviously had a considerable stake in Northrop's continued business operations in Saudi Arabia, it seemed clear that this essentially was a problem to be dealt with by the company with the Saudi Government and Khashoggi, at least in the first instance. The US Government could not be seen as intervening in any action that could come before the courts. If the Saudis raise questions to us about Northrop's need to make disclosures, the USG will of course respond in an appropriate way.

143. Telegram From the Embassy in Egypt to the Department of State¹

Cairo, June 3, 1975, 1740Z.

5516. Department pass SecDef for Under Secretary Ellsworth only. Subject: Northrop Relations With Saudi Arabia.

1. Please pass following message from Tom Berger to Northrop outside legal counsel Howard Willens at 202–872–6000:

2. Quote. Amir Sultan, Saudi Minister of Defense, left for Cairo evening I arrived Jiddah. Courtesy Embassies help arrived Cairo noon 3 June and had two hour meeting with help commercial officer. Saudi Ambassador interpreted. Sultan listened carefully and read Triad section of audit report which Embassy Jiddah translated for me. Upshot long meeting he indignant Senate hearings and urges suspension on grounds unjust because it does not give time SAG make own investigation and take action before possible screaming headlines blackening Saudi Govt and armed forces reputation. He raised Ellsworth letter most forcefully and I had difficulty keeping on first subject to conclusion.

3. Very indignant manner Ellsworth letter written and handled at one time speaking of abandoning all procurement through US Dept of Defense despite investment Northrop planes. Finally asked we meet again tomorrow with Ambassador Eilts who returned tonight from Salzburg. End quote.

4. Ambassador will meet with Barger and Saudi Ambassador Nazir morning June 4 and provide additional details.

Eilts

¹ Summary: The Embassy reported on Barger's meeting with Prince Sultan in Cairo. Source: National Archives, RG 84, Jidda Embassy Files: Lot 79F80, DEF 12–5.13 Northrop. Secret; Niact Immediate; Exdis. Repeated to Jidda. For the Ellsworth letter, see Document 131.

144. Telegram From the Department of State to the Embassies in Egypt and Saudi Arabia¹

Washington, June 5, 1975, 0121Z.

130976. Subject: Northrop Relations With Saudi Arabia. Ref: (A) Cairo 5534; (B) Jidda 3940.

1. For Cairo: We agree that you should not ask to meet with Sultan on this subject.

2. For Jidda: Believe it would be useful for you to meet with Sultan and Fahd, in your discretion, to attempt to sooth Saudi irritation and to contain damage to our relations. You may emphasize that disclosures are not the fault of Northrop or USG and are not aimed at SAG but are the result of U.S. law and legal procedures. We would also appreciate your view on whether transmittal of Fish letter of May 23 will elicit sharp Saudi reaction, and if so, how matter can be best managed to minimize any Saudi feeling that it is being pressured or embarrassed by USG. We agree you should not become involved in Northrop's negotiations with Sultan relating to the status of Northrop's agreement with Triad. Therefore, believe you should not advise Barger on the substance of the letter he proposes Sultan to send to Ellsworth.

3. We see no possibility of affecting timetable of Church Committee on hearings or publication of any report that it may choose to make. You can point out that through efforts of Northrop and of friendly Senators with whom we had been in touch, Committee has decided not to press for premature disclosure of names of Saudi generals who have been implicated by Khashoggi. However number of details have already appeared in press article which being repeated septel.

Kissinger

¹ Summary: The Department provided guidance for Akins regarding Northrop and Lt. Gen. Fish's May 23 letter to Prince Sultan.

Source: National Archives, RG 84, Jidda Embassy Files: Lot 79F80, DEF 12-5.13 Northrop. Secret; Immediate; Exdis. For Fish's May 23 letter, see footnote 1, Document 137. Telegram 5534 from Cairo, June 4, is in the National Archives, RG 59, Central Foreign Policy File, D750195-0255. For telegram 3940 from Jidda, June 2, see footnote 1, Document 142.

145. Telegram From the Department of State to the Embassy in Saudi Arabia¹

Washington, June 7, 1975, 2353Z.

133649. Subject: Northrop's "Commission" Problems. Ref: Jidda 4028.

1. After careful review of issues, Department requests Ambassador provide May 23 letter to Prince Sultan. In doing so, you should state regret over troubling Sultan with another letter but explain that for legal reasons, USG needs a written response from Sultan specifically addressing Commission in Peace Hawk IV program.

2. FYI: Should Sultan's response disapprove all or part of Commission, DOD would have basis for action and Northrop, according to its counsel, would have legal argument in effort to avoid liability for payment of all or part of balance of Commission to Triad. Northrop has already paid \$6 million. Sultan's response, however, will not eliminate likely Northrop-Triad legal dispute. End FYI.

3. Because Sultan's May 17 letter is unclear with regard to retroactivity intended for policy statements regarding Commission, it is not useful with respect to programs prior to Peace Hawk V program. Accordingly, specific letter regarding Peace Hawk IV program is essential.

4. We do not wish you to request Prince Sultan's permission at this time to release text of May 17 letter as statement of SAG policy in all cases. We believe SAG should issue clear policy statement prohibiting agent fees unless they are reasonable, justifiable and clearly identified in contract. However, we would prefer to transmit to you our views on this matter in greater detail for you to discuss with Sultan at a later date.

Kissinger

¹ Summary: The Department directed Akins to request a letter from Prince Sultan specifically clarifying the retroactive nature of his denial of agents' fees associated with the Peace Hawk IV program.

Source: National Archives, RG 84, Jidda Embassy Files: Lot 79F80, DEF 12–5.13 Northrop. Secret; Immediate; Exdis. Telegram 4028 from Jidda, June 7, is in the National Archives, RG 59, Central Foreign Policy File, D750199–1183. For Prince Sultan's May 17 letter and Fish's May 23 reply, see Documents 131 and 137.

146. Telegram From the Embassy in Saudi Arabia to the Department of State¹

Jidda, June 9, 1975, 1720Z.

4138. Dept please pass to DOD and CHUSMTM Dhahran as Specat Exclusive. Subject: Northrop's Problems and Agents' Fees in Saudi Arabia. Ref: State 133649 and Previous.

Summary: On June 9 Ambassador met with Prince Sultan, Saudi Minister of Defense, to discuss problems of Northrop Corporation and agents' fees with Saudi Arabia. He said congressional investigations of U.S. military sales had caused SAG to appear in a predominantly favorable light. Northrop books showed payments of \$450,000 to Adnan Khoshoggi, but no proof this money actually paid (as has been alleged) to Saudi officials. Re agents' fees, Ambassador noted that issue of fees for Peace Hawk V clarified by Prince's letter of May 17; issue remained of fees under Peace Hawk IV, and unless this resolved satisfactorily Northrop Corporation could be liable to expensive litigation. Sultan replied that he had not known of Commissions in connection with FMS sales prior to receiving Ellsworth letter; he would not approve Commissions for Peace Hawk IV and V nor for any future FMS case. He urged a statement be issued ASAP by USG affirming that neither it nor SAG had engaged in improper conduct re FMS cases. End summary.

1. On June 9 Ambassador called upon MODA Prince Sultan bin Abdul Aziz to discuss problems of Northrop Corporation, and payment of agents' fees in Saudi Arabia.

2. Ambassador began by reviewing for Prince background to current investigations and hearings in the Senate and the House. He noted that revelations and reports of impropriety involved several U.S. firms in various countries, and that—according to Senator Percy—Saudi Arabia record of dealings with U.S. companies was creditable. Ambassador said that with regard to Saudi Arabia, Northrop records indicated a payment to Adnan Khoshoggi of \$450,000 ostensibly for benefit of two

¹ Summary: Akins reported on his discussions with Prince Sultan related to agents' fees, Northrop, and the Peace Hawk IV and V programs.

Source: Ford Library, National Security Adviser, Presidential Country Files for the Middle East and South Asia, Box 29, Saudi Arabia—State Department Telegrams, To SecState-Exdis (3). Secret; Immediate; Exdis. Telegram 133649 to Jidda, June 7, is Document 145. Telegram 6516 from Cairo was not found. Akins provided the Department with his talking points in telegram 4028 from Jidda, June 7. (National Archives, RG 84, Jidda Embassy Files: Lot 79F80, DEF 12-5.13, Northrop) The Department response is Document 145. Ellsworth's letter is Document 131. For Prince Sultan's May 17 response and Fish's letter regarding Peace Hawk IV, see Document 137.

Saudi generals. Ambassador emphasized that payment of these monies to Khoshoggi the only sure fact: We had no indication any payments made to Saudi officials or that such officials had behaved improperly.

3. Ambassador said Prince's reply of May 17 to Assistant Secretary Ellsworth's letter of March 7 about Peace Hawk V program was clear. He noted though that USG lawyers believed some ambiguity still existed regarding agents' fees for the Peace Hawk IV program. For this reason he wished to present Sultan with a letter from General Fish which we hoped would lead to the clarification of this latter point. Unless such clarification could be obtained, Ambassador explained, Northrop could be liable to heavy financial losses via lawsuits. (The letter was read in Arabic to the Prince.)

4. The Ambassador urged that in dealing with these difficult and sensitive matters, Sultan consider that the FMS procedure was still probably the most desirable from the standpoint of the SAG's interests. There would be no more confidentiality accorded to SAG's arms purchases if it went the contractor-to-government route; commissions would be unavoidable and would certainly be much larger. He hoped that Sultan would deal with this problem with the same coolness and judgment he had showed at other times when our relations were under strain. He urged that no action be taken that might give heart to those hostile to U.S.-Saudi friendship, or harm a military supply relationship that has been of value to both sides for many years.

5. Sultan thanked the Ambassador for his thoughtful presentation, and asked if he might call upon the expert advice of his legal advisor, Dr. Ghezi Nuseibeh. In Nuseibeh's presence Sultan said the issue of agents' fees and commissions would have to be dealt with in a way that took into consideration the joint interests of the U.S. and Saudi Arabia. The problem of U.S. firms abroad would not as a rule concern him—but with regard to any suspicion or hint of wrong-doing by such a firm in Saudi Arabia, he wanted full and prompt information. He wanted also the fullest information we had about anything that might indicate the possibility of misconduct by officials of the Ministry of Defense. He recalled that three years before he had forced an Oerlikon agent to leave the country, and to repay \$400,000 in bribes paid to Ministry officers. The officers had been cashiered and disgraced.

6. Sultan also believed it important—in the present “highly-charged atmosphere”—that the integrity of the negotiating principals not be impugned. He had never known of agents' fees in regard to FMS sales until he received Mr. Ellsworth's letter and he was both surprised and hurt by the manner in which it was delivered. It would have been much more appropriate for it to have been sent confidentially through the Ambassador. In any case, the information on agents' fees did not appear in any document in his files. In commercial (government-to-

contractor) sales, agents' fees could be left to a company and its agent, as a matter apart from the company's contract with the SAG. But with regard to FMS sales, he had to insist that absolutely no agents' payments could be made for either Peace Hawk IV (General Fish's letter).

7. On the general question of FMS sales, Sultan recalled he had spoken critically of them to Mr. Barger (Cairo's 6516). He believed, however, that the FMS route remained probably the best for large military sales. He reminded the Ambassador he had expressed preference to the USG for FMS be the Raytheon improved Hawk system, the Lockheed ground environment system, and Bendix-Syanco's role in SAMP. In these cases the USG's reply had not been to encourage the government-to-government route. Were he to learn that such a commission had in fact been paid, he would terminate the entire Peace Hawk program. He promised a written reply to General Fish's letter by June 10.

8. Sultan then said he thought the best way for the air to be cleared would be if the USG would make an announcement about the proper conduct of U.S.-Saudi FMS cases. His lawyer suggested the following statement: Quote We have looked into the question of our foreign military sales (FMS) programs to the Kingdom of Saudi Arabia. There is no indication whatever that either the United States Government or the Kingdom of Saudi Arabia has engaged in any improper conduct. The Saudi Government moreover has informed the United States Government that it did not know of any agents' fees in the past in connection with FMS sales, nor will it permit any such payments in the future. End quote.

Comment: Sultan's first draft provided for a final statement which read: Quote . . . did not know of any agents' fees in the past in connection with FMS sales, would not have approved them, and would not permit any such payments in the future. End quote. The intermediate clause the Ambassador pointed out could complicate matters by evoking FMS issues going back many years. He suggested the clause be omitted and that the future handling of such cases be allowed to stand clearly as of now. Sultan agreed.

9. In closing, the Ambassador said congressional investigations by Senator Church and Representative Hamilton would probably also deal with government-to-contractor deals in various parts of the world. Sultan asked for early information on anything that might pertain to Saudi Arabia; he would get to the bottom of all rumors and accusations.

10. Action requested

A) The Department's views and concurrence ASAP on Sultan's proposed statement. Perhaps it could be issued—after giving Sultan advance notice—by State or DOD press spokesman.

B) Early receipt of any information that might have further bearing on relations between U.S. firms and officials of Ministry of Defense.

Akins

147. Telegram From the Embassy in Saudi Arabia to the Department of State¹

Jidda, June 11, 1975, 0539Z.

4170. Subject: Letter from Prince Sultan to Colonel H.M. Fish. Ref: Jidda 4138 and previous.

1. Following letter received from Minister of Defense Prince Sultan June 10, addressed to Colonel H.M. Fish, Director of Defense Security Assistance Agency:

“I refer to your letter dated May 23, 1975, in which you mention that the letters which we signed on January 5, 1975, for sixty F5/EF aircraft included the amount of twenty-three million U.S. dollars to cover costs plus agent’s fees.

“We would like to inform you that the SAG does not approve of such payments and will not permit them whatsoever. Further, I would like to remind you of what was contained in my letter to Mr. Ellsworth dated May 17, 1975, concerning the non-acceptance of any intermediary, regardless of his nationality or regardless of which party he represents, for any arms contract between the SAG and the USG.

“I hope that I have clarified our position in this matter very clearly. I take this opportunity to express my hope that the Saudi-U.S. cooperation program in the military field will continue as it has been previously designed and in a correct manner as would be desired by both Governments. Warm regards. Sultan.”

2. Original being pouched NEA/ARP.

Akins

¹ Summary: The Embassy transmitted Prince Sultan’s reply to Lt. Gen. Fish’s May 23 letter, reiterating his denial of all commission payments and other agents’ fees, and reminding the Department of Defense of his May 17 reply to Ellsworth’s March 6 letter.

Source: National Archives, RG 84, Jidda Embassy Files: Lot 79F80, DEF 12–5.13 Northrop. Secret; Immediate. Drafted by Akins; cleared by Murphy; approved by Horan. Repeated to the Department of Defense; repeated Immediate to Dhahran. Jidda 4138 is published as Document 146.

148. Telegram From the Department of State to the Embassy in Saudi Arabia¹

Washington, June 13, 1975, 0138Z.

138345. Subject: Northrop Agent's Fees. Ref: State 137147.

1. In your meeting with Sultan, request you state that USG is preparing to issue policy statement to effect that no commission will be permitted for sales under FMSA unless it is in a reasonable amount for services rendered by a bona fide commercial agent and has been specifically disclosed to and approved by the buyer-government in advance.

2. We do not believe it would be productive at this sensitive time for you to try to dissuade Sultan from any public statement or publication of documents he might feel necessary.

3. At your discretion, however, you may point out the following:

A. Because of possibility of reviving publicity on Northrop (addressed in reftel) we do not desire to issue any joint statement with Saudis at this time.

B. As noted reftel, publication of May 17 letter would provide basis for questions regarding Sultan's assertion he stated Saudi policy to you and USMTM Chief as soon as he received Ellsworth letter of March 6.

C. Timeliness of any SAG statement addressing only Northrop problem would seem questionable given possibility that Church Subcommittee or other body may turn up new allegations regarding actions by other US companies in Saudi Arabia.

D. Blanket SAG prohibition of all agents fees would pose problem if, as appears likely, services by local agents such as travel arrangements, translations services, appointments, visas, are essential to effective operations by FMS contractors in Saudi Arabia. New USG policy para 1 would permit SAG to review and approve or disapprove fees proposed for such services in future FMS contracts.

4. At this time, we do not believe you should discuss legal or financial consequences for Northrop or its ongoing programs in Saudi Arabia of Sultan's prohibition of agents fees in Phase IV. This would

¹ Summary: The Department provided guidance for the Embassy regarding the Northrop dispute over commission fees.

Source: National Archives, RG 59, Central Foreign Policy File, P900105-0527. Confidential; Immediate; Exdis. Drafted by Assistant Legal Advisor for Near Eastern and South Asian Affairs B. Keith Huffman, Jr.; cleared by Dickman, Maw, and Fish, and in L/PM; approved by Sober. Telegram 137147 to OECD, June 12, is *ibid.*, D750205-1169. Akins requested a public Department statement on agent's fees in telegram 4206 from Jidda, June 11. (*Ibid.*, RG 84, Jidda Embassy Files: Lot 79F80, DEF 12-5.13 Northrop)

seem to be matter best explored at this stage by the company, Khashoggi, and if they so desire, SAG.

Kissinger

149. Telegram From the Embassy in Saudi Arabia to the Department of State¹

Jidda, June 14, 1975, 1249Z.

4253. Subj: Soviet Presence in Somalia. Ref: A. Jidda 3577; B. Jidda 3197.

Summary: As Saudis move toward a policy on Somalia, they again request definition of our intentions and objectives re Soviet base facilities in Berbera, and of our willingness to replace USSR as source of military supply for Somalia. SAG is inclined to press Somalis not to allow base ever to be activated; they believe that if it were activated, Soviets would simply dig in despite pressure and criticism, and raise hue and cry about Western rights and facilities elsewhere in the region. Intensity and immediacy of Saudi pressures on Somalis, however, may slacken because of linkage established by DOD briefings between Soviet presence and US interest in expanding our facility in Diego Garcia. End summary.

1. We have received another request from the Saudis for a definition of our intentions and objectives with respect to the Soviet facilities at Berbera, Somalia.

2. Calling attention to their surprise and puzzlement over unexpected publication of aerial reconnaissance photography which they had been assured was "Top Secret," Prince Turki al Faisal has frankly questioned whether it is in Saudi Arabia's interest to coordinate with

¹ Summary: The Embassy reported on the Saudi request for information regarding U.S. policy toward the Soviet naval base at Berbera, Somalia.

Source: Ford Library, National Security Adviser, Presidential Country Files for the Middle East and South Asia, Box 29, Saudi Arabia–State Department Telegrams, To SecState–Exdis (3). Secret; Exdis. Telegram 3577 from Jidda was not found. Telegram 3197 from Jidda, May 6, is in the National Archives, RG 59, Central Foreign Policy File, D750158–0374. The record of Kissinger's February 15 meeting with Fahd is Document 127. Discussion of the Soviet base at Berbera is in *Foreign Relations, 1969–1976*, vol. E–6, Documents on Africa, 1973–1976, Documents 140, 144, and 155. Documentation on Diego Garcia is in *Foreign Relations, 1969–1976*, vol. E–8, South Asia, 1973–1976, Documents 57 and 69.

USG any further action of his own government on this situation. [*less than 1 line not declassified*] SAG has definitely decided to concentrate on a strategy of pressuring the Somali regime not to allow the Soviet base ever to be activated—as opposed to waiting for missiles to arrive and then hoping to force the Soviet Union to make an embarrassing and expensive withdrawal under a spotlight of publicity.

3. Prince Turki's reasoning was concise: The Saudis estimate that the Somalis were honestly ignorant of the nature of the Soviet installation in the past, and may still be unconvinced; the Soviets undoubtedly realized from the beginning that their base would be exposed sooner or later, and must have already discounted the political liability in consideration of greater long-term military advantages; the Soviets must, therefore, be expected to "dig in" and resist all efforts to force them to abandon the Berbera facility; if there is any chance to overcome Soviet determination to remain, however, it will be before the base is fully activated and while there is yet some plausibility to the claim that the real purposes of the installation were misrepresented by "Imperialist propaganda."

4. Prince Turki "unofficially" voiced his government's concern that if the Berbera base were activated, Soviet reaction to protests from regional governments would take the form of an international hue and cry over U.S. military rights and facilities at Bahrain, Masirah and Diego Garcia. This would put irresistible pressure on the Saudis to support a policy of keeping the entire Indian Ocean, Red Sea and Persian Gulf areas free of all foreign bases, a policy which they would, under present circumstances, consider a net disadvantage to themselves and to the free world generally. If the Soviet reaction succeeded in posing American "withdrawal" from those "foreign bases" as a reasonable quid pro quo for the closure of the Berbera facility, the Saudis fear that the United States would be inclined to reach a stand-off accommodation with the Soviet Union in favor of preserving the unchallenged right of both great powers to dispose their strategic influence in the Indian Ocean region. "In that event," said Turki, "Saudi Arabia would be the ultimate loser. The existence of a Soviet air/communications/missile base at Berbera is a direct and immediate threat to our security. Tolerance of its existence would also significantly undercut our efforts to keep the region free of Communist military influence, and would most particularly weaken the PDRY Government's resistance to Soviet demands for naval base rights at Aden."

5. The pace and energy of further Saudi efforts to pressure the Somali regime can be expected to slacken measurably as a result of the publicity given this subject by the Defense Department in the context of justifying our own proposed naval facilities in the Indian Ocean. The favorable impact of our "exclusive" and "Top Secret" briefings has

likewise been severely dissipated, and replaced by growing suspicion in Saudi minds that they were being “used.”

6. Efforts to generate renewed Saudi activity vis-à-vis Somalia must await a response to Prince Saud’s request (reftel) that they be permitted to assure Somalia of the willingness of the USG to replace the USSR as a source of military supply should the expulsion of the Soviets from Berbera result in Moscow’s shut-off of bilateral military assistance. In this connection, Prince Turki recalled on June 11 that Secretary Kissinger promised King Faisal in February of this year, when he first revealed to His Majesty the existence of the Soviet installations in Somalia, that the United States would give Saudi Arabia “whatever help is necessary” to assure their withdrawal. The Saudis, according to Turki, consider this a “commitment” which should extend to the provision of military aid if such is required to achieve our common objective.

Akins

150. Memorandum of Conversation¹

Washington, June 24, 1975, 9–11:30 a.m.

SUBJECT

Meeting with Ambassador Akins

STATE PARTICIPANTS

Deputy Assistant Secretary Sidney Sober
Ambassador James E. Akins
Mr. Richard Aherne NEA/ARP

DEFENSE PARTICIPANTS

The Deputy Secretary of Defense, Mr. William P. Clements, Jr.
Military Assistant, RADM Kenneth M. Carr
Assistant Secretary of Defense (ISA), Mr. Robert Ellsworth
Director Defense Security Assistance Agency, LTG Howard M. Fish
Deputy Assistant Secretary (NEASA), Mr. James H. Noyes
Director, NESR Region, MG Gordon Sumner, Jr.
Country Director, Saudi Arabia, Colonel William Fifer

¹ Summary: Akins and NEA representatives met with Clements, Ellsworth, and other Department of Defense officials to review the status of several active programs in Saudi Arabia.

Source: Washington National Records Center, OASD/ISA Files: FRC 330–78–0038, Saudi Arabia, 1975, 320.2–333. Secret. Drafted by Fifer; approved by Ellsworth. The meeting was held in Clements’ office at the Pentagon.

(S) *Ambassador Akins* began by outlining Saudi concerns over recent trends in SAG–USG relations, in particular as represented by news media coverage they perceive as unfavorable. Senator Kennedy’s recent visit to Saudi Arabia and his proposed amendment which would stop all arms shipments to Persian Gulf states for six months raised concern. *The Ambassador* inquired as to the chance of the amendment passing. *Mr. Clements* replied that it is difficult to predict, with the present mood of Congress anything is possible. *LTG Fish* commented that of Senators Clark, Case, Javits, Humphrey, and McGovern who were present in Committee when the amendment was presented, only Senator Clark clearly supported the amendment. *Mr. Sober* stated Department of State planned to provide Senator Humphrey with their views on the amendment and would use Mr. Sisco’s recent statement before the House as the basis for a policy statement on Arms to the Persian Gulf. *Mr. Clements* asked for a copy of that Statement; *MG Sumner* agreed to provide from ISA files.

(S) *Israeli Overflights of Tabuk*. *Ambassador Akins* reported SAG concern about IDF overflights of Tabuk; that a protest had been passed to the GOI without any encouraging response. This was paralleled by statements passed to the SAG by visiting Congressmen that Israel planned to occupy portions of northwest Saudi Arabia. Again this was passed to the GOI who denied the report, only to have Israeli news media carry on the following day articles that Israel planned to occupy both sides of the Gulf of Aqaba.

(S) *USG Security Assistance to SAG*. *Ambassador Akins* stated his 15 June meeting with Prince Sultan was to have been a philosophical review of our programs. BG Ahmann (who the Ambassador feels is an outstanding officer) feels the Saudis don’t use their equipment properly and that their primary requirement is training. However, at the highest levels in SAG, the primary concern is equipment and they constantly compare their inventory with that of surrounding Arab states, in particular with Jordan. They reject our observations that the effectiveness of the JAA results from sound training programs. Part of the problem in the 15 June meeting was the fact that Prince Fahd had just come from a SAG Council of Ministers meeting to discuss the planned execution of the late King Faisal’s assassin during which a heated exchange had occurred. Fahd was in a bad mood and took out all his frustrations by criticizing problems in SAG–USG relations, stating that we are betraying him by not being more responsive.

(S) *Loan of a MICV*. *Mr. Clements* asked why the SAG seemed so concerned about getting a MICV prototype over to Saudi Arabia for demonstration purposes. *Ambassador Akins* stated the SAG had now backed off and accepted our counter proposal that the SAG send a team to CONUS in the Fall to observe a demonstration of the MICV

here. *MG Sumner* pointed out that the Soviet BMP had stirred up a lot of interest after the October War and in addition commercial representatives (like FMC) may be whetting their appetites. *LTG Fish* agreed and cited offers made by Mr. Mallot of FMC to make deliveries in 40 months on a direct commercial sale compared to 48 months the USG quoted, but doubted that FMC could do any better in the long run in view of problems with sub-contractors and delivery of materials like aluminum. *LTG Fish* suggested an alternative solution might be to authorize FMC's Italian licensee, Oto Melara, to produce APCs for the SAG. DSAA and State will look into this possibility.

(S) *Minelaying Equipment*. *Ambassador Akins* wondered why the SAG keeps raising the seemingly minor issue of mine laying equipment? *MG Sumner* observed that it may result from comparison with Soviet equipment in the inventories of the Egyptian and Syrian armies, plus SAG concerns over protecting their vast oil installations. *LTG Fish* stated we had sent information to USMTM to be delivered to MODA in response to their request; that part of the problem is unwillingness of the SAG to believe that we do not have some exotic secret devices hidden away in our arsenal, and the other part of the problem is their unwillingness to accept our doctrine that the best minelayer is a shovel backed up with detailed survey and recording which requires proper training. He suggested that perhaps the USMTM Army Section needs to educate the MODA staff along these lines. *Mr. Clements* suggested we consider offering to the SAG to have the COE supervise laying any minefields they require, at the same time pointing out all the many problems SAG would face from Bedouins and livestock wandering into such fields and the like; that this would put the ball in their court and should stop any further discussion. *Colonel Fifer* pointed out the SAG has half its infantry stationed in Jordan and Syria and probably wants its own capability to lay mines in any potential battlefields and would not accept COE involvement.

(S) *New SAG "Urgent List"*. *Ambassador Akins* stated he would like the USG to be responsive where it could be, but not to equivocate if the answer is "no." For example, he assumed that the reply on REDEYE would be a categorical no. *Mr. Sober* replied that this would have to be reviewed. In light of our recent agreement to provide REDEYE to Jordan, we could not reject the SAG request out of hand. *Mr. Clements* observed that the SAG is testing us; they are aware of our assistance to Jordan and want to see what we will do for them. *Mr. Clements* felt we should let the SAG have REDEYE; we can't put them in a position of paying for weapons for Jordan that we deny to them. He felt the same about the request for flamethrowers, Dragon and LAW. *LTG Fish* commented that flame weapons are not normally sold to foreign countries. On M-60 tanks, *LTG Fish* pointed out that deliveries would

be impossible before 1980. *Mr. Sober* pointed out that all these new requests would have to be reviewed at the highest levels in light of the reassessment of our Middle East policy, and that the feeling was that there should be no new major deals announced during the reassessment.

(S) *TOW*. *Mr. Sober* stated *Mr. Sisco* is concerned that diversion from US Army units may cause severe criticism from Congress. *LTG Fish* stated the quantities involved would not create any problems. *MG Sumner* pointed out here was another case where SAG could compare with Jordan as they already have 36 launchers and are to receive an additional 40 on an expedited basis in September. *Mr. Clements* stressed that expedited shipment to Saudi Arabia will be symbolic of our good intentions. *Mr. Sober* agreed to take the matter up with *Mr. Sisco*, but again reiterated the general hold up because of the reassessment.

(S) *Advanced Fighter*. *Mr. Sober* commented that the proposed advanced fighter briefing was being held up for the same reassessment reasons. *Mr. Clements* pointed out that it is only a briefing; that the Israelis have already had detailed briefings on advanced fighters; that the USG has already made the commitment to provide the SAG with an advanced fighter; he and General Brown had told the Saudis during the April trip that they should go for the F-16, thus he did not understand why all the requirements for briefings. *Colonel Fifer* pointed out they may be considering alternate sources of supply like the British and French, and the RSAF staff may need detailed information on which to base a comparison. The Lightnings are due to be phased out around 1980, thus the SAG does not have much time to make a basic decision and begin negotiations if they are to have an operational replacement by 1980. *Mr. Clements* stressed that we should move out rapidly on any items where we can be responsive such as with TOW and providing the advanced fighter briefing; that it should not seem that every response has to be extracted out of us under pressure.

(S) *Agent Fee Problem*. *Ambassador Akins* commented that Prince Sultan has stated his policy, both in an official statement made public by the SAG and in his letters to USG officials. *LTG Fish* described the very real problem faced with expiration of Peace Hawk III on 15 August and production of the follow-on 60 F-5s for which the SAG signed a LOA in January this year. Both were subject to the Agent agreement between Northrop and Khashoggi. Northrop has already paid him \$6 million in advance on Peace Hawk IV out of a potential fee of between \$23 and \$25 million, and there could be \$4.5 million in Peace Hawk III Extension. *Mr. Ellsworth* commented that Khashoggi may have already made commitments in anticipation of receiving these fees, so he may have to fight. *LTG Fish* explained the status of the various contracts; that Peace Hawk III Extension needs to be resolved promptly in light

of the 15 August expiration of Peace Hawk III; that it should be sent to Congress for review, but the more serious issue to be resolved is Northrop's liability to pay Khashoggi agent fees. The LOA for Peace Hawk IV for the 60 additional aircraft was accepted and signed by the SAG in January, but Northrop had not yet contracted with the USAF and could not until the fee problem is resolved. The Peace Hawk V LOA is being developed by the USAF and Northrop but fits into the same general agent fee problem for Northrop.

(S) *Mr. Ellsworth* brought up the request from Sultan to SECDEF for documents on the alleged payment of bribes to the two Saudi Air Force generals. Northrop has also been asked to provide documents and they may have some in company files. Northrop would like USG advice. *Mr. Clements* said it would be best for Northrop to decide what files they should provide Sultan, and that they should have them delivered personally to Prince Sultan who could decide what he wanted to do with them. *Mr. Sober* observed that the USG should stay clear of the Northrop response to Sultan and not be a party to their action. *Mr. Clements* thought BG Ahmann should present the USG position to Prince Sultan. *Mr. Sober* suggested using the mechanism of the Joint Security Commission to handle this problem and at the same time to discuss the current Saudi complaints and urgent list. *LTG Fish* summarized the understanding of the meeting that five actions were required: 1. Preparation of a reply from SECDEF to Sultan's letter (which could be a very short reply followed up by the documents later); 2. Presentation of the USG position on agent fees to Prince Sultan; 3. Presentation of the latest Peace Hawk V proposal to SAG; 4. Response to the latest SAG list of requests; and 5. Presentation of the follow-on advance fighter briefing.

(S) *Aid to YAR*. *Ambassador Akins* stated he considered this problem marginal compared to our other problems with SAG, and obviously the SAG is ambivalent about building up the YAR armed forces. *Mr. Clements* and *Mr. Sober* both agreed that the USG had done its best to get SAG moving and now would just have to wait. Perhaps *Ambassador Scotese* could persuade the YARG to send a delegation to Riyadh to press their own case.

(S) *Public Housing Construction*. *Mr. Clements* stated that both the President and SECSTATE had agreed to the COE providing assistance to SAG in this area. *Ambassador Akins* commented that it was a matter of extreme importance to the SAG. (Note: This action is being staffed within DoD to sort out the procedural requirements to implement the project.)

(S) *Soviet Presence in Somalia*. *Ambassador Akins* asked what the USG response would be to the SAG Foreign Ministry inquiry about USG willingness to sell Somalia arms that SAG would pay for as an alterna-

tive to Soviet arms. *Mr. Clements* stated that we do want to get the Soviets out of Somalia if possible and that it was recognized that the SAG was in the best position to pressure Somalia. *Mr. Sober* stated the problem was under review in State's African Bureau and he would check into it again. *Mr. Noyes* commented that sale of equipment could entail stationing a MAAG there eventually. *Mr. Clements* said DoD would give the SAG inquiry very serious consideration and we would prepare an initial position before Ambassador Akins goes out to Riyadh.

(S) *Command and Control*. *Ambassador Akins* stated he would accept any arrangement DoD decided upon for command and control of the various DoD elements in Saudi Arabia. *Mr. Clements* inquired whether bringing the SANG Program Manager's office under Chief, USMTM would bother Prince Abdulla. *The Ambassador* said Abdulla probably would prefer to keep them separate, but he could be convinced to accept any arrangement we desired if explained that it was necessary within USG organization.

(S) *Mr. Clements* concluded by discussing the timing of the visit to Saudi Arabia. It was agreed that any trip should await *Mr. Clements'* return from his trip to Europe to give him an opportunity to review the status with BG Ahmann on 14 July, and that perhaps we should aim towards meeting with the Saudis around 19 July. *Ambassador Akins* urged that a message be sent promptly to Embassy Jidda reporting our plan.

151. Telegram From the Embassy in Saudi Arabia to the Department of State¹

Jidda, July 14, 1975, 1600Z.

5039. Subject: Agent's Fees. Department please pass USMTM Dhahran for information. Ref: State 164743.

SUMMARY: In meeting with MinDef Prince Sultan July 14 Ambassador pointed out that under terms of Khashoggi's contract with Northrop Corporation, company could be forced to pay up to one hundred million in agent's fees. This could either sink Northrop, or force it to withdraw from all Saudi operations—in either case, it would seriously harm the development of the Saudi air force. Sultan agreed to get in touch with Khashoggi to advise him not to pressure Northrop nor to demand his legal fees from it. Sultan was certain Northrop could go ahead and sign Peace Hawk III extension with no concern about any legal action Khashoggi might take at not receiving agent's fee. END SUMMARY.

1. During meeting with MinDef Prince Sultan July 14, Ambassador Akins said the main purpose for his brief return to the Kingdom was to raise with Prince the important and delicate matter of Northrop's operations in Saudi Arabia. He said first that as a result of Prince Sultan's disapproval of agent's fees in connection with foreign military sales, the Defense Department had decided—with regard to all its FMS programs about the world—to prohibit agent's fees unless (a) they were specifically identified and (b) a clear and proper identification was made of the agent's services to justify any commission fee. The Prince listened with approval, and asked if this meant that there would henceforth be no room in FMS contracts for the straight middleman—the influence peddler—the Ambassador said that was so.

2. The Ambassador then said to Sultan that with regard to Northrop's activities in Saudi Arabia, it appeared clear from Sultan's statement no agent's fees or commissions could be paid for any of the company's projects in Saudi Arabia. Prince Sultan affirmed this was exactly the case. If a company were to do so, he said, it would quickly find itself out of Saudi Arabia. The Ambassador then explained to

¹ Summary: Akins met with Prince Sultan, who agreed to speak with Khashoggi on Northrop's behalf.

Source: National Archives, RG 84, Jidda Embassy Files: Lot 79F80, POL Northrop & Lockheed. Secret; Niact Immediate; Exdis. Drafted and approved by Horan. The Department authorized Akins' meeting with Prince Sultan and provided guidance regarding Northrop's contractual obligation to Khashoggi in telegram 164743 to Jidda, July 12. (Ibid., RG 59, Central Foreign Policy File, D750241-0349).

Sultan that although Northrop could not charge for agent's fees for several large projects now underway or in negotiation in Saudi Arabia, Adnan Kashoggi enjoyed a binding contract with Northrop that entitled him to a 5% commission on all sales of Northrop products or services to Saudi Arabia—even if such commissions are not included in the costs of such sales that are being paid by the SAG. If Northrop continues with its projects in Saudi Arabia, therefore, it could be held liable to pay a total in agent's fees of a sum that could approach 100 million dollars. The total profits of Northrop last year were only about a quarter of this; and if Kashoggi pressed his advantage under American law, it could result either in Northrop's collapse, or in its withdrawal from all Saudi projects. Either way, the Ministry's of Defense highly successful air force development would be seriously disrupted.

3. The Ambassador said that lawyers from the Department of State and the Department of Defense had considered the situation very carefully, and had only one possible remedy to suggest: that the Saudi Government, and His Royal Highness Prince Sultan should appeal to Kashoggi's sense of patriotism and public service, and ask that he annul the portions of his contract with Northrop that provided for payment of a fixed fee for all sales to Saudi Arabia or at least for payment of all sales dealing with FMS cases.

4. Sultan asked if our lawyers believed it would be proper for him to speak up on such a matter involving a Saudi citizen and an American corporation? When the Ambassador replied that they did, Sultan said firmly that nothing could be allowed to impede rapid, smooth and successful development of the Royal Saudi Air Force. Since Kashoggi was not a government official but a private Saudi citizen, Sultan would instruct him by way of a "personal suggestion" that he waive his rights to agent's fees, and under no circumstances press the company for them. The Ambassador asked if on the basis of the Prince's assurance it would be safe to tell the Northrop Corporation that it could proceed to sign the extension of Peace Hawk III without having to fear any adverse financial repercussions because of its contract with Kashoggi. Sultan said there would be no rpt no trouble from Kashoggi and that the company could proceed with the required extension.

5. In closing, Sultan mentioned that he had recently received two letters from Northrop board chairman Tom Jones asking if Sultan's prohibition did in fact apply to payment of all agent's fees of any sort. Sultan's reply was that it most certainly did apply to all agent's fees and he thought the U.S. Government should be appreciative to him for his stand. Ambassador Akins said the prohibition of agent's fees might significantly lower the cost of major projects to the Ministry of Defense and Aviation. Sultan said he very much hoped this would be so.

Akins

152. Minutes of the Secretary of State's Staff Meeting¹

Washington, August 7, 1975, 8 a.m.

[Omitted here is discussion unrelated Saudi Arabia.]

MR. ATHERTON: We have been negotiating for some months the agreement to regularize the status of the Mid-East forces in Bahrain. You remember during the '73 war they invoked the termination clause. There were three issues. Two of them have been resolved. The third issue is one we are going to have to reach a decision on quickly. They want to specify a date for the final termination of the presence of the Mid-East forces in Bahrain, as of mid-1977. And we have up to now managed to keep that from becoming part of the agreement and negotiation itself. Where it now stands is that they plan simply to send us a unilateral notice, saying that this is their intention. We have got a memorandum coming to you which examines several options that we might look at other than just acquiescing. I don't think there is any chance of turning them around on this short of getting the Shah and King Khalid publicly to say that they welcome—and neither one of them I think is willing to do this. The Bahrainians feel they are vulnerable—

SECRETARY KISSINGER: Why do we need them if we get Diego Garcia?

MR. ATHERTON: I don't think we do. My recommendation in this memo is going to be we make a joint statement by them and us that we have amicably agreed—

SECRETARY KISSINGER: Why do we have to do that? Why not let them make a unilateral statement?

MR. ATHERTON: I think we gain something from doing it.

SECRETARY KISSINGER: What do we gain?

MR. ATHERTON: I think we gain some political credit.

SECRETARY KISSINGER: With whom?

MR. ATHERTON: With the Arabs in the Gulf.

SECRETARY KISSINGER: With what Arabs?

MR. ATHERTON: I think basically with all of the Emirates, with the Saudis. The alternative is simply—

¹ Summary: Kissinger and members of his staff discussed MIDEASTFOR and the Northrop defense commissions issue.

Source: National Archives, RG 59, Transcripts of Secretary of State Kissinger's Staff Meetings, 1973–77, Entry 5177, Box 3, Secretary's Analytical Staff Meetings. Secret. Kissinger chaired the meeting, attended by all the principal officers of the Department or their designated alternates.

SECRETARY KISSINGER: I have never known an Arab whom you gain anything with from withdrawing.

MR. ATHERTON: We are going to be withdrawing anyway. The other way it looks as though we have been kicked out.

SECRETARY KISSINGER: But we are also getting it extended. Anybody knowing an Arab statement of intention knows that between now and 1977 that may mean we will go out in 1977 or in 2063. A unilateral declaration by the Bahrain government doesn't mean anything. I don't see what we gain by agreeing to it.

MR. ATHERTON: Well, we have got the memo which looks at this in more detail. I think it is worth looking at as one of the options.

SECRETARY KISSINGER: I am very pre-disposed against announcing now that we are going to get out in 1977. I am not fighting for staying in there. Once we have Diego Garcia, we can announce in '77. I see absolutely nothing we gain by announcing it today. Let them make a unilateral statement that they won't renew it in '77.

Anything else?

Carl?

MR. MAW: We have several upcoming problems with these high commissions that are being paid on military sales in the Persian Gulf area. And as of the moment, Northrop's contract with Kashoggi is in trouble.

SECRETARY KISSINGER: With whom?

MR. MAW: A chap named Kashoggi, who owns the Triad Financial Corporation, who is the commission agent or the sales agent for Lockheed, Raytheon, Northrop and several others. His fees run from 4 to 17 percent on sales to the Saudi Arabian government. Prince Sultan has refused to permit further fees on the Peace Hawk program. Unfortunately, the next phase of the program is about a billion dollars. And Mr. Kashoggi has refused to release Northrop from their contractual obligation to pay four percent on that the moment the contract is signed with the Saudi Arabian government. So we are now at an impasse.

SECRETARY KISSINGER: What is that program?

MR. MAW: That is the whole program of their air force, building an air force.

We also have a little disagreement with the Department of Defense as to our position on payment of fees. I have taken the position that fees should not be paid to these intermediaries unless disclosed to and approved by the paying government—it is added on to the price and it is paid by the purchasing government. We are in a little disagreement with the DOD on that point at the moment.

SECRETARY KISSINGER: What do they want to do?

MR. MAW: They are on the spot a little bit, because they have approved a good many of these fees. I can find nothing good that comes out of them.

SECRETARY KISSINGER: Except that that is the way business is done in the Middle East. While Protestantism is a great religion, it is not the one in the Middle East.

MR. HABIB: And the Far East, too.

MR. MAW: In military sales, we go out and sell a program to a country, and then we cut somebody else in on it. I think we have some responsibility to make sure that the purchasing government at least knows what we are doing and what they are paying for. And when it was disclosed to Sultan that—

SECRETARY KISSINGER: He was outraged, right—that he wasn't getting the four percent. Never had heard of a thing like this.

MR. MAW: He wasn't getting any of this particular one.

SECRETARY KISSINGER: I can see that would create bad feelings.

MR. MAW: Now, the disclosures that are going to come in Lockheed will show much more—much greater money movement and even to higher officials in the Saudi Arabian government. And hopefully those payments will not be disclosed. But I'm afraid they will be disclosed. And we are going to be in the middle, of course, for having permitted the payments without disclosure to the Saudi Government.

SECRETARY KISSINGER: But what is our problem?

MR. MAW: Our problem now is to keep the program moving while litigation is going to take place between Northrop and Kashoggi. We are just referring it back to the Saudi government.

MR. INGERSOLL: The Lockheed are commercial contracts primarily, so it doesn't go through the DOD.

MR. MAW: The C-130s, we stepped out of it. That is why they are higher fees. And we have to do something about our whole licensing of those. We grant the licenses here in the State Department with no disclosure about payments. These fees have been used for—

SECRETARY KISSINGER: But is anyone thinking of the impact of all of this on Saudi Arabia, where they have been doing it like this for 2,000 years?

MR. MAW: They want to change now.

SECRETARY KISSINGER: They don't want to change. They are being forced to change by us, and they are going to go to other suppliers. Don't tell me the Saudis want to change.

MR. MAW: The Shah issued an order a year ago no more commissions in Iran. And that has been pretty well enforced.

SECRETARY KISSINGER: My point is are we going around on a Protestant missionary exercise or are we—I just want to be sure we

maintain our influence in Saudi Arabia. I am not in favor of paying commissions.

MR. EAGLEBURGER: We are sending Billy Graham there next week.

SECRETARY KISSINGER: I just want to make sure we are not harassing these people for doing something which—

MR. MAW: The disclosure is coming out of the Hill.

MR. INGERSOLL: First it comes out of the SEC and then Church picks it up and exposes it all.

MR. MAW: And this Northrop report is not very happy reading for Saudi Arabia.

MR. INGERSOLL: Lockheed is going to be worse.

MR. MAW: Much worse—payments to generals, the chief of the Air Force got extra money.

SECRETARY KISSINGER: Is anybody here who knows Saudi Arabia is surprised?

MR. MAW: No.

SECRETARY KISSINGER: They regularly add five percent to their contracts.

MR. MAW: You wouldn't mind if they were normal sales and just a few million dollars. But when they run into the hundreds of millions of dollars, they get a little—

SECRETARY KISSINGER: I am not saying that I like it. I am just wondering whether we are not antagonizing the whole royal family there.

MR. INGERSOLL: We are for sure. This is going to be our biggest problem. In Iran, too, we are going to be antagonizing the Shah.

SECRETARY KISSINGER: [1 line not declassified]

MR. MAW: [1 line not declassified]

MR. HYLAND: [2 lines not declassified]

MR. INGERSOLL: And the Shah's relatives are involved.

SECRETARY KISSINGER: Do we have to pursue this to the bitter end?

MR. MAW: We are going to be called on to say what are we doing about these payments, are we supporting the briberies or aren't we.

MR. HABIB: It applies to other straight-out aid programs, too. The Church committee is on to commission payments on aid programs to the Far East.

MR. MAW: They are going to legislate on this. I hope we can avoid legislation. We don't want a criminal offense of paying commissions, because some of these commissions are perfectly legitimate.

MR. HABIB: Some of them are contrary to law, however, on some of the aid programs to Asia.

MR. MAW: That is right.

SECRETARY KISSINGER: What is the issue now?

MR. MAW: Well, the issue now is to let you know that this problem does exist between Sultan and Kashoggi.

SECRETARY KISSINGER: I just hope that somebody keeps in mind that the royal family in Saudi Arabia controls our oil supply, and that moderation in the Middle East depends importantly on what the Saudis do. I just hope that that is being kept in mind.

MR. MAW: Very much.

MR. ATHERTON: The place that argument needs to be made is with Church.

MR. INGERSOLL: The SEC and Church are the ones doing this.

SECRETARY KISSINGER: I will talk to Church at some point.

[Omitted here is the remainder of the minutes.]

153. Telegram From the Department of State to the Embassy in Saudi Arabia¹

Washington, August 9, 1975, 0003Z.

188452. Military addee handle as Specat Exclusive. Subject: Northrop Agent Fees. Refs: (A) State 177925, 290144Z Jul 75 (Notal); (B) SecDef 052210Z Aug 75.

1. Since reftel (A), Northrop met again with Adnan Khashoggi and his lawyers in Los Angeles on August 4 to discuss agent fees problem. At that meeting, Khashoggi stated that Triad would not volunta-

¹ Summary: The Department informed the Embassy that Triad and Northrop had not successfully negotiated an agreement releasing Northrop from Triad's claims to large agents' fees. Akins enclosed a letter informing Prince Sultan of the possible effects of the situation on the Peace Hawk program.

Source: National Archives, RG 59, Central Foreign Policy File, D750275–0120. Secret; Immediate; Exdis. Repeated to USMTM. Drafted by Dickman; cleared by Akins, Sober, B. Keith Huffman (L/NEA), and Fish; approved by Maw. The reference telegrams were not found. Copies of the correspondence between Triad and Northrop were sent to the Departments of State and Defense by Northrop's law firm, Wilmer, Cutler, & Pickering. (National Archives, RG 84, Jidda Embassy Files: Lot 79F80, DEF 12.5–13, Northrop; *ibid.*, POL Northrop & Lockheed, 1975)

rily terminate its agency agreement with Northrop on Peace Hawk program.

2. Triad lawyers (Macleod, Fuller, Muir, and Godwin) subsequently presented Northrop with a letter dated August 6 (copy being pouched to Embassy) which inter alia states that (a) Triad has reviewed Northrop's two letters setting forth correspondence on the agency issue and a proposed termination agreement; (b) Triad regrets existence of circumstances prompting Northrop to propose termination of agreement; (c) Triad has invested substantial amounts of time, effort, and capital with Northrop to initiate and attain successful Peace Hawk program; (d) Triad therefore intends to assure that any modification of its contractual rights take into account its performance; (e) proposed termination agreement and release are not necessary or appropriate under alleged policies of USG or SAG; (f) despite Northrop allegations that SAG policies with regard to Peace Hawk program require termination of agreement, Triad has not found confirmation of that position within rules and regulations of SAG, rather believes that SAG recognizes and honors sanctity of private contractual rights and it not policy of SAG to interfere with legitimate commercial relationships; (g) Triad is therefore proceeding as rapidly as possible to clarify in its own mind SAG's position and is seeking ascertain precise policies and desires of SAG re broader contractual relationship between Triad and Northrop as well as previously recognized distinction between intermediaries and brokers and bona fide manufacturers and marketing organization representatives; and (h) for all these reasons Triad intends to pursue its full legal rights and remedies under present agency agreement and it does not recognize or accept any right on part of Northrop to terminate agreement.

3. Northrop legal counsel points out that Triad letter was written after Khashoggi's meeting with Prince Sultan and possibly other Saudi officials. However, it understands Khashoggi has since gone back to Saudi Arabia to plead his case where he will endeavor present it before Saudi Council of Ministers (ref B) arguing that Prince Sultan exceeded his authority in seeking to compel Triad to terminate its agency agreement with Northrop.

4. In light problem posed for Northrop if agency fee question not settled before August 16 when Phase III extension begins, Chargé should deliver following personal letter from Ambassador Akins to Prince Sultan and report his reactions.

5. Begin text: Your Royal Highness: I hope you will excuse me for not presenting this message in person but family reasons require me to remain in the United States a few weeks longer. My daughter has just successfully undergone a difficult operation. Thanks be to God, she is now convalescing very nicely but I want to be with her when she returns to Saudi Arabia.

You will recall our meeting of July 14 when I explained that one of the purposes of my brief return to the Kingdom was to raise with you the important and delicate matter of Northrop Corporation's operations in Saudi Arabia. Your Royal Highness affirmed to me that no agent's fees or commissions could be paid for any of Northrop's or for any other foreign military sales to your Ministry and if Northrop were to do so, it would quickly find itself out of Saudi Arabia.

The US Department of Defense has issued instructions specifically prohibiting any agent fees for foreign military sales to the Saudi Ministry of Defense and Aviation unless specifically identified and approved in writing. This prohibition applies to the Peace Hawk III extension which the Saudi Government has just approved. This will of course amount to a very large saving for the Saudi Government.

It will, of course, be of interest to Your Royal Highness that similar requests have been received and implemented by the Department of Defense for Iran and other countries. Since our conversation, Northrop has sought to terminate its agency agreement with Triad before commencing further Peace Hawk projects. Otherwise, as I told Your Royal Highness, its lawyers have concluded that Northrop could be held liable to an agent's fee in excess of the corporation's anticipated worldwide profits.

I have just learned that Triad has refused to terminate its agency agreement with Northrop. In fact, I am told Triad is appealing its case to the Saudi Council of Ministers. Northrop therefore finds itself in a most difficult position in view of the fact that the next phase of the Peace Hawk program is to begin on August 16. Northrop's lawyers have informed us that unless the corporation is able to terminate its agency agreement promptly (or be reimbursed for Triad fees), Northrop will have to withdraw from Peace Hawk projects since Triad has indicated by letter to Northrop that it intends to pursue its full legal rights and remedies and does not recognize or accept any right on the part of Northrop to terminate its agreement nor, it alleges, does it find any confirmation inside the Saudi Government of Your Royal Highness' explicitly stated prohibition.

I regret that I am unable to discuss this matter with you personally at this time but wished to inform you of these recent developments as soon as possible so that you might take appropriate timely action to resolve the current problem and ensure smooth continuation of the Peace Hawk program. As I have noted, Northrop has concluded that either the agency fees must be paid on demand by Triad or Triad's present agency arrangement with Northrop as it relates to foreign military sales must be terminated if Northrop is to continue in the Peace Hawk program. I am looking forward to seeing you at the end of

the month. With warm regards, James E. Akins, American Ambassador.
End text.

Kissinger

**154. Telegram From the Embassy in Saudi Arabia to the
Department of State¹**

Jidda, August 11, 1975, 2300Z.

5622. Dept please pass SecDef and USMTM Dhahran for Immediate Information. Subject: Northrop Agent's Fees. Refs: (A) Jidda 5039, (B) CSF 082217Z Aug 75, (C) State 188452 (090500Z Aug 75).

Summary: (A) Chargé had Ambassador's letter on Northrop's fees delivered to Prince Sultan August 9, with intention to follow-up with Sultan on August 10 after his meeting with Senator Scott in Ta'if. On morning of 10th, however Sultan informed Senator he could not leave Riyadh. (B) On same day General Ahmann presented Sultan with amendment to Peace Hawk Phase III LOA. Sultan received him with four of most senior SAAF Officers also present and immediately began to discuss Ambassador's letter. Sultan did turn-around from his meeting of July 14 with Ambassador Akins: He said there was no way he could put pressure on Triad nor interfere in the business relationships between it and Northrop. He blamed USG for not having told him earlier about agents' fees, and repeated that in future no fees could be paid for Peace Hawk contract. Sultan said U.S. was obliged, however, to see that Peace Hawk program went on anyway either by providing blue suiters or another contractor. If this couldn't be done he would buy planes elsewhere "perhaps even Russia or China." (A statement we think made for effect—we would be on British-French Jaguar as alternate to F-5). (C) Embassy believes Sultan's position is firm. He wants Peace Hawk program to succeed, but what is now probably uppermost in his mind is how to assure his continued authority at top

¹ Summary: Horan discussed the Northrop situation with Prince Sultan, who maintained that he could not pressure Khashoggi to give up his contract with Northrop.

Source: National Archives, RG 59, Central Foreign Policy File, D750278-0469. Secret; Niact Immediate; Exdis. Reference telegram B was not found. Telegrams 5039 from Jidda, July 14, and 188452 to Jidda, August 9, are Documents 151 and 153, respectively. On August 12, the Embassy transmitted to the Department Sultan's reply to Akins' letter as telegram 5639 from Jidda. (Ibid., RG 84, Jidda Embassy Files: Lot 79F80, DEF 12-5.13) The text of Akins' letter is in Document 153.

levels of SAG. To this end he is probably ready to blame any setback to Peace Hawk on USG that let him down, and Zionist elements—who working against Saudi Arabia as they are against Jordan and Turkey. U.S.-Saudi relations on a broad front would suffer if this were to take place. (D) Action recommended: (a) We do not think an appeal to Fahd to pressure Kashoggi would work or be welcomed by him; (b) Could Northrop-Triad lawyers work out some compromise solution? It would be to financial interests of each to do so; (c) Could USG with its own political/defense interests in Saudi Arabia help pressure Kashoggi's company to reach some kind of workable agreement with Northrop? End summary.

1. Upon receipt of Ambassador's letter (ref C) Saturday August 9, Chargé telephoned Prince Sultan's Office Director Col. Tassan in Ta'if, told him of letter, and said he would like to present it and obtain Prince's reactions as soon as possible. Chargé suggested this might take place after Senator Scott of the Armed Services Committee met with Prince on August 10. Office Director said Prince was in Riyadh, but he expected him in Ta'if next morning for Senator Scott's meeting. To facilitate Prince's consideration of issue, Chargé had Ambassador's letter delivered to Sultan's office in Ta'if during Saudi business hours August 9 by U.S. messenger. Tassan in turn delivered Ambassador's letter to Sultan in Riyadh same day so that Sultan could give it advance study.

2. The next morning (August 10) Royal Diwan again confirmed to Embassy Sultan was expecting to see Senator Scott in Ta'if—perhaps early in the afternoon. But shortly before Senator Scott's meeting with King Khalid (11:45 a.m.) he was told Prince Sultan had changed his plans and would have to remain in Riyadh.

3. That same day USMTM General Ahmann saw Prince Sultan in Riyadh to present (in compliance with ref B) amendment three to Peace Hawk Phase III LOA. General Ahmann's report of the meeting follows:

Quote HRH Prince Sultan had invited the following senior officers of SAAF to attend meeting: LTG Amri, Vice Chief of Staff; LTG Kabbani, G-3 MODA; LTG Humaid, G-4 MODA and LTG Zuhair Commander RSAF.

HRH Prince Sultan opened the meeting with a discussion of the letter from American Amb which is quoted in ref C. In his statements Sultan reversed his position ref Triad/Northrop relations 180 degrees from position that they took during his 14 July discussions with American Emb. The points made by Sultan are paraphrased as follows:

A. I cannot interfere with the business relations between two commercial companies (Northrop and Triad). The two companies are not even Saudi companies.

B. My position in this matter has been made very clear. First, I did [not] know that fees were being paid by Northrop to Triad on earlier phases of Peace Hawk. Second, there will be no future fees paid to middlemen on any future Peace Hawk contract.

C. I am very disappointed that the USG allowed such fees to be paid without advising me. I further consider that since the USG, not SAG, made the decision to allow payment of fees the USG, not SAG, should be responsible for quote straightening out the present problems between Northrop and Triad unquote.

At this point I referred to his (Sultan) earlier conversations with Amb Akins in which Sultan advised Amb Akins that he would take action to ensure that Triad did not demand future commission payments by Northrop. At this point, Sultan became visibly agitated and said in effect quote yes, in verbal discussions with Amb Akins I agreed that I would talk to Kashoggi on this matter. I have done so. But I did not guarantee that Triad would not demand an honoring of its contract with Northrop. There is no way that I can put pressure on Triad or force it into such a position unquote.

I then covered the fact that the Northrop contract would end on 16 Aug 75 and that note 8 of Amendment Two (2) to Peace Hawk Three made a continuation of Northrop operation contingent upon quote the prior termination of any preexisting agreements requiring Northrop to pay any sales commission fees with respect to this amendment unquote. Sultan was then briefed on the interim solution suggested by ref A. Sultan stated that he had no objection to extending Northrop's efforts in this manner for 46 days, or even for two months, however, he further stated that he would not sign Amendment Three until he received a letter from the USG (at least from the American Amb) which officially answered the following questions:

A. Why is the amendment valid for a period of 46 days as opposed to some other time period?

B. What is the purpose of the extension? Is it to allow time for the Northrop and Triad lawyers to effect a solution to their problem?

C. What are the estimated costs for this extended period of work and how will it be financed? Answers were provided but Sultan reiterated that he wanted an official letter from USG answering these questions in writing before he would sign Amendment Three.

Sultan then seemed to mellow somewhat from his agitated state and said quote what is the solution to this whole problem? Unquote. I stated that if Triad could not be convinced to abrogate their contract with Northrop that I, personally, could see no workable solution. Sultan stated that there is one solution. Since the Peace Hawk is government to government program, the USG and specifically the USAF, could

replace Northrop with other contractors or blue suiters to ensure that Phase III extension and Phase V continued and the modernization/expansion of the RSAF would not be adversely affected. I interjected that even if this could be done Northrop would continue to be directly involved in Peace Hawk IV and that the agents' fee problem would continue to exist in that area. At this point Sultan looked at the ceiling and finally said quote I will repeat two points. One, I do not want any fees paid to middlemen. Two, I cannot interfere in private relations between commercial companies, unquote. Sultan's attitude and words in this area indicated to me that he was in effect saying that in those parts of the program where Northrop must be involved let Northrop and Triad come to a private arrangement but do not tell me.

Sultan then repeated his allegations that this whole problem of agents' fees was caused by the USG allowance of agents' fees in Phase One, Two and Three of Peace Hawk. He further stated that it was his position that the USG had to find a solution or that SAG would find new aircraft and new people to help them with the modernization of the RSAF. Finally, he said that he was preparing an answer to Amb Akins recent letter that would explain his position fully. Sultan at this point said that he would like to discuss the modernization of the Saudi Arabian Army (SAA). In his monologue on this subject, accompanied by continuous and vigorous head nodding on the part of his four senior officers he made the following points:

A. USG did not give them what they wanted, and what they need, in the impact package on the TOW and SP 155 Howitzer.

B. USG, by refusing to make any type of real commitment to SAA modernization in view of U.S. Middle East reassessment is apparently forgetting the long and true friendship between US and SA and specifically forgetting the efforts of SAG to keep oil prices down. SAG efforts in this area reduced SAG's potential revenue considerably and were motivated by pure friendship for U.S., not any political or monetary gain for Saudi Arabia. USG by not being willing to make any thing but gestures in response to the urgent request of 15 June 75 by HRH Princes Fahd and himself was in fact destroying the great friendship which has existed between Saudi Arabia and U.S.

C. SAG could see potential enemies and feared these potential enemies. They feel most strongly that they must build up their capability to defend themselves. They want and need the U.S. to help them in this area on an expedited basis. If U.S. chooses not to help them, they will go to the devil himself to get armaments. Sultan then smiled and said the devil includes Russia and China but, of course, not Israel. At that point, I reminded Sultan of our earlier conversations in which we had agreed that immediate delivery of equipments listed on their 15 June 75 would not be practical from either U.S. or SAG viewpoint

in that extensive training of SAA in operation and maintenance of equipment would be required before it could be effectively integrated into SAA. Sultan said that this was true but at this point U.S. had made no major commitment to provide anything but inadequate numbers of TOWs and SP 155s.

Sultan then said that he was sure that the President, Defense and State wanted to assist SAG in modernization and expansion of SAA. However, he was sure that the trouble is with the U.S. Congress which is in his opinion too much affected by Zionists. I said that if there are people attempting to destroy US/SAG friendship, you will hand such people a victory.

Not by acting because of impatience. Sultan said there is a limit to our patience. However, we still very much want to be friends and partners with the U.S. and demonstrate this we will:

A. Wait with increasing impatience until you have completed your Middle East reassessment.

B. In the interim we will be conducting an American reassessment.

C. If we do not like the results of your Middle East reassessment, we will be prepared to go elsewhere (including to the devil) for what we need.

Discussions then turned to the proposed agreement on U.S. military training forwarded by ref C and provided to Sultan by American Embassy Jidda as well as FMS cases AAA and AAB. Sultan again became quite agitated and said the following:

A. We do not want to buy U.S. partnership. It is not the money it is the principle. We want you and your people here because U.S. is our friend not because we are reimbursing USG for your salaries etc.

B. I do not think the USG would have made such a proposal to the late King Faisal. I pointed out that SAG did reimburse USG for COE and SANG efforts. Sultan replied COE builds buildings, SANG is involved with another SAG agency. Neither has same friendship meaning as USMTM.

I also pointed out that Iran was reimbursing USG for our security assistance efforts. Sultan said Saudi Arabia is a better friend to U.S. than Iran. I also pointed out that primary motivating factor on reimbursement was potential congressional pressure to reduce size of MAAGS/Missions and potential adverse effects on U.S./Saudi relationship if disclosure was made in U.S. news media that U.S. tax payer dollars were being used for security assistance efforts in Saudi Arabia. Sultan ignored these points and reiterated his statement that SAG wanted American military here based on friendship not reimbursement.

Sultan then said that he wanted me to make sure that all points covered in our meeting were forwarded to USG and specifically to

Amb Akins. He then stated that he had great confidence in Amb Akins and in the in-country U.S. military effort. He then said that he realized that he had been rather harsh in his reaction to the support proposals and if there was anything I needed for USMTM it would be provided. Following a discussion of promised leased family houses that had not been provided as promised and need for additional housing at Dhahran and Riyadh Sultan directed the MODA staff to immediately provide the promised houses and to provide funds for the immediate construction of five four bedroom houses for USMTM at Dhahran and additional housing at Riyadh.

My overall evaluation of this meeting follows. I have provided a copy of this message to AmEmb Jidda who might want to provide their assessment.

A. Sultan has evidently been overruled within the SAG on any efforts to force Kashoggi to abrogate the Northrop-Triad contract. He is in a virtually untenable situation. His statement in SA news media that there will be no commission fees on future government-to-government programs leaves him no maneuvering room.

B. As a result, he has adopted a hard line which attempts to place blame for commission fees on USG. I think that he realizes the probable futility of this line since he, at one point, suggested the compromise of alternate contractors or blue-suit efforts to continue Phase Three and Phase Five. He obviously had not thought out effect of his proposed compromise on Phase IV in which Northrop must continue involvement. I was frankly surprised by his apparent suggestion to pay agents' fees in Phase IV as long as he is not aware of them. This seemed to be a hip-shot answer which, in retrospect, I suspect Sultan will disavow.

C. Unless Northrop-Triad negotiations have produced some breakthrough I do not see where the discussions in this meeting led us any closer to any acceptable solution on the fee question.

D. Unless some acceptable solution to fee problem is found, it is my opinion that Sultan will be in considerable trouble within SAG and will lose confidence of RSAF. This could not fail to effect standing and influence of Fahd in SAG. My perception is that this situation [garble] and some solution acceptable to SAG and USG must be found to avoid uncorrectable and wide crack in U.S./Saudi relations.

E. Discussion of the need for U.S. commitment to a rapid modernization/expansion of SAA were more brutal but not significantly different in content from earlier discussions of this subject. However, threat to go to Russia or China for assistance is a new one to me. As I stated during discussions in Washington in July, SAG is looking for a very clear signal that USG intends to take urgent actions to assist SAG in fastest possible modernization of SAA. Impact packages were not enough of a signal. Unless we can give such a signal very soon MODA

will go elsewhere. Sultan's statement that they will wait for our Middle East reassessment is tempered by his statement re an American reassessment. In this regard, I believe the preliminary actions to obtain equipment from other sources are already underway and that the longer it takes for Saudis to receive the signal, the more likely the use of other suppliers.

F. I was surprised at the vehemence of Sultan's reaction to support proposals. Intensity of reaction could have been much affected by general unhappiness of Sultan over fee situation and his perceived lack of responsiveness of USG to 14 June 1975 requests. At any rate, this attitude on part of MODA must be changed or our ability to accomplish an increased security assistance role is virtually nil.

G. Presence of our senior SAAF officers was surprising and unexpected. Anticipated that Sultan would prefer to meet alone because of sensitivity of the problem. Sultan seemed to be playing to the senior SAAF officer audience in his enunciation of his hard line in respect to fees and SAA equipment requests. Presence of these officers was particularly unexpected because of verbal information I have been receiving that major reorganizations of SAAF designed to move younger officers into positions of increased authority is in the offing.

H. Despite general hard line, I think Sultan desperately wants and needs continued good relations with U.S. and, in fact, is almost begging for some solution to fee problem and some definite commitment re SAA modernization. My reading of Sultan's attitude even during his most agitated and unfriendly statements was one that said in effect: U.S., I have been your friend; now I am up against the wall; help me find some solutions.

Suggest that time is more than ripe for high level USG approach to SAG on whole subject of continued military cooperation and specifically on the fee problem. Unless some firm agreements and understandings are effected, major deterioration of military relationship will be fast and irrevocable.

Request that you advise soonest on actions you intend to take relative to requested letter forwarding Amendment Three to Peace Hawk Three LOA and any specific actions you want me to take on other matters.

4. Comment: I had the opportunity to review the Ambassador's letter with General Ahmann the evening of August 9 and to discuss with him how we might best try to solve the SAG-Northrop commission problem. I concur in the General's analysis and comment and consider them perceptive. Sultan has radically changed his position from the one he expressed to Ambassador Akins on July 14 (ref C). His influence over Kashoggi was apparently not enough to enable him to call Kashoggi off. I wonder in a real test of strength if Kashoggi may be able to

hurt Sultan's personal and political status as much or more than Sultan can hurt Kashoggi economically. It also seems clear Sultan couldn't obtain sufficient support from Prince Fahd and the Council of Ministers to a policy of getting tough with Kashoggi. The feeling may have been: "It's Sultan's hot potato, let him handle it."

5. Sultan does not plan to change his position. This is suggested by the broad attendance of MODA officers at his meeting with General Ahmann, and his proceeding directly to discuss the Ambassador's letter. At almost all other meetings with Sultan—even on less sensitive affairs—he has been alone and has usually preferred us to provide the interpreter as well. General Ahmann has told me Sultan's strong opposition to agents' fees was extremely popular among younger and middle-level officers. He could not try to change this position without discrediting himself in the eyes of the officer corps. The political damage to his position in the Council of Ministers would be great also.

6. It appears to me that Sultan does not have it in his power to resolve a Northrop-Triad confrontation. He knows—and we have told him—how this could damage the Saudi Air Force. But what must now be uppermost in his mind is how to ensure his continued authority and survival at the top levels of the SAG. To minimize the damage to his position, I believe, he would let the Peace Hawk program founder, and "blame the foreigner." Should all remedies fail he would heap the maximum amount of blame upon the USG for having misled him, and having welched upon its commitments. The RSAF's problems would be presented to the Saudi public as caused by the same anti-Arab/pro-Israeli forces in Congress that have caused military supply problems for two other good friends of the U.S. in the Middle East: Jordan and Turkey.

7. If the Peace Hawk program goes on the rocks as a result of this imbroglio, U.S.–SAG relations would suffer along a broad front. Sultan would try to bounce back with his military constituents by promising them even better aircraft from non-U.S. sources. (We think his mention of possible Russian or Chinese arms sources was for impact; our bet would be on the British-French Jaguar.) Our efforts to expand the work of the U.S.–Saudi Joint Commission would suffer; our arguments for Saudi cooperation on oil and finance would lose weight.

8. Action recommended. As Averell Harriman used to say after listening to long analyses of a problem "What are we going to do about it?" We don't think it would help or change matters if we were to go to Prince Fahd with the kind of arguments we've already made to Prince Sultan. We can be sure Northrop's fees have been discussed with Fahd, but he has his own position to think of, and would prefer to stay clear of this nasty problem.

9. A possible approach to a solution might be to inform Northrop of the SAG's stand, and suggest that lawyers for Northrop and Kas-

hoggi each motivated by their principal's interests seek an easement whereby (a) Northrop obtained satisfactory assurance that Kashoggi would not demand his entire pound of flesh—it might sink them; and (b) Kashoggi would still get some profits and the prospect of more—which would be better than what he would get now if Northrop refused to go ahead with future phases of Peace Hawk.

10. A final possibility presents itself: If Prince Sultan cannot apply pressure upon Kashoggi—since Kashoggi is not representing a Saudi firm—could the U.S. Government in its own political/defense interests help pressure Kashoggi to reach some kind of workable agreement with Northrop that would not push the company under, and allow Peace Hawk to go on?

11. As for answering Sultan's questions about extending Northrop contract 46 days, recommend letter of reply be worked up between USMTM and DOD and be presented to Sultan over General Ahmann's signature or mine. The questions mostly deal with technical details of Peace Hawk contract and we should have Ambassador for broader issues.

Horan

155. Briefing Memorandum From the Assistant Secretary of State for Near Eastern and South Asian Affairs (Atherton) to Secretary of State Kissinger¹

Washington, undated.

Strategy for Your August Visit to Saudi Arabia

YOUR OBJECTIVES

Your basic purpose in making a stop in Taif is to enlist Saudi support for phase two of the Egyptian-Israeli disengagement. You will

¹ Summary: Atherton provided Kissinger with talking points and background material in preparation for Kissinger's trip to meet with King Khalid at Ta'if in September.

Source: Library of Congress, Manuscript Division, Kissinger Papers, Box CL 209, Geopolitical File, Saudi Arabia, June 2–August 30, 1975. Secret; Nodis. Drafted on August 19 by Cecil Molineaux, and Dickman; cleared by Special Assistant Roger Sorenson (E), Deputy Director of the Office of Fuels and Energy Lawrence Raich (EB/FSE), Fifer, Donald R. Niemi (PM/ISA), and Robert Barrett (AF/E). Two attachments are not published: a briefing memorandum drafted on August 14 by Dickman, entitled "Status of Saudi Arms Requests," and an undated background paper entitled "Status Report on the Joint Economic Commission."

also seek to strengthen in King Khalid, and in Prince Saud bin Faisal, the new Minister of State for Foreign Affairs, the conviction that you personally, and the United States as a government, are firmly committed to a final, peaceful settlement of the Arab-Israeli dispute. Additionally, you should seek to reassure the Saudis, including Prince Sultan, the Minister of Defense, of our commitment to support the modernization of the Saudi armed forces.

Specifically, your objectives will be:

—to allay Saudi fears that the implementation of this agreement will diminish our concern for further progress, particularly on the Syrian-Israeli front;

—to elicit Saudi support in our efforts to obtain Syrian acceptance of the Israeli-Egyptian agreement;

—to reassure the Saudis that, despite Congressional actions toward Turkey and Jordan, the Administration remains desirous of continuing to respond to the needs of those countries for military equipment and that the Administration would take the strongest action possible to insure that nothing disturbs the harmonious military supply relationship now existing between the United States and Saudi Arabia;

—to encourage the Saudis to use the leverage of economic assistance on the Somalis toward the end of reducing and ultimately removing the Soviet presence from Somalia;

—to encourage the Saudis to move ahead on their program of military assistance to the Yemen Arab Republic by reaffirming our willingness to sell reasonable amounts of military equipment;

—to assure Yamani that we wish to reach mutually satisfactory progress through the reconvened Preparatory Producer-Consumer Conference and subsequent dialogue, and to emphasize the deleterious effect on the Free World's economy if there is another OPEC price increase.

SAUDI SITUATION AND CONCERNS

The assassination of King Faisal on March 25 did not disturb the fundamental internal political stability which has characterized Saudi Arabia for the past decade. Indeed, the smoothness of the transfer of power provided visible evidence of the stability of Saudi governmental institutions. The previous cabinet continued with only one major change: the appointment of one of the late King's sons, Saud bin Faisal, to the vacant position (following Saqqaf's death) of Minister of State for Foreign Affairs, from his previous position as Deputy Minister of Petroleum and Minerals.

The country now enjoys a form of dual leadership in which the hard-working and competent Crown Prince Fahd relieves the quieter,

more retiring King Khalid of much of the burden of complicated international and technical affairs. The King personally prefers a ceremonial role but is forced by his position to participate in discussions for which he is by education and experience inadequately prepared. Care must be taken to extend to him, at least outwardly, the deference and respect accorded his more capable predecessor. It is likely that Crown Prince Fahd will participate in all of your discussions with the King. These discussions may take the form of a three-way dialogue in which you speak to the King, who turns to the Crown Prince to reply. When unassisted, the King has been known to ramble, to reply with pat clichés, and to stray from the topic at hand.

One other noteworthy change accompanying the accession of King Khalid was the elevation of Prince Abdullah to the position of Second Deputy Prime Minister, the number three position of leadership. Prince Abdullah remains Commander of the National Guard. He is likely to attend the meeting with the King, but may be reluctant to speak, [*less than 1 line not declassified*]. The elevation of Abdullah to the number three position was strictly in accordance with the principle that the senior leadership positions, unless declined, are awarded to the sons of King Abd al-Aziz ibn Saud in order of descending age. While Minister of Defense Sultan, junior to Abdullah, had no right to expect the number three position himself, and has suffered no diminution of his own personal power, he chafes under the new arrangement which now, in meetings of the Council of Ministers, places Sultan in a position of deference to Abdullah, with whom he could previously contend as an equal.

Our bilateral relations, while outwardly good, are troubled by Saudi dissatisfaction with what they view as a lack of dispatch in responding to requests for armaments; by doubts raised by Congressional treatment of arms requests for Jordan and Turkey; by embarrassing revelations of the Church Subcommittee that SAG funds have been used, in the USG-supervised Northrop F-5 contract, to pay large agents' fees to a Saudi businessman, Adnan Khashoggi, who may have made improper payments to Saudi military officers; by different approaches over the formula for reconvening the preparatory conference of oil consumers and producers; and by the SAG position on the Arab boycott and its anti-Jewish visa policy.

The Saudis' main concern in talking to you, however, will be over the question of future Israeli withdrawals in Sinai and Golan. Since this second phase of the withdrawal has taken so long to achieve, the Saudis will be asking for your prognosis concerning future withdrawals. The Saudis will be concerned about the absence of substantial progress on Golan and its effect on President Asad's position. The Saudis view Asad as a moderate in his own environment and will be

concerned that a lack of progress on the Syrian front will weaken his domestic position.

YOUR APPROACH TO THE SAUDIS

In your opening remarks to King Khalid you should begin by paying tribute to the memory of King Faisal, from whom you received much wisdom and good counsel. You should state that you look forward to the benefit of similarly good counsel from His Royal Majesty. You have already heard of His Majesty's concern and interest in improving the standard of housing and medical care in the Kingdom. All of our efforts, in fact, are directed toward bringing peace to the entire region so that each nation's resources can be utilized in improving the standard of living of all of its citizens, just as His Majesty is attempting to do in Saudi Arabia.

In reviewing the steps which have led up to the present state of the Middle East peace talks, you should:

—describe the delicate political situation in Israel and how this complicates negotiations;

—reiterate the need for continued Saudi support of Egypt, especially against attacks from Iraq and Libya;

—underline our commitment to do as much as possible to promote movement on the Golan front, as well as Sinai;

—express appreciation for Saudi support of Palestinian moderation during these delicate negotiations and our hope that such Saudi support will continue;

—discuss the consequences of a move to expel Israel from the United Nations and request active Saudi support in forestalling—and, if necessary, opposing—any expulsion effort.

The most difficult point will be to obtain Saudi support of a Sinai withdrawal in the absence of any simultaneous withdrawal on the Golan Heights.

OTHER ISSUES

(1) Military Supply Relationships (See Background Memorandum)

The Saudis have become very concerned at the treatment by Congress of Turkey and Jordan over arms sales to these countries. They are puzzled that we could treat an ally like Turkey or a close associate like Jordan in such a fashion. They are also concerned that Congress may pass restricting legislation, such as Senator Kennedy's proposal for a six-month moratorium on arms sales to the Persian Gulf. The Saudis have wondered aloud to a number of recent visitors (including Senator Mansfield and Army Chief of Staff Weyand) whether the US is a reliable partner for an important political/military relationship.

The Saudis have also been watching closely how we respond to their different arms requests. Before Ambassador Akins left on leave

in mid-June, Prince Fahd and Prince Sultan pressed him hard for decisions on a number of items, some of which are new. Saudi unhappiness was alleviated to some extent when the Ambassador was able to come back a few weeks later and indicate we were prepared to sell 50 TOW launchers and 500 missiles (an initial portion of a larger order), with deliveries within 120 days of Saudi acceptance, and to lend 24 rehabilitated 155mm howitzers pending the manufacture and delivery in 1977–78 of an order already contracted for. There remain, however, a number of outstanding requests which have been delayed either because (a) they are new and require a policy review and decision (i.e., armored personnel carriers, M-60 tanks); (b) presentation to the Congress has been delayed in light of recent Congressional reaction over the Hawk sale to Jordan (i.e., construction of harbor facilities for the Saudi navy) or (c) a decision has been put off pending completion of the reassessment (i.e., briefing on advanced aircraft—F-14, F-15, F-16, and F-18).

Saudi sensitivities have been further heightened by the activities of Senator Church's Subcommittee. Recent revelations by Northrop before Senator Church on agents' fees have implicated Saudi military officers. The Saudi leadership is concerned lest it be in for more disagreeable surprises when the Subcommittee scrutinizes the activities of other American companies supplying military equipment or services. Prince Sultan has recently affirmed, in the presence of his senior generals, his opposition to the use of SAG funds for agents' fees for military purchases, while also maintaining that he is unable for legal reasons to insist that the TRIAD firm of Adnan Khashoggi agree to terminate its agency agreement with Northrop. Northrop maintains to us that it will be unable to pay the required agents' fees out of company profits alone and that it will therefore be unable to conclude further contracts in Saudi Arabia. Sultan has taken the position that since the Northrop contract is administered by the USG under a government-to-government Foreign Military Sales case, that it is the responsibility of the US Air Force to provide technical and advisory personnel for the F-5 program if Northrop should withdraw.

TALKING POINTS

—We have very much in mind pending Saudi requests for various military equipment and services, and we will do all in our power to be as responsive as possible. As you know, I asked Deputy Secretary of Defense Clements to visit Saudi Arabia last April. I am aware that there are a number of outstanding requests that have not been responded to. We should plan to have another meeting of the Joint Security Commission fairly soon for another in-depth review.

—During the period of our reassessment of the state of affairs in the Middle East and at a time when Congress is taking increased

interest in all aspects of our arms sales, there have inevitably been some delays and obstacles which we must work together to overcome. We have no intention of slowing down the process of responding to Saudi requests, but the degree of public interest does require careful consultation with Congress to get the understanding needed to proceed with these requests. The Saudis must be patient and accept our assurances that we are moving as fast as we can.

—It is reasonable to assume that as we make more progress toward a permanent peace in the Middle East, we can expect Congress and the American public to become less sensitive to the sale of military equipment and services destined for defensive needs of countries in the Middle East.

—In response to my own inquiries into the matter, I understand that the Department of Defense will soon be ready to brief the Royal Saudi Air Force on the F–14, F–15 and F–16 aircraft and a concept briefing on the F–18; and that DOD will soon be proposing dates for this briefing. The Administration will shortly begin consultations with the Congress to insure its understanding of the considerations which led us to respond positively to Saudi wishes.

(2) *Petroleum*

Oil Minister Yamani had indicated earlier that if a consumer/producer conference were to have any impact on oil prices, the conference should take place before the OPEC Ministerial on September 24. We have explained to Yamani why this is not possible. We expect the French will issue invitations by the end of August to a resumed Preparatory Conference in October. This, we believe, will help moderate the size of any oil price increase.

Meanwhile, Yamani is insisting on—and we have agreed to—the creation of a fourth Commission on Monetary and Financial Affairs. The Saudis are interested primarily in seeking a mechanism that will protect the value of their investments from inflation. Our problem has been that the Saudi terms were so sweeping and vague that this fourth Commission could have ended up preempting work of the Group of 20. We are also concerned lest we get trapped in trade-off positions between financial issues and raw material issues. We have now accepted the establishment of a fourth commission but with terms of reference that will limit its discussion of monetary reforms and concentrate on the issues before the three other commissions.

Yamani also says that the success of the Prepcon can only be assured if there is prior agreement on membership, how members are selected, the functions of the secretariat, and the means of inter-commission coordination. We recognize that these problems exist but we believe that if all participants approach these procedural problems with a view to working them out, they should be quickly resolved.

TALKING POINTS

—We are concerned over the serious international economic effects that another increase in the price of oil would cause. We are also concerned over the domestic effect such an increase would have on inflation and unemployment, and on the progress we are beginning to make toward economic recovery.

We would be interested in Saudi views on what can be expected at the next OPEC meeting. We hope the Saudi Government will take a long-term view of any decision on oil prices and use its influence to hold the line against increases at the September OPEC meeting, since it alone has the power to do so. Saudi Arabia's security—like our own—ultimately depends on achieving a strong and healthy world economy.

—We are moving forward with our plans for the Prepcon which we expect will resume in October. We are pleased that most of the procedural issues have now been resolved and we feel that those remaining can be dealt with quickly provided there is good will on both sides.

—On the question of the fourth Commission on Monetary and Financial Affairs, because of the importance we attach to our relations with Saudi Arabia and the major contribution we expect it to make to the producer/consumer dialogue, we have agreed to its establishment. We expect in return, however, that the Saudis will agree to limit its terms of reference to assure that the commission does not get into areas which are within the competence of existing and responsible international financial institutions such as the IMF and IBRD.

(3) Somalia

Following a major educational effort to acquaint the Saudis with the nature of the Soviet presence at Berbera, during which briefings, including aerial photos, were presented to Prince Saud, Kamal Adham (the King's chief intelligence advisor) and Minister of Defense Prince Sultan, the Saudis recognized the danger posed by the Soviets. In May, June, and July, SAG officials asked if the US was prepared to cooperate in an attempt to induce the Somalis to remove the Soviets. On July 14, Prince Saud reiterated questions previously asked: would the US agree to supply Saudi-financed US arms to Somalia to replace Soviet weaponry; would the US share equally the cost of replacing the \$60 million in Soviet economic aid now being provided? Our response to date has been to state that our position is still under study in Washington, but that Kenyan and Ethiopian sensitivities make the question of arms sales to Somalia an especially sensitive issue. It is likely that the SAG will take advantage of your visit to seek clarification of our position. Failure to show continued interest in this problem will strengthen their present suspicion that we raised the issue of Berbera to sell our position on Diego Garcia to the Congress.

TALKING POINTS

—We appreciate the SAG's realization of the importance of this issue and of the threat to the region and to international shipping, posed by the Soviet presence in Berbera. We share the desire to wean Somalia away from dependence on the Soviet Union.

—We are considering a modest aid program in Somalia as evidence of our desire to improve relations and as a test of Somali responsiveness. *We have withheld discussing this matter with the Somalis pending this opportunity to consult with the SAG.* We would now encourage the SAG to make its own proposal to the Somalis, making it clear that substantial aid is contingent upon Somali steps to limit or reduce the Soviet presence.

—We believe that consultations with Ethiopia and Kenya on arms sales are premature and should only be undertaken when we can be absolutely certain that US arms would be acceptable to the Somalis. Otherwise such a step would needlessly alarm these two countries whose continued cooperation we depend upon for maintenance of stability in the sensitive and strategic Horn of Africa.

—Our long-range objective is the closure of the Soviet base at Berbera and the elimination of Somali dependence on the Soviets. While undertaking our own modest aid program, we would welcome and would support any Saudi efforts directed along these same lines. If the SAG should wish, we would be prepared to consult with it in evaluating projects in which additional foreign aid would be most productive.

(4) Modernization of the YAR Armed Forces

We continue to await a firm Saudi commitment to the modernization of the armed forces of the Yemen Arab Republic (YAR). In a letter from Ambassador Akins to Prince Sultan at the end of May, we made a variety of recommendations to the Saudis on how to proceed with the modernization program. The letter stressed that, although we support balanced tri-service development, emphasis should be given first to modernization of the Yemeni army. The Saudi response to the letter was somewhat ambiguous. After the Yemenis threatened at the beginning of July to turn to the Soviets for military training and equipment, the Saudis promised to make specific commitments to the Deputy Commander-in-Chief of the YAR army, Lieutenant Col. Al-Ghashmi, when he visits Riyadh as the head of a Yemeni military mission to Saudi Arabia (now scheduled for late August).

In order to be as helpful as possible, we have transmitted to our Embassy in Jidda letters of offer covering a \$1.5 million "impact package," which would be a first demonstrative step in a larger program. Later steps which we have proposed to the Saudis include a shipment

of 1,300 rifles—to equip one Yemeni infantry brigade; engineering equipment; and eventually equipment and training to cover the whole spectrum of an adequate modernization program. We do not really have any idea at this point of what the Saudis want, for they have not responded to many of the principles and concepts which were proposed in our May letter. If current Saudi thinking is still along the lines reflected in the shopping list which they gave to us in September 1974, they are thinking in terms of a program with a total cost in the range of \$50 to \$100 million.

We have tried to avoid pushing the Saudis too far on this program, lest they revive the position they held until late last year—that is, the United States should pay a substantial portion of the bill. At the same time, we have encouraged the Yemenis to try to get the Saudis to commit themselves to a real program.

It would be appropriate for you to raise the subject with the Saudi leadership, and note the importance we attach to it. This would serve to remind the Saudis of our continuing commitment to the program, and perhaps increase their forthcomingness with the Yemenis.

TALKING POINTS

—The political conditions in the Yemen Arab Republic seem to be quite stable at the present time. I understand that Col. Al-Hamdi has been quite successful in removing leftist elements from his government and from the armed forces, while at the same time maintaining a modicum of support from moderate leftists within the country. These are salutary developments, but if they are to be maintained, Al-Hamdi must also be able to show his internal opposition that he can win adequate foreign support for both economic and military development.

—I understand that your government has been very generous—in the amount of some \$700 million—in commitments of economic support to Prime Minister Al-Ghani when he visited here a month ago. This is certainly a wise policy on your part, since Yemen—with her large population—will inevitably play an important role in Arabian Peninsula affairs, regardless of her economic condition. I am sure you agree that developments in South Yemen (PDRY) will be most significantly influenced by progress in North Yemen.

—I understand that you are now prepared to make specific commitments to modernize the Yemeni armed forces, and I wish to applaud your wisdom and foresight in this decision. As you know, we stand ready to work with you, to provide equipment and training as appropriate for North Yemen's defensive needs. To this end we have delivered letters of offer to cover an "impact package", which we think would be a prudent demonstrative start on a comprehensive program. We are further prepared to offer you further letters of offer covering such things as infantry rifles and engineering equipment for early delivery.

—For the overall program, however, we would like to know more about your thinking. We wish to work with you, but in order to be responsive, we need to know more about your plans. If you will give us the broad outlines of what you have in mind for the Yemeni army, navy, and air force, we will fill in the details and make appropriate offers.

Attachment

Briefing Memorandum From the Assistant Secretary of State for Near Eastern and South Asian Affairs (Atherton) to Secretary of State Kissinger

Washington, August 18, 1975.

Saudi Agent's Fees

ISSUE

Problems arising from publicity over the enormous commissions being paid by American firms to promote sales of defense articles and services to the Saudi Government threaten to strain US-Saudi relations. They revolve primarily around the activities of Adnan Khashoggi, a Saudi citizen with close ties to senior members of the royal family, whose Lichtenstein-incorporated TRIAD company is agent for Northrop, Lockheed, Raytheon and other American companies. This memorandum summarizes the disclosures to date, those which can be anticipated, and steps we are considering to deal with this situation.

Northrop

Northrop's F-5 or "Peace Hawk" program with the Saudis under the Foreign Military Sales program began in 1971 and is divided into five phases rising in contract value from \$42 million for Phase I to possibly \$2.04 billion for Phase V now under negotiation (see attached table). Northrop's agent, Khashoggi, is contractually entitled to a 4–5% commission on all Peace Hawk contracts.

Under US regulations governing the FMS program (now being revised), sales commissions could be included in the recoverable costs of the contract without being specifically identified to the buyer government if DOD concluded they were reasonable. DOD's test for reasonableness appears to have been largely subjective and until recent months had seldom rejected a proposed agent's fee. As the price of Peace Hawk contracts escalated, it became necessary for DOD to evaluate the reasonableness of proposed agent's fees far exceeding those it had

ever dealt with. This coincided with the Church Subcommittee inquiry into Northrop's overseas commission payments sparked by disclosure that the company had channeled illegal campaign contributions in the US through one of its European agents.

Instead of seeking discussion with the Saudis on the fee problem and without consulting the Department or the Embassy, DOD sent a letter on March 6 to Saudi Defense Minister Prince Sultan through the mail stating that it could not evaluate the reasonableness of the proposed agent's fee of at least \$45 million for the Phase V contract. It followed this up with a similar inquiry regarding the \$23 million fee for the Phase IV contract which had already been signed. Sultan reacted by saying he had no knowledge of prior agent's fees and directing that none be paid for FMS sales to his Ministry. Though we were eager to comply, Northrop advised us that its contract with Khashoggi required commissions on all Peace Hawk sales and that the company could not continue its program in Saudi Arabia unless it could recover commission costs.

In his recent trip to Jidda, Ambassador Akins discussed this problem with Sultan who agreed to ensure that Khashoggi would waive his contract rights to permit Northrop to continue its Peace Hawk program. Khashoggi, however, argued his case stating that Sultan had no authority to compel TRIAD, a non-Saudi company, to terminate its agency agreement with Northrop. Sultan has now shifted his position saying that he cannot interfere with Khashoggi's contract while continuing to insist that the USG ensure that no agent's fees are paid on Peace Hawk, if necessary by changing contractors or assigning US Air Force personnel to carry out the project.

We consider that Northrop's involvement in the project is essential to its smooth continuation and we are exploring means to this end with DOD and Northrop representatives. These could include assigning blue suiters (DOD estimates about 500 would be required), having another company take over the maintenance/training/construction part of the program, or encouraging Northrop obtain a release from its contractual obligations to Khashoggi. Though we contemplate no further exchanges with Sultan at this time, Ambassador Akins upon his return to Jidda may be able to detect more flexibility in the Saudi position than is apparent in past formal pronouncements.

Lockheed

The Church Subcommittee, Senator Proxmire in his capacity as Chairman of the Banking, Housing and Urban Affairs Committee, and the SEC are all jockeying for position to scrutinize Lockheed's overseas sales promotion payments. These total \$202 million since 1970 with nearly half going to Khashoggi. Since all Lockheed's sales in Saudi

Arabia are direct, we do not anticipate any legal complications such as those generated by Northrop's problems. However, full disclosure of Lockheed's payments may prove far more damaging to Saudi-US relations since we understand that the Lockheed documents strongly indicate payments through Khashoggi to [names not declassified] high Saudi officials. In the Northrop case, illicit payments could only be traced to two Saudi Air Force generals.

Lockheed's legal counsel has agreed to permit us to read potentially damaging documents when and if they conclude that their public disclosure is imminent. The Church Subcommittee now has some 124 documents and is planning to have hearings early in September.

Raytheon

Raytheon expects to follow Lockheed on the block. Its sales to Saudi Arabia have also been outside of the FMS program and produced something in excess of \$50 million in commissions for Khashoggi. Raytheon is currently negotiating a contract for additional Improved Hawks, equipment, and training which could approach \$1 billion where the agents fee might exceed 20%. Raytheon, however, realizes that the commission is too large to justify as fair payment for services rendered and has decided it must discontinue negotiations unless it can secure a release or an amendment of its contract with Khashoggi.

As with Lockheed, we will seek advance disclosure from Raytheon of information likely to be developed in the course of Congressional scrutiny likely to damage Saudi-US relations.

Attachment

Table

Washington, undated.

Northrop Peace Hawk Program

<u>Peace Hawk</u>	<u>Purpose of Program</u>	<u>Date Contract Signed</u>	<u>Contract Amount (\$ millions)</u>	<u>TRIAD Commission (\$ millions)</u>
I	Sale of 20 F-5 trainers	July 1971	42	1.2
II	Sale of 30 F-5E	September 1971	118	3.7

III	Maintenance/ Training/Con- struction for Peace Hawk I and II	April 1972	145	5.7
IV	Sale of 40 F-5E and 20 F-5F	January 1975	769	23.0*
V	Maintenance/ Training/Con- struction for Peace Hawk IV	Under negotiation	1,400-	45-88
III Ext.	Extension of Peace Hawk III until Feb 1976	July 1975	266	none authorized**

* Northrop has paid a \$6 million advance to TRIAD.

** This contract was signed on July 29, 1975, by the Saudis subject to assurances by Northrop that it has not nor will it pay any commission. Northrop has of this writing informed DOD that it has obtained a release from TRIAD on commission payments for this portion of the Peace Hawk program.

156. Telegram From the Department of State to the Embassy in Saudi Arabia¹

Washington, August 19, 1975, 2247Z.

197113. Subject: Message for King Khalid. For Chargé from the Secretary. Please deliver following message from the Secretary to King Khalid by most expeditious means.

Begin message:

¹ Summary: Kissinger transmitted a letter to King Khalid informing him of Akins' recall, after it was reported in the *Washington Post*.

Source: National Archives, RG 59, Central Foreign Policy File, P850011-1654, N750003-0294. Secret; Cherokee Immediate; Nodis. Drafted by Atherton; cleared by Sisco, Eagleburger, and Executive Secretary Arthur Borg; approved by Kissinger. See Joseph Kraft, "A New Oil Diplomacy," *Washington Post*, August 19, 1975, p. A15. The article was widely reprinted.

I am writing with regard to a report appearing today in our press that we are planning to make some changes in our Ambassadors overseas including Ambassador Akins, and attributing this to proposed changes in American policy.

I am confident that Your Majesty will not give credence to any report that we envisage changes in our policy toward Saudi Arabia. That policy has always been based on a firm conviction that United States and Saudi interests are best served by a relationship of confidence, friendship, and cooperation. It remains our intention to do everything possible to strengthen the relations between our two countries in the future as we have in the past.

It is true that we do envisage some changes in Ambassadors. I very much regret that this fact has been published prematurely, but I want you to know that it is our intention to seek soon Your Majesty's agreement to accredit to Saudi Arabia one of our most respected and senior professional diplomats. Our present thinking is that this change would not occur much before the end of the year, and meanwhile I want to assure you of our continued full confidence in Ambassador Akins and in Mr. Hume Horan who is serving as *Chargé d'Affaires* in his absence.

Respectfully Yours,
Henry A. Kissinger
End message.

Kissinger

157. Telegram From the Embassy in Saudi Arabia to the Department of State¹

Jidda, August 20, 1975, 2159Z.

5835. For the Secretary from the *Chargé*. Subject: Message for King Khalid. Ref: State 197113.

¹ Summary: Horan presented Kissinger's letter to Prince Sa'ud ibn Faisal, informing him of Akins' removal.

Source: Ford Library, National Security Adviser, Presidential Country Files for the Middle East and South Asia, Box 29, Saudi Arabia—State Department Telegrams, To SecState-Nodis (7). Secret; Niact Immediate; Cherokee Nodis. The telegram is misdated July 20. For telegram 197113 to Jidda, August 19, and Kraft's column, see Document 156.

Summary: Chargé delivered Secretary's letter to MinState for Foreign Affairs Prince Sa'ud August 20. Sa'ud had already seen Kraft article. Chargé told him Secretary's letter made distinction between some of Kraft's info—which may in part have been correct—and the interpretations Kraft was putting on that info. Sa'ud said Kraft's sources were nevertheless very good, and that U.S. was handling diplomatic representation with an old friend in an unconventional way. Comment: We cannot keep SAG from speculating, but probably the less we say henceforth the better. SAG will be watching for straws in the wind, and some good news on military supply would be reassuring—especially to Fahd. During Secretary's visit to Taif he might wish to get new nominee off to a good start by personally recommending him and asking for SAG's agreement. End summary.

1. I saw Minister of State for Foreign Affairs Prince Sa'ud at 1900 local August 20. I told him Joseph Kraft had the day before published a column discussing the significance of various ambassadorial shifts which he said were planned. I had a letter from the Secretary to His Majesty on this subject. Prince Sa'ud replied he had read the Kraft article that morning.

2. After reading the letter he said "it looks as if Kraft was right." I answered that the essential point of your letter had been to distinguish between Kraft's information on ambassadorial changes—some of which was correct—and the significance he attributed to them. Kraft was an able, imaginative reporter and the conclusions he drew about a shift in the U.S. disposition toward Saudi Arabia were his own and not those of the U.S. Government. Sa'ud said he hoped so. He remembered, however, that some very sensitive discussions between King Faisal and Ambassador Akins had been accurately reported in one of Kraft's columns and that his sources seemed very authoritative.

3. Sa'ud asked if it was true that Ambassador William Porter would be coming to Saudi Arabia. I said I didn't know and could not comment. Sa'ud said he'd wait and see but that it seemed to him the USG was handling relations with one of its oldest and closest friends in the area in an unusual way.

4. Comment: (A) There's probably nothing we can say that will keep the Saudis from speculating that Ambassador Akins' departure portends a cold spell in U.S.-Saudi relations. They will be discomposed—especially Prince Fahd. (B) It will be easy for us to protest too much, and I think henceforth, the less said about the implications of the shift, the better. U.S. official people in Saudi Arabia are making no comment when asked about the Kraft report. (C) When you come to Taif you might briefly repeat the assurances in your letter and express regret over the leak. You might also tell the Saudis the name of the new Ambassador. To keep it in [garble] would be to tantalize them. If

you yourself asked for the agreement the nomination would be off to a good start. (D) The SAG will be watching our actions closely for signals. If we want to reassure them that we really mean what we say it would be good if Ambassador Akins could soon give them some agreeable news—perhaps about delivery of military items. (E) Finally, we really ought to improve personnel handling of Ambassadors. The last one I worked with first learned of his transfer when he received a message requesting agreement for his successor. When the ligatures between ambassadorships are ragged, our friends get apprehensive. They wonder if their great ally is as stable, nerveless and systematic as they count on him to be.

Horan

158. Telegram From the Embassy in Saudi Arabia to the Department of State¹

Jidda, August 28, 1975, 1220Z.

6008. Pls pass Secretary's party. Subject: Assignment of New Ambassador to Saudi Arabia.

1. Immediately on his return to Jidda August 24, Counselor of Embassy Isa Sabbagh received word that Crown Prince Fahd wanted to see him as soon as possible. Counselor Sabbagh saw the Prince the following day in Taif.

2. Crown Prince told Counselor Sabbagh that the subject of the Ambassador's transfer dominated the last three Cabinet meetings. He said no Saudi doubted the Kraft allegation that the United States was trying to "send a signal" to Saudi Arabia; that it intended to adopt a new hard line. But, Fahd said, if the United States thinks it will be able to bend Saudi Arabia to its wishes by this method it is mistaken.

3. Fahd said Ambassador Akins was the best Ambassador who had ever been in Saudi Arabia; and on the basis of what he had accomplished here for the United States the USG would certainly have to agree. He listed the lifting of the oil boycott, the moderate position Saudi

¹ Summary: The Embassy reported on Prince Fahd's reaction to Akins' removal.

Source: Ford Library, National Security Adviser, Presidential Country Files for the Middle East and South Asia, Box 29, Saudi Arabia—State Department Telegrams, To SecState-Nodis (7). Secret; Immediate; Exdis. Also sent to Alexandria and Jerusalem, where Kissinger traveled August 22–31 to negotiate Egyptian-Israeli disengagement.

Arabia had taken on oil prices, the formation of the Joint Commission, extraordinary advance of American business in the Kingdom in the last two years and American domination of the military as examples of things accomplished by Ambassador Akins.

4. Fahd said that King Faisal had given all Cabinet Ministers orders to receive the Ambassador whenever he wished (we had been told this by several other Ministers) and asked if the Ambassador had ever had trouble seeing the King, the Crown Prince, or any other Cabinet member. Counselor Sabbagh said he thought not. The Prince said the new Ambassador would have a difficult time seeing any Minister and he asked about Ambassador Porter. Mr. Sabbagh said he did not know him.

5. Ambassador Akins saw Petroleum Minister, at the Minister's request, August 26. Yamani also asked about Ambassador Porter who, Kraft claims, is coming to Jidda. The Ambassador said he knew Ambassador Porter very well, that he was one of the best officers we had in our Foreign Service, that he would be honored to have him replace him and it would be difficult for the U.S. to choose a better man for this job or any job. Yamani said that was too bad because Ambassador Porter would not be able to function in Saudi Arabia. "He will see me only on the rarest occasion and if he ever raises the subject of oil prices, he will be declared persona non grata."

6. The Secretary should be prepared to answer Saudi questions on the subject when he arrives.

Akins

159. Memorandum of Conversation¹

Ta'if, September 2, 1975, 7:15–7:40 p.m.

PARTICIPANTS

King Khalid ibn'Abd al-Aziz Al Saud of Saudi Arabia
Prince Fahd ibn'Abd al-Aziz Al Saud Deputy Prime Minister of Saudi Arabia
Prince Sultan ibn'Abd al-Aziz Al Saud Minister of Defense and Aviation of Saudi Arabia
Prince Abdallah ibn'Abd al-Aziz Al Saud Second Deputy Prime Minister of Saudi Arabia
Prince Saud ibn Faysal Al Saud, Minister of State for Foreign Affairs of Saudi Arabia
Ahmad Zaki Yamani, Minister of Petroleum and Mineral Wealth of Saudi Arabia
Royal Counsellor Pharon
Dr. Henry A. Kissinger, Secretary of State and Assistant to the President for National Security Affairs
Ambassador James E. Akins, U.S. Ambassador to Saudi Arabia
Mr. Joseph J. Sisco, Under Secretary of State for Political Affairs
Mr. Winston Lord, Director, Policy Planning Staff, Department of State
Mr. Robert B. Oakley, NSC Staff
Mr. Isa K. Sabbagh, Special Assistant to Ambassador Akins

Kissinger: I want to thank Your Majesty for a very warm welcome. Your hospitality is always so generous.

Khalid: I hope you are not too tired. Is it safe to say you are by now used to such a hectic pace? The papers and radio are saying that you have travelled tens of thousands of miles just to get 8 miles for Egypt, but it is more than 8 if you measure it from Alexandria.

Kissinger: It is really about 50 kilometers if you measure from the Suez Canal to the new Israeli line.

Khalid: We thank God that your mission succeeded.

Kissinger: I thank Your Majesty for your very warm reception. It is typical of the Kingdom.

Khalid: We wish you could stay for a rest. The climate in Taif is very invigorating, although it can become unsettled, even with showers, in the afternoon.

¹ Summary: Kissinger met with King Khalid to discuss the status of Arab-Israeli peace negotiations.

Source: Ford Library, National Security Adviser, Kissinger Reports on U.S.S.R., China, and Middle East Discussions, 1974–76, Box 5, Middle East Memcons and Reports, 1975, Folder 8/21–9/1/75, Sinai Disengagement Agreement, Volume III (9). Secret; Nodis. The meeting took place at Khalid's residence in Ta'if. Kissinger stopped briefly in Ta'if to brief Khalid on the Middle East peace process after attending the signing of the second Egyptian-Israeli disengagement agreement in Jerusalem on September 1.

Kissinger: As I told His Highness, Prince Fahd, we are grateful that progress has been made but it is only a first step in the progress which must lead to an overall settlement. For the past 48 hours my colleagues and I have had almost no sleep because we were constantly going back and forth from Israel to Egypt to pin down the negotiations. As I said to His Highness, the only smiling faces we have seen have been in Arab countries, not in Israel.

Khalid: We have a bedouin expression that this kind of fatigue shall produce a good result because it comes from a good effort. We all hope this is a step in the right direction and that the next step will have still greater progress.

Kissinger: We shall try to get another agreement on the Syrian front. We will make a significant effort even though the problem is extremely difficult.

Khalid: We hope you do not turn your back on the Syrians, or on the Palestinians, either. If you ignore those who own the territory, there is no possibility of a solution. You must not ignore Jerusalem, either.

Kissinger: I said last night in both Jerusalem and Alexandria that this is only a step and that the U.S. will continue to participate in the process of moving toward peace. President Ford made the same point very strongly in announcing the Agreement. I will ask our Ambassador to send Your Majesty a text of our President's statement.

Khalid: I hope that upon your return to Washington, you will see to the supply of the arms they need for Egypt, Jordan, Turkey and Pakistan. Of course, Prince Sultan wants our needs to be met first, but we must also worry about the others. They have legitimate needs and they are all fighting against Communism.

Kissinger: We agree. They need to be helped. It is in our own national interest. I have had preliminary discussions on this with Sadat.

Khalid: Turkey is very important strategically since it guards the Bosphorus and the entrance to the Mediterranean.

Kissinger: The Congressional decision on Turkish arms was one of the most short-sighted ever taken by a legislative body. We shall request a change in the law when Congress returns and I think we have a good chance of getting it through this month.

Khalid: Turkey is really more important to you than to us.

Kissinger: That is true. Jordan is also a problem with Congress and we will try to get a favorable decision on HAWKs for Jordan this month.

Khalid: Pakistan is facing two deadly enemies on its borders—India and USSR. They need your support.

Kissinger: But the Pakistanis have no money. The problem is not with us. We have removed the embargo.

Khalid: Treat them gently. They are your friends.

Kissinger: I have the impression that someone has been talking to Your Majesty about this.

Khalid: Let them pay in installments. We and Iran are the only countries in the area who could help but we have set aside money for so many projects. Instead of giving wheat to the Soviets, help your friends.

Kissinger: The Soviets pay in cash and if Yamani does not behave we will make them pay in oil.

Khalid: You have an obligation to help the Pakistanis. They have had floods and disasters. Treat them gently.

Kissinger: I am an admirer of Bhutto.

Khalid: He spoke well of you and said he had received a letter from you just before coming to us.

Kissinger: I told him about the status of the negotiations. I like him very much.

Khalid: He is a good man. He speaks well.

Kissinger: We worked very closely with him following the 1971 Indo-Pak War, in which we helped the Pakistanis.

Khalid: The Pakistanis need more help. You must help them.

Fahd: They are having a problem with Afghanistan. We have talked to both the Paks and the Afghans about this and hope we can bring them all to oppose Communism.

Khalid: We are doing something of vital importance together. You take care of Turkey and Pakistan. We will take care of Jordan and Egypt.

Kissinger: We will take another look at Pakistan and work on Turkey. We received a very unfriendly note today from the Soviets on the Agreement.

Khalid: That is why we do not wish them in the area.

Kissinger: They want to participate in all activities related to a settlement. We are very grateful to you for having received us. I wish the Kingdom and Your Majesty every success. Despite what the press may say, U.S. policy is to have the closest possible relations with Saudi Arabia.

Khalid: This is the impression conveyed to us by your Ambassador and it has been the same policy for many years. You must see this the way we do.

Kissinger: You can count on us.

Khalid: We don't want Sultan to be annoyed, so don't forget about our arms. We pay cash and we need arms as friends.

Kissinger: We are not used to dealing with countries that can pay cash but I think I brought some good news to Sultan and I think we solved most, if not all, our problems.

Khalid: Under Secretary of Defense Clements and General Brown told us not to worry but it is up to you to get Congress to act.

Kissinger: I think we now have a procedure which will solve problems of this kind.

Khalid: We want you and President Ford to stay on until the whole Middle East problem is solved.

Kissinger: We are committed to a just and lasting peace. President Ford said it yesterday and I said it at press conferences in both Egypt and Israel. We are determined to succeed. I think Ford has a good chance of being elected.

160. Telegram From the Embassy in Saudi Arabia to the Department of State¹

Jidda, September 11, 1975, 1025Z.

6254. Subject: Prince Sultan Discusses Northrop Corporation, Raytheon, and Agent Fees. Ref: Jidda 5639. Department pass SecDef for action; USMTM Dhahran for info.

Summary: During a meeting with MinDef Prince Sultan September 10, Ambassador pointed out that problems related to Northrop Corporation's F-5 projects and payment of agent's fees had been postponed but not solved. Unless Northrop's agent Adnan Khashoggi could be persuaded to relinquish his agent's fees, Northrop might have no choice but to go bankrupt, or cease operations in Saudi Arabia. Either way the SAG's interests would be hurt. Sultan said Northrop's problems were not his fault; he had a contract with the USG, and he expected the USG to stand behind it. He suggested the replacement of Northrop personnel by Blue Suiters, or that the USG—which had started the problem—change its laws or pressure Khashoggi to give up his claims. Sultan was impressed however to learn that appeals by governments of Jordan and Iran to Northrop agents in their countries had been successful. He said if USG could provide him with a letter giving details

¹ Summary: Akins met with Sultan on September 10 to discuss the possibility of strengthening Northrop's case against Triad, in view of Khashoggi's refusal to relinquish his commission.

Source: National Archives, RG 84, Jidda Embassy Files: Lot 79F80, DEF 12-5 Agent Fees. Secret; Immediate; Exdis. Drafted by Horan; cleared by Murphy; approved by Akins. Repeated to USMTM. For telegram 5639 from Jidda, August 12, see footnote 1, Document 154.

of the successful action against agents in Iran and Jordan, he was willing to have another crack at Khashoggi. Sultan also intends to promulgate a comprehensive ban against all agent's fees for military sales, either by the FMS or government to contractor route. He and his lawyers wonder if such an order—if issued by a sufficiently high and authoritative Saudi Governmental body—would give the Northrop Corporation and other companies an out before U.S. laws on grounds of force majeure. His legal advisors and Min State for Foreign Affairs Prince Saud are working on such a SAG statement of policy. Would this work? Could Dept provide a letter giving details of successful pressure against Northrop agents in Jordan and Iran? End summary.

1. Ambassador met with MinDef Prince Sultan bin Abd al-Aziz in Taif afternoon September 10 to discuss numerous US/Saudi military questions (septels). Following the six month extension to February, 1976 on Peace Hawk III, the Ambassador said the problem Northrop Corporation faced with Agent's fees in the Peace Hawk Program had been postponed, but not solved. The total amount of fees due to Adnan Khashoggi under the subsequent phases of the Peace Hawk Program, could total well above \$80 million. These amounts—as had previously been pointed out to Prince Sultan—would exceed the company's profits in any operating year. Since company lawyers had concluded there was no way Northrop could avoid payment of Khashoggi's fees on the Peace Hawk Program—whether or not these fees were allowed by the SAG as part of the total cost of the Program—the company faced either bankruptcy or a need to withdraw from its Saudi Arabian operations. The Ambassador noted that Khashoggi was extremely rich, and he had thought that Khashoggi might be susceptible to an appeal from the SAG to his Saudi Arabian patriotism. Surely Khashoggi would not want to harm the well-being of a country that had furnished him the basis for his present financial well-being, and could continue to be important to him in the future?

2. Prince Sultan said the U.S. must be fair, and recognize this was really not his problem. He was in no way to blame for Northrop's difficulties. He had been dealing for years on this program with the USG and had never been told by any Ambassador or USG representative, before Asst Secretary of Defense Ellsworth, that agent's fees were involved in FMS cases. He noted, moreover, that all of these sales cases included a statement to the affect that "no agent's or commission's fees had been paid to obtain the aforementioned contract." He said that his contract moreover was not with Northrop but with the United States Government, and he expected the USG to stand behind its commitments. The USG therefore could pay the agent's fees itself, or take over the operation of the contract with Blue Suiters, or change the law under which Khashoggi had a hold on the Northrop Corporation. The trouble

all came about because of the Department of Defense and Congress, and they should try their hand at solving it. If it was the intention of the US to harm its political and military relationships with Saudi Arabia, it should speak more plainly. In the meantime, he was in no way to blame for Northrop's debacle. At this point Sultan called in his legal advisor Dr. Ghazi Nuseibeh and reviewed for him the preceding discussion.

3. Ambassador Akins said that from the standpoint of equity there was something to be said for Prince Sultan's position. On the other hand, as a practical matter, and as a matter of realism, he could assure the Prince the US Government would not repeat not pay Khashoggi's agent's fees, nor would it take over the operation of the Northrop contract. He asked again if there were not a possibility that Khashoggi might forego his commission on succeeding portions of the Peace Hawk contract? It seemed to the Ambassador he could be asked to pass up this particular opportunity for profit. Alternatively, the Ambassador, who thought Sultan might have been looking for ways out of the impasse, asked if he (Sultan) had ever thought of considering Peace Hawk IV and V as part of the overall Peace Hawk effort, and therefore part of an old case. In these circumstances agent's fees might still be payable notwithstanding the strong and clear position his Royal Highness had taken last spring against future payments of such amounts.

4. Sultan said he could never do that. Such an attempt to get around the clear dictates of law and morality would be wrong. It would never be accepted by the Council of Ministers nor by the Saudi public at large. He would not even wish to mention such chicanery to any Saudi official. Sultan asked why the USG didn't try to put pressure on Khashoggi? Khashoggi's corporation after all was not Saudi but American. Khashoggi had many business interests in the United States and Sultan thought the US Government could easily let Khashoggi know that his stubbornness was hurting US interests, and that as an important American businessman he ought to withdraw his claims against Northrop. It seemed to Sultan that an approach to Khashoggi by the USG would be more logical, and also more likely to get results.

5. The Ambassador again argued that surely Khashoggi would not and could not remain indifferent to an appeal to his patriotism and to his business future from the Saudi Arabian Government. He noted that when faced with a similar situation the Shah and King Hussein both had forced—in the name of their country's defense interests—local agents to stand down from their legal rights. Surely claims of national interest were just as binding upon Saudi citizens? Sultan said this was of course true, and asked the Ambassador whether the situations in Iran and Jordan were actually comparable to the one they were discussing

in Saudi Arabia. The Ambassador said to the best of his knowledge they were. Sultan then said he would be willing to have another go at Khashoggi, and would again try to persuade his fellow ministers to support him if the USG could provide him with an official letter stating (A) the similar nature of the Northrop contracts in Iran/Jordan/Saudi Arabia, (B) the action the other governments had taken—either via royal order, a parliamentary decree or some executive order against the agent, (C) the response of the agent and (D) an affirmation that the agent's fees were subtracted from the previous total of the government to government contract. Sultan also said that because he would have to cite Khashoggi by name, he would like the USG's letter specifically to mention the identity of the agents in the other countries. The Ambassador said he would see what kind of a letter along these lines he could obtain from Washington. Minister of State for Foreign Affairs Prince Saud here joined the discussion.

6. Sultan told Saud the question of agent's fees had been a bothersome one and all these fees must be stopped. He asked the Ambassador if all other US companies had paid large agents' fees? The Ambassador said, that of the companies now being investigated in the U.S., Raytheon paid large agent's fees on its contractor to government sales, but he had been assured by the company that it had paid no bribes. The Saudi Government therefore probably should not expect hostile Congressional attention to be given to the Hawk missile and the improved Hawk missile contracts with Raytheon as with the Northrop or Lockheed contracts where alleged bribes were also involved. He also told the Prince, that as a result of the SAG's stand on FMS cases, US regulations had been changed to require a clear statement of the amount of the agent's fees. The regulations would soon also require a similar statement of agents fees on all contractor to government sales as well.

7. Sultan thought this was excellent and should have been done long ago. He had been discussing the agent's fees problem with Crown Prince Fahd and Prince Saud, and was preparing a government instruction that would (A) prohibit payment of any agent's fees for any military-type sale, from any nation, be the sale FMS or government to contractor. (The Prince was confident the Council of Ministers would agree to apply this ban to para-military organizations such as the National Guard as well), and (B) prohibit any non-Saudis from functioning as agents for any projects in the civilian sector, and (C) prohibit non-Saudis from receiving any portion of agent's fees. Sultan spoke indignantly about the numerous Lebanese that were benefiting from the lucrative agent's practice in Saudi Arabia. If this continued, he imagined the only jobs hard-working Saudi citizens could find in a year would be on the government payroll. [3 lines not declassified]

8. Going back to Northrop's problems, Sultan wondered why his earlier prohibition of agents fees—which he noted had been publicly

read throughout the Kingdom—did not allow Northrop to plead force majeure in the courts of California. Could the SAG strengthen the ban? Prince Saud and Dr. Nuseibeh thought this might help Northrop. Saud did not believe it would be necessary to go as far as issuing a royal decree on the subject; Dr. Nuseibeh agreed. Sultan said he might, as Minister of Defense, address such an order to the chairman of the Council of Ministers, Crown Prince Fahd, and ask the Crown Prince to promulgate it in his name, or in that of the Council of Ministers. The legal standing of such an order would be identical to that of a Royal Decree, and—faced by the prospect of official displeasure and an absolute ban against payment of agents' fees any place—the company would have an effective basis on which to make a force majeure argument in American courts. Prince Saud and Dr. Nuseibeh were instructed to get to work on the project immediately. Sultan said he would provide the Embassy with a copy of whatever was promulgated, and in the meantime he hoped the Ambassador would try and get as soon as possible from the Department a letter along the lines mentioned in paragraph 5 above.

9. Comment: Khashoggi made a strong case for himself with the Council of Ministers, evidently overriding Sultan's earlier decision. His victory, equally evident, was not repeat not complete. If Sultan had been looking for ways to continue payments to Khashoggi he surely would have considered the exit raised in paragraph 3. Not only did he reject vigorously the possibility of continuing some agents fees in this particular FMS case but he proposes stopping all agents fees on all military contracts—including the National Guard. If these new regulations are actually promulgated Saudi Arabia will have taken a long step forward; it will have removed a major irritant to the young or more honest in the officer corps, and hence have enhanced chances for continued stability in the Kingdom.

10. *Action requested:* (A) A letter to Prince Sultan from Secretary of Defense Schlesinger in which we detail our success, and that of the Governments of Iran and Jordan in persuading the agents in these countries to relinquish their legally authorized fees from Northrop Corporation projects, and (B) Department's view on whether an absolute Saudi ban on agents' fees would constitute valid basis for force majeure argument by Northrop—and other companies. It should be emphasized that the new Saudi orders will apply to government-company contracts as well as FMS cases and that as a result of the publicity surrounding congressional investigation of Raytheon, and especially Lockheed, both those companies will soon face the same problem as Northrop i.e. Saudi prohibition of all agents fees regardless of valid U.S. contracts requiring them to pay vast sums to their agents.

161. Telegram From the Embassy in Saudi Arabia to the Department of State¹

Jidda, September 11, 1975, 1235Z.

6266. Subject: U.S.-Saudi Relations and Lockheed Bribe.

Summary: On September 10, I told Minister of Defense Prince Sultan that Lockheed had admitted paying some \$20 million in bribes overseas, and that Senators Church and Proxmire were pressing the company and the USG for the names of the bribe recipients. Lockheed records showed that according to Adnan Kashoggi, [1 line not declassified] had received some of this money. Sultan said the Department or President Ford must do whatever is necessary to make sure the names are never divulged. The claims were obviously false, but if they were made by the U.S. Congress they have to be taken by the SAG as an indication of deliberate U.S. hostility. It would mean the end of the special U.S.-Saudi relationship, and Sultan did not exclude Saudi Arabia's turning to the Soviets on the rebound. I urged Sultan not to overreact; if he did so the anti-Arab elements in the U.S. would have won their game. Sultan wants copies of all information on Lockheed that has been given to the Department of State. End summary.

1. I saw Minister of Defense Prince Sultan Sept 10 and told him we had very disturbing information about the way Lockheed has been doing business overseas: Lockheed has admitted to paying some \$20 million in bribes to promote its exports, and two Committees headed respectively by Senators Church and Proxmire were investigating the company. I also told Sultan that the Committees were demanding to know to which countries these monies had been paid, and specifically who were the recipients in each. I said Lockheed and the Department of State were standing firm against divulging the names of alleged payees, but that congressional pressure would certainly continue and

¹ Summary: Akins met with Sultan to discuss the developing Lockheed bribery situation.

Source: Ford Library, National Security Adviser, Presidential Country Files for the Middle East and South Asia, Box 30, Saudi Arabia—State Department Telegrams, To SecState-Nodis (8), 9/75–11/75. Secret; Immediate; Cherokee; Nodis. Akins met with Prince Sa'ud on September 12, and, in telegram 6272 from Jidda of that date, asked the Department for instructions on what assurances he could give the Saudis. (Ibid.) The Department replied on September 13 in telegram 218708 to Jidda, informing Akins that no names except for those of Khashoggi and a prince not employed by the Saudi government had been named by the Church Subcommittee. It instructed Akins to explain to Sa'ud and Sultan that the matter was outside executive branch control. (National Archives, RG 84, Jidda Embassy Files: Lot 79F80, POL Northrop and Lockheed) On August 13, Akins, Dickman, and Huffman had previously met in Washington with Lockheed representatives to discuss the issue. (Ibid., POL Lockheed)

increase. This was of concern to us because Lockheed records claim that some bribes went to [*names not declassified*].

2. I said my presentation was in line with my earlier assurances to him that we would keep him informed on all developments to do with Congress' scrutiny of bribes and agents' fee. If it looked as if the company would be compelled to release the names to the Congress, I would let him know as soon as the news reached me, whatever the hour of day or night. I assured the Prince the only persons aware of this information—apart from the head of Lockheed and some of the company's lawyers—were a handful of top State Department officials, my secretary, and my Deputy, Hume Horan.

3. The only Saudis I had discussed this with were Foreign Minister Prince Saud, who had asked to be briefed (Saud took notes, remarked only that "this could be very serious" and asked that I give the same information to Crown Prince Fahd and Prince Sultan), and Prince Fahd who listened with great interest. Fahd said the investigations were clearly inspired by the opponents of good Arab-American relations and asked that we discuss the matter more fully later.

4. I informed Sultan that Lockheed records apparently showed the monies had been paid to Adnan Kashoggi, and that they had been placed in numbered Swiss banks. We had only Kashoggi's word, however, (as stated in Lockheed files and correspondence) that the accounts were those of [*names not declassified*].

5. Sultan said the names cannot rpt not ever be revealed. The Department of State and—if necessary—President Ford must do whatever is needed to ensure in this respect the continued privacy and inviolability of Lockheed's files. Sultan said it was inconceivable to him how anyone who was familiar with the personal wealth of the Saud family, [*less than 1 line not declassified*] should ever think one of them would ever be party to such a heinous and elaborate circumlocution for a paltry few million dollars. But this was not the point. Sultan knew that if such an accusation were made with the stature of the U.S. Congress behind it, its official U.S. nature would be universally believed. The results would be drastic. They would be felt in the Saudi Arabian Government—but the Saudi Arabian Government, Sultan said, was not the government of [*names not declassified*] alone. It was many more people than they; in fact, it was the entire state. The effect of such an accusation would be the end rpt the end of the special relationship between the United States of America and the Kingdom of Saudi Arabia. In measured, serious tones Sultan adjured the U.S. Government to end discussions and speculation of the Lockheed case by whatever means and whatever efforts that required.

6. I told Sultan I would pass this message on to you just as he had expressed it to me. Sultan added—in the same quiet and direct mode

of address he had used earlier—that if the United States was intending systematically to harass Saudi Arabia it should speak plainly and let the SAG know. For his part, the Saudi Arabian Government wanted to remind the United States Government that others, including even the Union of Soviet Socialist Republics would always be glad to help Saudi Arabia if the United States persisted in its unfriendly stance. Syria and Egypt had already shown the Arab world how Soviet arms, and a Soviet presence were compatible with continued self-respect and national sovereignty. Sultan added this was not said as a threat but as a fact. He hoped that circumstances would permit the Saudi Arabian Government to remain a friend of the United States in the Middle East.

7. Sultan closed this portion of the discussion by saying that he wanted to receive as soon as possible copies of all the original material on the Lockheed case that the Department of State possesses. I commented, as I had previously to Prince Saud and Prince Fahd that the Saudis must not rpt not overreact. Sultan might be right in assuming anti-Arab elements would exploit the investigations but if Saudi Arabia turns against the United States its enemies will have won their game.

8. Comment: If the [*less than 1 line not declassified*] names are leaked to the media by the investigating committees, the SAG will claim loudly it is the victim of a pro-Zionist conspiracy. It will react against the USG as a whole because (a) it can't direct its reactions to one branch of the USG and not another; and because (b) from its standpoint, Zionists would be in any case the predominant element and the only ones to profit. It is only this last point that might enable us to salvage the situation if the names (God forbid) are released. It is certainly the point I intend to keep hammering on in all future discussions of the subject.

9. Action requested: Receipt of all pertinent Lockheed materials for delivery to Prince Sultan, i.e. all documents already given to the Senate and any other the Department can squeeze out of Lockheed.

Akins

162. Telegram From the Embassy in Saudi Arabia to the Department of State¹

Jidda, September 14, 1975, 1611Z.

6332. Subject: Sultan's Further Views on Lockheed Bribes. Ref: A) 218708; B) State 218793; C) Jidda 6333.

1. Yesterday morning, immediately on receiving ref A, I told Prince Saud that the names had not been given to the Congress. He replied that we should be thankful for small blessings and he trusted that the administration would ensure that the names are never given to Congress. He said that Prince Sultan would still want to see me the following day.

2. I saw the Prince at one o'clock this afternoon (10 GMT Sept 14). By that time, I had received ref B. Unfortunately, Saud had already told him the names were not in the hands of Congress and when I told him they were, he reacted icily. I told him we had the word of Senator Church that the names would not be released to the press. He asked if anyone in the United States Government were naive enough to accept Senator Church's word as binding.

3. I told Sultan that there was indeed a real danger that the names would be leaked. I also said that if they were, it would be extraordinarily important for the Saudis not to overreact. There were quite clearly individuals in the United States and elsewhere who would like to exploit this incident to disrupt relations between the two countries—permanently, if possible. But Saudi Arabia must not rpt not fall into

¹ Summary: Akins met with Sultan, who informed him that he had demanded Khashoggi relinquish his claims to U.S. military contractors, including Lockheed and Northrop.

Source: Ford Library, National Security Adviser, Presidential Country Files for the Middle East and South Asia, Box 30, Saudi Arabia—State Department Telegrams, To SecState-Nodis (8), 9/75–11/75. Secret; Immediate; Nodis. In telegram 218793 to Jidda, September 14, and referring to its previous telegram 218708 (see footnote 1, Document 161), the Department informed the Embassy that the Church Subcommittee had received documents revealing the names of "foreign government officials" paid by Triad or Lockheed. Church promised that these names would not be revealed. (National Archives, RG 59, Central Foreign Policy File, D750318–0697) Telegram 6333 from Jidda, September 14, is *ibid.*, D750318–0826. On September 15, the Saudi Council of Ministers released Decree 1275, forbidding, *ex post facto*, any agent fee. (*Ibid.*, RG 84, Jidda Embassy Files: Lot 79F80, DEF 12–5 Agent Fees) The Embassy received a further letter from the Saudi Ministry of Foreign Affairs, formally notifying the United States of the new policy, on December 3. (*Ibid.*) On February 18, 1976, Prince Abdullah confirmed for Horan that the ban on agents' fees would apply to all programs, including the SANG modernization, reported in telegram 1218 from Jidda, February 22. (*Ibid.*) On September 20, 1976, Deputy Minister of Foreign Affairs Mansouri notified Horan that it would also apply to service contracts, reported in telegram 6341 from Jidda of the same date. (*Ibid.*)

their trap. If they do, only the enemies of the two countries would benefit.

4. Prince Sultan listened attentively but made no commitment. He said he had a few questions he would like to ask:

A. How is it possible for the State Department to inform him one day that the names had not been given to the Congress and inform him the next day that they had been? Is this not something the State Department has a right to know? Can it not demand this information either from the company or from the Congress?

B. Did the State Department make any effort to prohibit the company from giving the names to the Congress? He assumed not and if not, then why not?

C. Why is the State Department not able to get copies of the documents from Lockheed before they are released to the press? Prince Saud will ask for these documents when he is in the States, and he trusts they will be available to him at that time. Perhaps, the Prince said, the Saudis should go to Lockheed directly. If Lockheed wishes to have any future in the country it will surely give them the documents.

D. Does the United States recognize the consequences of the release of such things to the press? Has it been made clear to the State Department the strength of the feelings of Saudi Government on this matter? (The other questions may have been only rhetorical and I did not answer. I told him I could answer this one, however: the feelings of the Saudi Government, as expressed by Princes Sultan and Saud, had been reported fully.)

E. Is this part of the new "hard line" toward Saudi Arabia? Is the United States Government trying to humiliate the Saudi Government? If so, the reaction in Saudi Arabia and elsewhere would be highly negative. (I told him I was sure it was not: The administration itself would be highly embarrassed if the names are leaked to the press.)

5. Prince Sultan said that he had just talked with Adnan Khashoggi and had asked him if he had at any time ever mentioned to any company representative the names [*less than 1 line not declassified*]. Khashoggi replied that he would swear on the holy Koran that he had not. He had, however, arranged for the company to pay \$2 million to former Air Force General Hashem and \$5 million to [*name not declassified*].

6. Prince Sultan said he wanted a commitment from Adnan Khashoggi that within the next three days he would break all relations with the three companies, foregoing all commissions. Prince Sultan said that he expected to have evidence within the next day from Khashoggi that he had done this.

7. Comment: The agents' commission problem seems to have been solved if ref C and paragraph 5 of this cable are actually put into effect.

I urgently request that this information not rpt not be passed to any of the companies involved; it will be public knowledge soon enough. Sultan said he wanted both actions (Khashoggi relinquishing his agencies and the new Saudi decree) taken before the names of the persons allegedly bribed by Khashoggi hit the press. It is important, he said, that their actions—which they have considered for a long time—not appear to the public as reactions to the Senate disclosures. I told him we would continue to try to keep the names confidential but could guarantee nothing.

7. The Saudis will probably react against us for what they consider our failure to protect them from embarrassment and to what they still consider our “new hard line” toward them. Sultan seemed impressed with my argument that they should do nothing to harm our long-term relationship and I hope their reaction will be only to refuse to do some of the less important things we are constantly asking them to do, e.g. help third countries; grant overflights; support our positions in the UN. And our companies probably will lose the next few big construction projects. If the Saudis limit themselves to this, we’ll have escaped neatly for I cannot overemphasize their current anger.

Akins

163. Memorandum of Conversation¹

Washington, September 18, 1975, 12:45–1:35 p.m.

PARTICIPANTS

President Ford
 Prince Saud ibn Faisal, Minister of State for Foreign Affairs of Saudi Arabia
 Dr. Henry A. Kissinger, Secretary of State and Assistant to the President for National Security Affairs
 Amb. Ibrahim Al-Sowayel, Saudi Ambassador to the United States
 Lt. General Brent Scowcroft, Deputy Assistant to the President for National Security Affairs

¹ Summary: Ford met with Prince Sa’ud to discuss the current state of Middle East negotiations, arms sales to Saudi Arabia, and the current session of the UN General Assembly.

Source: Ford Library, National Security Adviser, Memoranda of Conversations, Box 15, Chronological File. Secret; Nodis. The meeting was held in the Oval Office at the White House. Brackets are in the original. Kissinger sent Ford briefing papers for the meeting on September 18. (Ibid., Presidential Country Files for the Middle East and South Asia, Box 27, Saudi Arabia (6)).

[The press was admitted briefly for photos. There was small talk about Saud's familiarity with the U.S., his English accent, the Secretary's UN speech, etc. The press was then ushered out.]

The President: We worked very hard on the UN speech.

Saud: I think the reaction was every good. I hope it will be reflected in further meetings of developed and undeveloped nations.

The President: I am pleased to have the opportunity to meet you. I regret I never met His Majesty King Faisal and I look forward to meeting King Khalid. I think personal relations are extremely important.

Let me first clarify a couple of points which may be of concern.

Ambassador Porter is one of our very top diplomats. He is going there because we are upgrading our representation there with one of our very best people. It's for no other reason. Replacing Akins with Porter has no other meaning. We think Porter will be able to upgrade our relations.

Saud: I convey the greetings of His Majesty King Khalid and I thank you for the opportunity to convey them. We agree on the closeness of our relations. The closeness of our relations is such that if there are any problems, we can discuss them frankly and openly. We hope the intensity of our relations will continue to grow.

The President: So do we. As you know, we tried very hard to keep the Middle East from stagnating. We think what we have achieved has been in the interest of world peace. I assure you that we will not stop here. This is just a building block towards peace. We will keep working for further steps. We will not back out, but we will be active toward our common goal.

Saud: We put tremendous weight on your efforts, Mr. President. There is anxiety in the Middle East as to where we go from here. Most would accept a step-by-step approach if only they knew where they were taking us. President Sadat has put his entire faith in you and has taken immense risks for peace—with the other Arabs and with his army. Where is the balance? We see reports from Israel that this is the last move, that the settlers on Golan won't be moving, etcetera. That also causes concern.

The President: I developed a very fine relationship with President Sadat at Salzburg. I feel a personal commitment to him to see that this agreement is carried out. I look forward to meeting President Asad. I tried to meet him in August but it didn't work out. Secretary Kissinger has spoken highly of him and I look forward to meeting him.

Kissinger: Do you know him?

Saud: Yes. I think he is realistic and truthful in his presentation. Syria has more territory under Israeli occupation since '73 than before.

Kissinger: They got it back in the disengagement, plus a sliver at Kuneitra. But I agree with His Highness that President Asad is a man of moderation.

Saud: Syria has accepted Resolution 242 as the basis of a settlement, but Israel has not. If peace is to be achieved, it can come only through the exercise of America's persuasive powers on Israel.

The President: I can assure you we used them to the utmost. And we will continue to do so as we move down the road of peace.

I took some personal risk in agreeing to the request from Sadat and Rabin for American technicians. It helps me if we can have as much support as possible in the Arab world for the agreement. It helps us in continuing our pressure to keep things going. When the Arabs raise questions, it makes it harder for me.

Kissinger: It is the perception here that we brought pressure on Israel. If, having paid the price with the Jews here, we are attacked by the Arabs abroad, many Americans will think there is no point in engaging. This is the first time we have had movement in peacetime and it sets the path for further steps. I will talk further with you on this.

Saud: We don't see why the people should attack it, because it is like the previous one.

Kissinger: It is more significant.

Saud: What worries us is the promise of new military equipment and unusual equipment—like the Pershing. When Secretary Kissinger was in Saudi Arabia, we considered the agreement a positive step. We continue to hold that view, but we need assurances that Israel looks at it that way. The demand by Israel for equipment indicates they are not seeking peace but more American aid.

The President: You should know that we qualified the words, and the commitments we made very carefully. I said we promised to study them.

Kissinger: The F-16 can't be delivered before 1979. We will study the Pershing very carefully. These things we will hold as a condition for movement. If we have not made a dramatic movement toward peace by 1979, we will be in a very difficult situation. There is no commitment at all on the Pershing.

Saud: Is it true that there is no agreement until the Congress approves?

Kissinger: Only on the technicians, not the aid.

The President: Israel understands the military and economic assistance will come in the annual foreign aid legislation and probably won't be considered for a month or two.

Kissinger: The drafting in Geneva is not finished yet. By the time it is, we hope to have the technicians approved.

Saud: There is one point that Prince Fahd wanted to be raised—the Palestinians. Recognition of their rights in peace is important. They have a destabilizing capability now. Secretary Kissinger mentioned the possibility of contacts with them.

Kissinger: It would have to be done carefully.

The President: It would have to be held very closely because it is a sensitive issue in the United States. We recognize the Palestinian interests but we must be careful. Private talks would be helpful—if it became public, it would make it difficult to make more movement.

Saud: Just one more point that His Majesty asked me to raise—the information on companies which is now coming out in this country. We would like to know what it is coming out. One is the legal aspects of bribery—which should be dealt with in the committees. The commissions that people used is added to the government-to-government price. Our government will take the position that it will not pay these charges.

If names get thrown around in these hearings, it would have a very bad influence.

The President: I deplore the publicity this is getting. We will do whatever possible to protect individuals. And we don't condone any illegal acts any more than you.

We don't control the press so I can't guarantee what they will do.

Kissinger: We give no names, but we can't control what the companies give to the committees.

Saud: If it was names with proof, but these are just wild allegations.

The President: As your Ambassador knows, we are going through a difficult period here, with the media interested in news more than in fact. We will do whatever we can, but we can't guarantee it.

Saud: We appreciate that. If there is proof, His Majesty wants it, but not this kind of irresponsible allegation.

Kissinger: We have discouraged the turning over of names and I have told Senator Church that it is unfair to put out names.

164. Memorandum of Conversation¹

Washington, September 18, 1975, 3 p.m.

SUBJECT

U.S.-Saudi Relations

PARTICIPANTS

His Royal Highness, Prince Saud bin Faisal, Minister of State for Foreign Affairs
H.E. Ali Abdullah Alireza, Minister of State

Ambassador Ibrahim al Sowayel

Ambassador Nuri Ibrahim, Director Western Affairs, Ministry of Foreign Affairs
Mr. Hassan Shawwaf, Secretary to the Minister

The Secretary

Joseph J. Sisco, Under Secretary for Political Affairs

Alfred L. Atherton, Jr., Assistant Secretary (NEA)

Francois M. Dickman, Director, NEA/ARP

THE SECRETARY: (after a 15 minute *tete-à-tete*). His Highness was just expressing his views that the U.S. should move further along on the question of the Palestinians. I told him about the difficulties this presented for us and the general direction we were prepared to follow.

PRINCE SAUD: I think it is essential for the Palestinians to come into the picture eventually. It is a most difficult issue but the only way to solve the Middle East problem is to bring the Palestinians into the picture if we stand on the legality of representation. It will do no good to describe the Palestinians as terrorists and the Middle East issue won't be resolved if their rights are not taken into account. The Arab countries have tackled this issue by accepting the PLO as the only representative of the Palestinian people. Dealing with them (the Palestinians) as an entity will make them more constructive and responsible.

THE SECRETARY: I expressed our general view when I spoke to Crown Prince Fahd and we will pursue that course. We will not change. It is for us a very delicate and complicated problem. We hope you will understand our problem just as we understand your concerns.

In speaking to His Highness about my Cincinnati speech, he mentioned that he had heard that I had referred to an increase in the price

¹ Summary: Kissinger met with Prince Sa'ud about military supply and the agents' fees issue.

Source: Library of Congress, Manuscript Division, Kissinger Papers, Box CL 209, Geopolitical File, Saudi Arabia, September 1–December 2, 1975. Secret; Nodis. Drafted by Dickman. Copies were sent to Bremer (S); Adams (WH); and Rodman (S/S). The record of Prince Sa'ud's conversation with Ford is Document 163. The text of Kissinger's September 16 Cincinnati address is in the Department of State *Bulletin*, October 6, 1975, pp. 493–508.

of “Arab oil” as having a serious consequence for the world economy. I did not use the word “Arab oil” and I want to give you the text of my speech (Secretary asks for the text).

PRINCE SAUD: This is what I understood that you had said. The reference to “Arab oil prices” has become a very common expression in the U.S. press.

THE SECRETARY: (pointing to the text) Here is what I said, it shows what can happen in the press if they do not quote you correctly. I said “But another oil price rise would severely jeopardize these hopes.”

What about our bilateral relations?

PRINCE SAUD: This morning, with the President, I referred to the publicity given in Congress concerning commission payments and the problem this poses for us. Can anything be done with company documents?

THE SECRETARY: (to Mr. Atherton) Is there anything we can do about this?

MR. ATHERTON: We are trying to work with the committees in Congress by pointing out the adverse political impact if allegations are made regarding foreign officials. I believe it has had some effect but it is limited. We have also been in touch with the companies to point out the foreign policy problem.

PRINCE SAUD: We would like to have whatever information is available so that we could study it and determine if there have been any illegal activities. In fact, we would welcome any information which the U.S. uncovers so that we can take appropriate action.

THE SECRETARY: Our government is not investigating alleged illegalities. We are not aware whether any of the activities reported by the companies before the Congressional committees constitute illegal activities. You would be the best judge of this. There are allegations that have emerged at the hearings but we can’t control these hearings.

What about military supply? (turning to Mr. Atherton) I discussed our military program in detail when I was in Taif. Are there any hold-ups?

MR. ATHERTON: I am not aware of any.

PRINCE SAUD: We have prepared a letter listing the items which require action on your part. We expect to deliver it to you shortly.

THE SECRETARY: (to Mr. Sisco) Is the administrative machinery ready so that we can give attention to these requests?

MR. SISCO: Yes.

THE SECRETARY: We would like to have it so that your Ambassador can call attention to Mr. Sisco or myself when there is bureaucratic confusion over your arms requests. We can generally cut through the red tape.

PRINCE SAUD: All of our military purchases emanate from our discussions in the Joint Commission. We have indicated the type of armaments we seek. But there have been problems of deliveries and this creates difficulties because these purchases are geared to specific phases in our modernization program.

THE SECRETARY: I have talked to the President about sending Secretary Schlesinger to Saudi Arabia on a visit.

PRINCE SAUD: As you know, he has a standing invitation to come at any time. Prince Sultan has expressed great interest in his coming.

THE SECRETARY: I am scheduled to see Secretary Schlesinger tomorrow and I will raise it then.

How long are you staying in the U.S.?

PRINCE SAUD: Until September 30. I give my speech on the 29th.

THE SECRETARY: Is Baroody still there? Isn't he the dean in the UN?

PRINCE SAUD: Yes, he is a well-known figure in the United Nations. He received one vote this year to be the President of the Assembly as did the representative of Mauritius. Baroody also got a vote last year. Each year he gets at least one vote. He is a very flamboyant person.

THE SECRETARY: That reminds me of the disastrous experience we had when President Nixon was President and he met with the President of Mauritius who had come for the UN. A briefing memorandum had been prepared but for Mauritania, not Mauritius (laughter). President Nixon took pride in not speaking from notes and he would memorize the points in the briefing paper. Once he got started for this meeting, however, there was no way of stopping him (laughter). The President talked about the trend toward re-establishing relations and our welcoming relations with Moslem countries. It was a good briefing paper for Mauritania but the President's dialogue bore no relation to Mauritius and it was shattering (laughter).

This reminds me of another story. At the time of the oil embargo, I am told Baroody came to the UN riding on a donkey in order not to waste energy (laughter). I know that the Presidency (of the UNGA) is scheduled to go to the Middle East next year and perhaps Baroody will get it.

PRINCE SAUD: I know that Syrian Foreign Minister Khaddam is campaigning hard for this job.

THE SECRETARY: I like Khaddam. I like the Syrians. When they are convinced something must be done, they act.

PRINCE SAUD: The Syrians feel very strongly about getting movement on their front. The Syrians need an assurance that the U.S. will

act. They are convinced that a commitment by the U.S. to act is very important.

THE SECRETARY: I can't complain about the conduct of the Syrians and of President Asad, whom I like very much, and of Foreign Minister Khaddam. Events have moved more slowly for the Syrians than I would have hoped. I have always told them what my views were, so what I said to President Asad, that I would stick by my word, is absolutely true.

PRINCE SAUD: I appreciate this assurance. I want to thank you for your many courtesies.

THE SECRETARY I expect I will be seeing you in New York.

PRINCE SAUD: Yes, I hope so.

165. Telegram From the Embassy in Saudi Arabia to the Department of State¹

Jidda, November 17, 1975, 1155Z.

7686. For NEA Atherton. [*2½ lines not declassified*]. Subject: Yemeni-Saudi Relations. Ref: A) Jidda 7533; B) [*less than 1 line not declassified*] C) USDAO Sana 151330Z Nov 75.

Summary: We have detected no air of crisis in Saudi-YAR relations here in the Kingdom but a crisis is a virtual certainty if a large scale arms agreement is concluded between the YAR and the Soviet Union. The SAG will react strongly and negatively. Saudi (and thus U.S.) interests in the YAR will suffer but the YAR will be the big loser. The Saudis can be counted on to cut off their very extensive economic subsidies and impede the flow of remittances. Some of their largesse will doubtless be diverted to "alternate power centers" since Hamdi will have discredited himself in Saudi eyes. In the process we suspect he will also have undercut what support now exists within the SAG

¹ Summary: The Embassy reported on the state of relations between the Yemen Arab Republic and Saudi Arabia, noting rumors of a crisis over the possible sale of Soviet arms to the former.

Source: Ford Library, National Security Adviser, Presidential Country Files for the Middle East and South Asia, Box 30, Saudi Arabia-State Department Telegrams, To SecState-Nodis (8), 9/75–11/75. Secret; Immediate; Nodis; Noform; Eyes Only-Direct. Telegram 7533 from Jidda, November 11, is in the National Archives, RG 59, Central Foreign Policy File, D750395–0077. Reference telegram C was not found. For discussion of the Soviet arms sale to the Yemen Arab Republic, see Documents 220 and 222.

for progress, centralization and modernization in the YAR. We should continue our efforts with the Saudis to encourage tangible support for Hamdi. The Saudis will have no interest, however, in competing with the Soviets for Hamdi's affections. In view of the almost certain damage to Saudi-YAR relations and the negative impact on U.S. interests, we believe that we again would be justified in making very strong representations to Hamdi against conclusion of an arms deal with the USSR. End summary.

1. As we have reported (ref A), there has not been any air of crisis in the past several weeks within Saudi Arabia over the state of Saudi-Yemeni relations. On the contrary, things have seemed to be proceeding in an unusually satisfactory direction though at a slower than desired pace. If, however, the information in ref B is true (even though it raises more questions than it answers), we can understand the air of crisis being generated in Sana'a by Hamdi's inner circle. And if an arms deal of the magnitude suggested is concluded, there will indeed be a crisis in Saudi-Yemeni relations—a crisis of very major proportions.

2. We agree that what is needed before we take any action is more hard information. We have been hampered locally in this by the absence of those most intimately connected with Yemeni affairs—which itself reflects Saudi relaxation in regard to their relations with the YAR. Minister of Defence Prince Sultan is vacationing in Geneva after the Ghashmi visit and his own official visit to France. He is not scheduled back for another ten days or two weeks. Foreign Minister Prince Saud has been in Oman for the last two days. We have left word that the Ambassador wants to meet with him as soon as possible in Jidda, Riyadh or elsewhere. A meeting has now been set for tomorrow, Nov 18. We have had a request in for an appointment with Crown Prince Fahd who has himself been extremely busy traveling. But in the absence of Saud and Sultan, we are reluctant to press for an urgent meeting with Fahd. He would not understand the need for an urgent meeting simply to review the Ghashmi visit, and if we were to tell him of the pressure of Russian arms offers a very negative atmosphere would quickly build up on the Saudi side (See below). [*less than 1 line not declassified*] Prince Turki bin Faisal whose recent visit to the YAR was the ostensible cause of the crisis in YAR governing circles. At the working level our information gathering attempts have elicited nothing to suggest a budding crisis. On Nov 16, Colonel Dhahiry, the Ministry of Defense Action Officer for the Yemen told our Pol/Mil Officer he believed matters were going well and that the arms assistance program for the YAR is now with the Cabinet. We have gotten nothing from the Foreign Ministry but that doesn't mean anything.

3. By now the SAG will have received the reports from its military attaché in Sana'a on the high-powered YAR military delegations to

Moscow and will be pumping its own extensive sources within the YAR for more information. If what they hear seems to them to indicate that the YAR was hammering out an extensive arms deal with the Soviets at the time Ghashmi was in Riyadh and Hamdi was making reassuring noises to Prince Turki in Sana'a, we think the Saudis may react strongly. Certainly their first reaction will not rpt not be to make a nonciliatory gesture towards Hamdi or to make any dramatic and far-reaching commitments in the military or economic sweepstakes.

4. We will hold off on detailed recommendations for action until we have more facts, but in the meantime believe there are a number of considerations which should be borne in mind. If Hamdi and the YARG turn to the USSR for arms on a very large scale as suggested, Saudi interests in the Yemen (and hence our own) will suffer a serious setback. The big loser, however, will certainly be the YAR. We doubt that the Soviets would be willing to contribute a fraction of the amount in economic assistance that the Saudis have been paying out to the YARG in budget support (i.e. \$700 million/year). These funds would certainly stop flowing almost immediately to the central government; we would not be surprised if a very large amount of that money was then diverted to what the Saudis perceived as alternative power centers. The Saudis cannot, over the short run, do without the million or so workers now living in Saudi Arabia but they can quite easily cut back if not cut off the flow of remittances to the YAR. This must exceed \$500 million/year and we assume its loss would compound the financial difficulties of the YARG. Hamdi himself, of course, would be discredited in Saudi eyes. Whether his progressive and modernizing ideas would also be discredited is another question but we suspect they would. For lack of a better alternative the Saudis would probably in any case give more support to the YAR's conservative traditional leaders.

5. We agree that it is important to try and maintain Saudi support for the Hamdi regime, and will continue to press this view on Saudi leaders. This summer we recommended—when it seemed as if President Hamdi might have concluded an arms deal with the USSR—that “the USG would be justified in urging President Hamdi to unmake such decision because of the harmful effect they would have on our security interests in Saudi Arabia and the peninsula, and on Saudi-Yemeni relations.” (Jidda 4832). Perhaps it is again time for such a representation to be made.

6. It would be regrettable if the Hamdi regime considered—because of our sympathy and concern for the YAR's economic and political development—that we are able to move the Saudis rapidly in the direction the YAR desires. We think of Ghashmi's adjuration “do your part with the Saudis” (Sana'a 3192). Under the influence of such a belief, Hamdi could overplay his hand and endanger Saudi-Yemeni cooperation and U.S. interests in the YAR.

7. Dept Please Pass Sana'a.

Akins

166. Telegram From the Embassy in Saudi Arabia to the Department of State¹

Jidda, December 21, 1975, 0725Z.

8367. For the Secretary from Atherton. Subject: Assistant Secretary Atherton's Meetings With King Khalid and Crown Prince Fahd December 20. Ref: Jidda 7997.

1. Summary: During a routine half-hour audience with King Khalid on December 20, and a three-and-one-half hour meeting with Crown Prince Fahd (during which he unburdened himself of a range of concerns in hour-long monologue at beginning of meeting), I conveyed to them best wishes of President Ford and yourself. I said you had asked me to travel to the Middle East to explain current U.S. thinking re Middle East peacemaking process but that because of the importance of our bilateral relations with Saudi Arabia, my stop in Jidda was the most important of all. With Prince Fahd, I reviewed in considerable detail how we see future Mideast peace moves, January Security Council meeting, Palestinian question and need of U.S. and SAG to handle current problems (visas, boycott, etc.) with moderation and reflection. Fahd spoke of SAG's exceptional record of standing by its friendship with United States. He urged we remain alert to the dangers that any Communist-dominated regime in Arab world would pose. Israel, like Soviets, he noted did not wish U.S.-Arab relations to improve. (King Khalid, Prince Fahd and Prince Sultan all concerned over Defense Minister Peres' reported remark GOI might come to regard Saudi Arabia as confrontation state.) Fahd urged U.S. to include PLO in any future Middle East peace efforts. Noting King Khalid would visit Syria and Jordan this week, Fahd said Saudi Arabia was working to heal Egyptian-Syrian split, would counsel Syrian restraint in January Security Council meeting, and in Jordan would warn against becoming too linked to Syria at risk to Jordan's traditional position. Saudis will also let Jordan know of Saudi unhappiness over recent GOJ criticism of Sinai II.

2. Fahd also spoke at length about bilateral problems arising from anti-boycott, and anti-discrimination measures in U.S. Public manner of their announcement made it difficult for Saudi Arabia to moderate

¹ Summary: Atherton reported on his conversations with Prince Fahd and King Khalid regarding the present state of U.S.-Saudi relations.

Source: Ford Library, National Security Adviser, Presidential Country Files for the Middle East and South Asia, Box 30, Saudi Arabia—State Department Telegrams, To SecState-Nodis (9), 9/75–11/75. Secret; Immediate; Nodis. Telegram 7997 from Jidda, December 2, is in the National Archives, RG 59, Central Foreign Policy File, D750419–0145. Atherton's report of his conversation with Prince Sultan is Document 167.

its policies. But Fahd said he is aware the executive branch is in a weakened position to cope with anti-Arab elements in the Congress and elsewhere. He pleaded that the U.S. refrain from taking further actions that would publicly embarrass Saudi Arabia, saying he is prepared work with SAG and other Arab governments to modify boycott and visa practices but can only do this if there is period of calm out of the public glare. He agreed that if SAG were to react intemperately to recent moves in U.S., it would [garble] be helpful anti-Arab elements to achieve their goal. The tone of Fahd's discussion was more one of appeal than recrimination. Had the news from Washington been less uniformly bad (other than our decisions on military supply, which were helpful), he might have come on stronger. But as it was he may have felt there was little point in shouting into the wind. U.S. anti-discrimination measures may embarrass Fahd's political position. Fahd said SAG would welcome Ambassador Porter as friend. End summary.

3. Meeting with King Khalid and Crown Prince Fahd: Saturday afternoon, December 20, I met with King Khalid and Crown Prince Fahd. I conveyed to each of them the personal best wishes of President Ford and yourself. I told them that after your Paris talks you asked that I proceed to Saudi Arabia to review with Saudi leaders latest U.S. thinking re Middle East and to reassure them about position on various matters of greater bilateral concern. I noted that I was visiting other countries in the area as well, but that you regarded my visit to Saudi Arabia as the most important. I stressed to both of them that we were determined to continue to work for progress toward a Middle East peace settlement. King Khalid seemed to agree with all I said. I told him I appreciated his receiving me, and would pass on to you and to President Ford whatever advice I should receive from his Ministers. On the basis of talking points you approved, I reviewed with Prince Fahd in considerable detail our views toward the Palestinian question and the January meeting of the Security Council, and the paramount need for the United States and its Arab friends to work together in a spirit of mutual understanding—notwithstanding the strains and pressures under which U.S. relations with the Arab world and Saudi Arabia from time to time were subjected. Fahd himself spoke copiously on these topics in the course of a 3½ hour meeting. Summary of what he said follows.

4. SAG's traditional friendly ties with USG: Fahd asked me to first convey his gratitude to you for sending me to Saudi Arabia. This was a propitious time for a high-level, face-to-face review of U.S.-Saudi relations. Fahd wanted me to know also he would be talking to me not as a U.S. Government official, but as a friend without affectation or exaggeration. Fahd said U.S.-Saudi friendship was of long standing, and he wanted it to remain firm and unshakeable. The U.S. knew over

the years how much Saudi Arabia had suffered for the sake of this friendship, especially in the days of the SAG's intense and at times violent confrontation with Gamal Abdul Nasser between the years 1957–1967. In those days in all the Arab world only Saudi Arabia was willing to stand firmly and publicly by its ties of friendship to the United States. Fahd contrasted this behaviour with that of other states who secretly protested they were our friends, but whose public record did not bear them out. He reminded me that Saudi Arabia did not recognize any Communist state, and that he did not see any change in this policy as likely. The USG knew, moreover, we could always count on Saudi help in efforts to bring about a situation in the Middle East that would give the Communists and the radicals less purchase.

5. Zionist and Communist hostility to U.S.-Arab friendship: Fahd believed that Zionists and Communists saw U.S.-Saudi friendship as dangerous to their aims, and—acting independently and for different reasons—were doing their best to weaken it. For obvious reasons, Russia was eager to return to Egypt and other Middle East countries via subversion, provision of military assistance programs or any other way. At all costs, Fahd said, we must try to prevent the reappearance of Communist-led or dominated regimes in the Arab world. For the radicals to make a comeback would be a tragedy for the moderates in the area, for the USG, and—regardless of what Israeli officials might think—a tragedy for Israel, too. Israel was opposed to better U.S.-Arab relations because it knew this could bring closer the day when it would have to relinquish the occupied territories and seek some political ways of resolving its problems with the confrontation states—none of which, Fahd stressed, any longer questioned reality of Israel's existence.

6. In this regard, Fahd was concerned at GOI statements that Israel could not be indifferent to the massive presence in Saudi Arabia of U.S. military matériel, and that as a result Saudi Arabia may have acquired the characteristics of a confrontation state. From time to time, moreover, the SAG has informed the USG by the Embassy in Jidda of Israeli violation of Saudi airspace near the Strait of Tiran, (King Khalid and Prince Sultan also expressed concern to me about increased Israeli militancy towards Saudi Arabia. I urged all of them not to attach too official a character to statements made by individual Israeli politicians.)

7. A role for PLO in peace talks: Fahd thought it was high time for Israel as well as the United States to tackle problems of peacemaking and especially of the Palestinians in a creative way. In particular, Fahd thought the USG ought to give some encouragement to the moderate wing of the PLO which he thought would quickly respond to any American overtures. If we were to do so, the stock of the PLO's pro-Communist elements would collapse. Fahd urged we find some way of overlooking those aspects of the Palestinian position that seem unrec-

oncilable with Security Council Resolutions 242 and 338. If we could do so, he thought we would see in retrospect how our initiative had paid off. I stressed need for move by PLO toward position on Israel adopted by confrontation states.

8. Current strains on U.S.-Saudi friendship: Returning to U.S.-Saudi relations, Fahd said he knew they were being subjected to hostile pressure and wondered what could the USG do? He knew the U.S. Government and especially the executive branch was in a weakened position to cope with anti-Arab elements in the Congress and elsewhere. There were even, he noted, some anti-Arab elements among USG officials. He said, however, the campaigns in the U.S. against Saudi Arabia were a great embarrassment to Saudi Arabia: after each public affront by the USG, pro-Soviet Arabs would come to the SAG as if pleased, and ask how much more humiliation the Saudis were prepared to endure from their American friends. Fahd affirmed he had opposed such radicals all his life, and as a Saudi official would do his best to continue to stand with U.S. But how long could he continue unflinchingly to do so?

9. Fahd noted that as a result of his agreement with you of June 1974, U.S. economic relations with Saudi Arabia are flourishing, but if U.S. banks and private corporations are to put obstacles in the face of this agreement, and if Congress is to attack U.S.-Saudi cooperation, what is the SAG to do? The FRB's injunction to member banks, he considered ill-judged, harmful above all to the American economy, and an invitation to our European competitors to displace us in Saudi Arabia's rich commercial and capital market. Fahd cited the Arab boycott as another area where public outcry in the United States was making it hard for the SAG to modify its position—even though he personally believes the boycott is ineffective and deprives the SAG of services of many firms which could be useful to Saudi Arabia's development.

10. On the SAG's visa policy, Fahd said if this matter had been raised in a private setting a natural solution in the course of things could have been found. But instead the issue had been raised publicly and the radicals are now standing by to attack Saudi Arabia if it shows any signs of backing down. Fahd asked why Saudi Arabia could not inquire about the personal status of visa applicants. Can any state accept such a limitation on its sovereign concern for its security? The United States would not indiscriminately allow Communists or Palestinians to pass its frontiers, and for the same security reasons Saudi Arabia was presently denying entrance to many thousands of Arab Moslems. If the SAG is prepared to distinguish among fellow Arabs, "it has the right to do so against anyone else, I guess." Fahd pleaded that the United States refrain from taking deliberate actions that would

embarrass Saudi Arabia. He asked that I convey to you and to President Ford the SAG's earnest desire that any points at issue between the USG and Saudi Arabia be handled quietly and privately. Fahd hoped that reason would prevail and the USG would not subject Saudi Arabia to any more embarrassment before other Arabs and its own people. He agreed, however, with the point that I had made that if the SAG were to react in an intemperate way to U.S. measures on visas and boycotts, it would play into the hands of elements opposed to good U.S.-Saudi relationships. It would only be helping SAG's critics achieve their goal. He seemed disposed to consider ways in which Saudi visa practices could be modified if public pressures on SAG abated.

11. Comment: Fahd may be worried about the vehemence and momentum of anti-discriminatory and anti-boycott moves that are being made in the U.S. and which are regarded here as being aimed at Saudi Arabia. Just as such measures can embarrass Saudi Arabia before its radical critics, so can they embarrass Prince Fahd before any of his critics in the Council of Ministers. The tone of Fahd's discussion was more one of appeal than of recrimination. It certainly was more moderate than that which was reported in Jidda reftel. Had the news from Washington been less disturbing to Fahd, he might have come on stronger. But, as it was, he may have felt there was little point in shouting into the wind. In terms of U.S.-Saudi relations, the Embassy thinks the timing of my visit—as it so happened—was opportune as I was able on the spot to provide the Saudis with reassuring attention at a time when they must have needed it.

12. Ambassador Porter: At conclusion of my discussion, Prince Fahd thanked me for the news I had brought him of Ambassador Porter's arrival in January. He was pleased by my assurances that the great importance the United States attached to its relations with the Kingdom of Saudi Arabia would in no way be diminished. In fact the U.S.-Saudi bond could only increase in importance with the assignment to Jidda of our most senior serving Ambassador. Prince Fahd said he was looking forward to meeting Ambassador Porter and would receive him in the same frank, friendly and open manner that he did other U.S. officials and Ambassadors.

13. Other subjects covered in Fahd meeting being reported septels.

Horan

167. Telegram From the Embassy in Saudi Arabia to the Department of State¹

Jidda, December 21, 1975, 1005Z.

8376. Cairo for Atherton. Department pass DOD, DOD for ISA, USMTM Dhahran. Subject: Assistant Secretary Atherton Discusses Saudi Arms Request With MinDef Sultan. Refs: A. Jidda 7979 B. Jidda 7224 C. Jidda 6513.

Summary: Mr. Atherton held a generally upbeat meeting today (December 20) with SAG Minister of Defense Prince Sultan to discuss SAG urgent arms request. Prince Sultan seemed to accept the arms delivery schedule outlined verbally and confirmed by a letter from Mr. Atherton (septel) with only minor comments or request for revisions. This issue—the delivery schedule of SAG urgent arms requirements—was a major stumbling block in US–SAG relations. On the executive level, it appears to have been removed. End summary.

1. On Saturday, December 20, Assistant Secretary Atherton met with Minister of Defense Sultan to discuss US–Saudi military supply relationship and other matters. (These are being reported via septel.) Meeting lasted two hours and forty-five minutes. Mr. Atherton was accompanied by Chargé Hume Horan, CHUSMTM Brigadier General Ahmann, Mr. Joseph Hoening of DSAA, and Pol/Mil Officer Jesse Lewis.

2. Mr. Atherton began by saying that Secretary Kissinger particularly had asked him to review with Prince Sultan in detail status of our military supply and training programs. Mr. Atherton said that Prince Sultan would recall that Secretary Kissinger had conveyed a number of decisions on these matters to Prince Fahd and himself while in Taif in early September. Since then the US Government had received the Prince's letter of September 17 with further requests for shorter delivery times, different quantities, etc. It also seemed to us that in some instances there might have been a degree of differing interpretations as to presentations made during the Secretary's Taif visit. Sultan asked

¹ Summary: The Embassy reported on Atherton's conversation with Prince Sultan on arms supplies to Saudi Arabia.

Source: National Archives, RG 59, Central Foreign Policy File, D750443–0679. Secret; Priority; Exdis. Repeated to Dhahran; repeated Priority to Cairo. The report of Atherton's meeting with Fahd and Khalid is Document 166. Kissinger's conversation with Khalid, Fahd, and Sultan at Ta'if is Document 159. Sultan's letter of September 17 was transmitted to the Department in telegram 6513 from Jidda, September 23. (National Archives, RG 59, Central Foreign Policy File, D750329–0090) Telegrams 7979 from Jidda, December 1, and 7224 from Jidda, October 28, are *ibid.*, D750416–0306 and D750373–0618, respectively. Atherton's confirmation by letter was sent December 20. (Washington National Records Center, OASD/ISA Files: FRC 330–78–0038, Box 23, Saudi Arabia 1975, Folder 121, January)

if Mr. Atherton was in fact saying USG was going to change or to amend what had been his clear understanding and that of other Saudi leaders as a result of the Secretary's discussions in Taif? Sultan pointed to a memorandum before him which he said were his and Prince Fahd's minutes of the discussion. The Prince said he believed he had conveyed his understanding of that meeting to the American Embassy as well. Mr. Atherton replied that the United States Government, of course, stood by what we had said. There was no change in our policy nor in the offers we had made, but he said it was quite possible, in a discussion of such extensive and complicated issues with Saudi leaders, that some points of variance might afterwards arise.

3. Mr. Atherton emphasized, however, that an unprecedented effort had been made in Washington by Secretary Kissinger and Deputy Secretary Clements to be responsive not only to Sultan's request of June 15, but also to Sultan's additional requests of September 17. He believed the magnitude of our effort would be apparent to Sultan as well as the considerable success we had had in meeting the SAG's defensive needs. Mr. Atherton emphasized, moreover, that as a result of Washington's intensive and high-level review, a decision had been taken to give special priority to meeting Saudi Arabia's defensive needs from production lines of uncommitted equipment. In addition, our response to a number of Sultan's requests could begin promptly. Some requests could be filled in the very next year, and others could begin to be filled in that time as a result of diversion of some initial deliveries from current production or even from US Army stocks. This was true of such top-priority items on Sultan's lists as Howitzers, APCs, M-60 tanks, and TOW missiles and launchers.

4. With Prince Sultan's agreement, Mr. Atherton then spoke about the specific nature of our responses to his requests for sales and accelerated delivery of equipment. (At this time, Sultan called for his own records on military sales cases, and point by point followed Mr. Atherton's presentation by reference to his own files.) Mr. Atherton told Prince Sultan that additional detail about quantities of equipment and the scheduling of deliveries would be provided after the meeting in the form of a written response from him to the Prince's letter of September 17. (Text of Mr. Atherton's letter is based on guidance previously developed in coordination between State and DOD. Text is being reported septel.)

5. Sultan made fewer interjections in the course of Mr. Atherton's presentation than might have been expected.

A) M-113 APCs: Sultan was reassured to learn that the SAG was to receive the total numbers of armored personnel carrier it had requested (1104) and to learn that the apparent discrepancy between the US offer and Saudi expectations was the result of differences in military

terminology. He appeared satisfied, even pleased, to hear that the SAG would have in its possession by mid-1977 no less than a total of forty APC-type vehicles, counting those on loan with Howitzers.

B) M60–A1 tanks: Sultan seemed pleased by our offer to deliver twenty-one tanks from scheduled production in the first and third quarters of 1977. In response to his question, Mr. Atherton confirmed these would be of the latest model and equipped with laser equipment—as requested by Prince Sultan.

C) LAW anti-tank rocket: Sultan was satisfied to learn that the entire order (5000) would be provided to him out of US Army stocks in 1976, if the letter of offer could promptly be signed.

D) TOW launchers and missiles: After some discussion and explication, Sultan expressed no objection to the USG response.

E) Redeye anti-aircraft missile: Upon being told that problems of test and support equipment did not permit us to deliver Redeye to Sultan until the first quarter of 1978, Sultan asked if just a few missiles and a minimal quantity of test and support equipment could be provided sooner. Sultan said he knew the Redeye was an interim weapon in the US Army and if the SAG were not to receive its Redeyes until 1978, the US would be using that missile's successor and the SAG would be farther behind the times in incorporating such a weapon into its armed forces. Mr. Atherton said we would look into this question. (Comment: General Ahmann and Mr. Hoenig will discuss this matter with DOD officials in late December.)

6. Mr. Atherton concluded his presentation by telling Prince Sultan that letters of offer for the major outstanding items could be prepared promptly if he agreed, and would be submitted to Congress after the end of year recess sometime in mid-January. Mr. Atherton said that the USG was prepared to send a training team to Saudi Arabia in early January to deliver unsigned letter of offer and to brief the Ministry of Defense on the equipment and training necessary for the Saudi Arabian Army successfully to absorb the program this equipment represents.

7. Mr. Atherton said finally that such a large-scale and rapid modernization of the Saudi Arabian Army would require intensive in-country training and expansion of contractor support. He said that if we are to bring additional personnel into the country an adequate support base and additional housing would have to be established. Prince Sultan broke in with a smile to say, yes, he knew all about housing. When Mr. Atherton said it would be necessary also for the Prince to give his early attention to certain outstanding USMTM support cases, Prince Sultan said he would look into the matter promptly. In Mr. Atherton's presence he called to his military aide to prepare the support cases in question soon for his consideration.

8. During Mr. Atherton's audience the afternoon of December 20 with King Khalid, the King remarked he had been informed of Mr. Atherton's meeting with Prince Sultan and had been told the results were fruitful. (Prince Sultan entered during the audience for a brief, whispered consultation with the King but there was nothing in what the King thereafter said to suggest the SAG was disturbed with our presentation.) Prince Fahd (Mr. Atherton's last appointment during the day) expressed no judgment about the talk with Sultan.

9. It is the Embassy's impression that the height of tension between the USG and the SAG over military deliveries is behind us. In the near future, our discussions with Sultan may revert back to more or less normal tones of minor acrimony and grievance. It also strikes us that against the background of current anti-boycott and anti-discrimination actions in the US (which are receiving much attention here), Sultan may feel lucky to get what we are offering him. Our offer today may actually look somewhat better than it would have looked one or two months ago.

Horan

168. Memorandum of Conversation¹

Washington, January 9, 1976, 10 a.m.

SUBJECT

DepSecDef Meeting with United States Ambassador-designate to Saudi Arabia

State Participants

Ambassador-designate to Saudi Arabia, William J. Porter
Deputy Director, Office of Arabian Peninsular Affairs, Richard W. Aherne

DOD Participants

Deputy Secretary of Defense, William P. Clements
Military Assistant, RADM Kenneth Carr, USN
Acting Assistant Secretary of Defense (ISA), Amos A. Jordan

¹ Summary: Ambassador-designate William Porter met with Clements and other Department of Defense officials to discuss programs involving the Department of Defense and Saudi Arabia.

Source: Washington National Records Center, OSD Files: FRC 330-79-0049, Saudi Arabia 000.1-399, 1976. Secret. Drafted by Fifer; approved by Noyes. The meeting took place in Clements' office at the Pentagon.

Director of Defense Security Assistance Agency, LTG Howard M. Fish, USAF
Deputy Assistant Secretary of Defense (NEASA), James H. Noyes
Region Director, NESA, MGen Clarke T. Baldwin, Jr., USA
Country Director, Saudi Arabia, Colonel William Fifer, USA

(C) *Mr. Clements* opened the meeting with a general statement of his conviction that Saudi Arabia was of great importance to the United States. Our two nations share much in common; there is much that we need from Saudi Arabia, and Saudi Arabia has been most helpful as a moderating force for stability. Saudi Arabia is the key to solving many of the horrendous problems of the Middle East, and it is important that our relations run as smoothly as possible. In this regard we are not managing this relationship as well as we could, either in-country or here in Washington. Even internally, within the elements of the US Government, our cooperation and efforts have not been as good as they should be. *Ambassador Porter* agreed and pointed out that with so many people involved this created problems, that clearly there needs to be one individual in charge. He assured *Mr. Clements* that there would be no lack of effort to bring all elements together; the issue is too important for petty rivalries. *LTG Fish* commented that within DOD we have not done all that can be done to pull things together. For example, in Saudi Arabia there are four or five separate organizations that should be placed under one head, except perhaps for the National Guard program. *Ambassador Porter* said he preferred dealing with one senior military commander and initially could see no reason why the National Guard project manager should be excluded. *Mr. Clements* agreed that there is a need to consolidate responsibility but suggested the Ambassador wait on the SANG issue until he has had six months to look the situation over, but assured him it was his decision and that DOD would support him. *Ambassador Porter* indicated his main concern would be that we do nothing within the US Government organizationally that would be divisive in our relations with the Saudis.

(C) The conversation then shifted to the importance of close personal relations and access to key Saudis. *Mr. Clements* felt we needed the ability to get to Prince Fahd more easily to have his candid views on important issues. *Ambassador Porter* pointed out that Arabs, by their nature, are reluctant to take positions—particularly on controversial matters—where they might have to reverse themselves later. However, he intended to have ready access to Fahd. Fahd is the key, but the problem is quite complex; we are dealing with a family corporation and we need to be able to tap in where and when needed.

(C) *Ambassador Porter* said he had assurances from Secretary Kissinger of any assistance required initially. He hoped that if he had to call on the Department of Defense he would receive the same support. Since initial impressions are vital, he had felt it important to arrive in a military aircraft and appreciated DOD's assistance.

(C) *Mr. Clements* pointed out that the Saudis were concerned over price increases, delays in deliveries, and problems connected with agent fees, and that Ambassador Porter should expect to have these problems raised with him frequently. *Mr. Clements* also pointed out Saudi concern that the US Government had not provided a sense of direction when needed. For example, we had raised the problem of Soviet presence in Somalia; whereupon, the Saudis had asked what they could do, but we had never really followed up. Also, in the program of assistance for Yemen, we had not provided the impetus needed. *Ambassador Porter* said he felt that we should not take issue with the Saudis over minor points. For example, if they strongly desired equipment for Yemen to be delivered first to Saudi Arabia, we should agree. If we have transfer problems with Congress, it is our job to sort that out back here; his job is to build our relationship and to reinforce it.

(C) *LTG Fish* stressed the requirement to urge the Saudis to phase equipment deliveries to training necessary for proper operation and maintenance. *Mr. Clements* agreed but pointed out that, as Arabs, they will continue to seek early deliveries of hardware whether they can maintain it or not; that our only option is to keep providing maintenance support indefinitely.

(S) The subjects of Saudis training Egyptian pilots, and of US intelligence gathering, were discussed in general.

(S) *Ambassador Porter* raised the issue of Saudi visa discrimination. *LTG Fish* summarized the pressures from Congress and the expectation that there will be some form of legislation on this subject. *Ambassador Porter* was urged to try to smooth over this issue with the Saudis, since it seems inevitable that individuals of the Jewish faith will come up for assignment in Saudi Arabia.

(C) *Mr. Clements* asked Ambassador Porter to urge the Saudis to assist in providing the housing and other support required by our advisers, so that they could spend longer accompanied tours and be more effective in their assignments. He was asked to consider the establishment of a high school for American dependent children in-country.

(C) *Mr. Clements* concluded by mentioning the problem of price escalation in the Navy landing craft utility (LCU) construction. Prince Turki had agreed to have MODA absorb the cost, although the blame was entirely ours. *Mr. Clements* recommended that Ambassador Porter inform the Saudis of our appreciation for their action.

169. Telegram From the Department of State to the United States Military Mission to Saudi Arabia¹

Washington, January 13, 1976, 2257Z.

Quote 7728. Subject: Agents' Fees for Peace Hawk V Program. For Chargé.

1. At earliest opportunity, you should seek an appointment with Prince Sultan and state that you have been instructed to deliver to him following confidential letter from LTG. Fish which seeks SAG guidance regarding Triad's claim that it is entitled to an agent's fee for the Peace Hawk V program. You should tell Prince Sultan that once he has had an opportunity to study letter, Embassy will be happy to transmit his response.

2. Following is text of letter: Your Royal Highness: The letter of offer and acceptance for the Peace Hawk V program recently was presented to the Saudi Air Force. It includes a clause stating (in effect) that no agent's fees will be allowed for the Peace Hawk V program unless such agent's fee/commission has been identified and payment thereof approved in writing by the Government of Saudi Arabia before contract award. There are no funds now included, in the estimated costs shown in the letter of offer, for payment of any agent's fees for the program.

On March 6, 1975, Assistant Secretary of Defense Ellsworth advised you of the existence of an agency agreement between the Northrop Corporation and the Triad Financial Establishment. This letter was associated with an earlier proposal for the Peace Hawk V program. Your response dated May 17, 1975, stated your "non-acceptance of any middleman . . . in any arms contract between the Government of the Kingdom of Saudi Arabia and the Government of the United States of America." This was followed by publication of Decree no. 1275 of the Council of Ministers of Saudi Arabia dated September 17, 1975. Accordingly, the United States Government took appropriate action to comply with its understanding of those desires.

Notwithstanding, the Triad Financial Establishment now has provided its firm view that the Peace Hawk V proposal is not subject to the limitations provided in the Council of Ministers decree, and has requested the Northrop Corporation to make provision for payment

¹ Summary: The Department directed USMTM to deliver a letter from Fish to Prince Sultan, which requested clarification about agents' fees for services to be delivered under Peace Hawk Phase V.

Source: National Archives, RG 59, Central Foreign Policy File, D760012–1045. Confidential. Drafted and approved by Dickman.

of an agent's fee to Triad under terms of the agency agreement. The primary basis for this request by Triad is its interpretation of an interview, purportedly given by His Royal Highness Prince Fahd bin Abdul Aziz, which was published in the Lebanese newspaper *Al Anwar* on November 28, 1975.

Consequently, the Northrop Corporation has identified a potential agent's fee of approximately \$77 million for the Peace Hawk V program, and we are identifying this fee to you in accordance with paragraph 20 of the terms and conditions appended to the Peace Hawk V letter of offer. The Department of Defense, as the administrator of the program, is not in a position to assess the appropriateness of this fee and requires your guidance.

We have re-examined the Council of Ministers decree and note that it mentions only "arms and equipment" contracts. We therefore believe that it is in our mutual best interests to clarify the matter of "services" contracts. We would appreciate it if you will provide the Saudi Government position regarding inclusion of an agent's fee in contracts awarded for the Peace Hawk V program.

Sincerely,
 LTG. H.M. Fish,
 Director, Defense Security Assistance Agency.
 Kissinger
 Unquote.

Kissinger

170. Paper Prepared in the National Security Council¹

Washington, undated.

SECURITY ASSISTANCE PROGRAMS—SAUDI ARABIA

Background

We have a long-standing security assistance relationship with Saudi Arabia, dating back to the signing in 1951 of a Mutual Defense

¹ Summary: The NSC Staff drafted a comprehensive assessment of arms sales and deliveries made, and projected, to Saudi Arabia.

Source: Ford Library, National Security Adviser, NSC Staff for Middle East and South Asian Affairs, Convenience Files, Box 22, Saudi Arabia-Military (2). Confidential. Brackets are in the original.

Assistance Agreement which linked the continued leasing of Dhahran Air Base to the provision of American military training and equipment, including a US Military Training Mission (USMTM). In earlier years when the Kingdom's revenues were inadequate to meet its budget needs, much of our aid was MAP grant aid. In recent years, we have shifted entirely from grant aid to FMS sales as the basis for our relationship.

The early years of our security assistance relationship were characterized by relatively small shipments of unsophisticated equipment and limited training for Saudi military personnel both in the Kingdom and in US service schools. The first modernization program began in 1965 as a joint US–UK effort. Reacting to the Egyptian threat that spilled over from the civil war in North Yemen, (where Nasser was supporting one side with Egyptian troops and aircraft) the Saudis sought to acquire a modern air defense system. The British contracted to provide much of the equipment and training, including sophisticated Lightning interceptors and advanced radar and communications systems. The United States participation was limited to sale of training on Hawk missile batteries through a commercial contract with Raytheon Corporation.

Organization and Management

The security assistance program in Saudi Arabia is presently managed by four separate DoD organizations: the USMTM, the Corps of Engineers (COE), the Saudi Arabian National Guard (SANG) Project Manager's Office, and the USAF Detachment 22. Six other DoD activities provide support to these organizations. The existence of four separate organizations, rather than a single activity, is the result of responses to individual Saudi requests for specialized assistance over a 25-year period. Although complex and even redundant from a managerial point of view, the division of labor represented by these various entities reflects to a considerable extent the political balance in the Kingdom [the Army and the National Guard are intentionally maintained as autonomous and counterbalancing military forces]. The Saudis have rejected our suggestions that these various functions be unified, reinforcing the parochial bureaucratic interests and prerogatives acquired over time by organizations such as the COE which prefers to run their own show. The four security assistance activities are staffed with more than 500 military and civilian personnel, a strength projected to more than double by September 1977. The DoD personnel strengths will continue growing until the peak is reached about FY 1980. The present population of 1,100 DoD contractor employees devoted to the principal FMS programs will nearly double by the end of CY 1978.

—*US Military Training Mission.* The USMTM was established in 1951 to train the Saudi Air Force and administer the military assistance

program to Saudi Arabia. As the senior DoD representative, the Chief, USMTM functions under the general supervision of the Ambassador, reports through the CINCEUR to the DoD, and has coordinating authority over all DoD personnel in-country. His mission is to supervise US security assistance required to build Saudi military competence and further US security policies and interests. The present USMTM organization is comprised of 148 military and 12 civilian personnel. These 160 personnel are assigned to six locations in Saudi Arabia. Of the 160 there are 77 personnel with assigned duty as advisors.

—*US Army Corps of Engineers.* The COE has provided design and construction management services in Saudi Arabia since 1951. Since 1965, the COE has provided technical assistance to Saudi Arabia and has supervised Saudi-funded construction projects. Over 90 percent of the COE projects are military related. The few remaining projects are for the SAG Ministries of Agriculture and Water and Information. By current forecasts, the COE program is destined to become the single largest US security assistance effort. The COE has forecast that its civilian personnel requirements, exclusive of support personnel, will be: FY 1978: 832; FY 1979: 901; FY 1980: 967; FY 1981: 967; and FY 1982: 967. In September 1966 it was agreed that the COE would assist the Saudi army in establishing and operating an integrated logistic system—the Saudi Arabian Mobility Program (SAMP). The program was subsequently expanded to include support of conventional armaments and the services of 750 contractor personnel, who perform maintenance and supply operations and train Saudi army personnel. In November 1972 the Saudi Ordnance Corps Program (SOCP) was established as successor to the SAMP, to modernize the Saudi army vehicle fleet, to provide limited weapons maintenance and to establish a modern logistics system for the support of about 9,300 tactical and general purpose vehicles.

The Saudi army modernization program is being managed by both the USMTM and the COE in its SOCP arrangements. Currently the SOCP has the responsibility for activating and training the direct support maintenance units above battalion level, while the USMTM advises the headquarters logistics personnel and the area commanders and implements the battalion level maintenance system. As a result, different echelons of the Saudi army occasionally receive conflicting advice and guidance.

—*Saudi Arabian National Guard Program Office.* The SANG program started in 1973 under a country-to-country agreement to modernize the Guard in the areas of organization, training, equipment, maintenance, supply communications and facilities, under the supervision of a US Army Project Manager. The SANG is unique because the Guard is under the direct command of the third ranking member of the Royal

Family who, as such, outranks the Minister of Defense and Aviation. The Guard, completely separate from the MODA armed forces, proudly maintains this independence. Seldom is there any interaction between the MODA and the SANG.

—*US Air Force Detachment 22.* The Air Force Logistics Command (AFLC) was designated by the Chief of Staff of the USAF as the single manager of the F–5 aircraft program with responsibility for implementation, control and administration. Detachment 22 was established by the AFLC to provide in-country contract administration and program management services. The fact that the detachment does not come under the command of the Chief, USMTM has resulted in overlapping and duplication of advisory functions in the areas of munitions training, maintenance and supply.

—*DoD Support Activities.* Six elements of parent military commands based outside Saudi Arabia provide support services to DoD activities in-country. Since July 1975, the Chief, USMTM has been assigned operational control of in-country support and responsibility for all administrative and logistic support for security assistance teams assigned to the USMTM, as well as specified logistic support (e.g. commissary, exchange, housing, schools, and postal, medical and recreational facilities) to other DoD activities. Over the years, the COE has established several specific SAG-funded support services for COE personnel. Divergent command channels and authority have tended to encourage duplicative support services.

Current US Security Assistance Programs Under FMS

The United States Army *Corps of Engineers* provides engineering and management services for the construction of a wide range of facilities such as military cantonments, schools, hospitals, dependent family housing, headquarters buildings, and ports. The COE participation in the Kingdom dates back to 1951 with the construction of the Dhahran military air field, and the completion in 1961 of the Dhahran Civil Air terminal. In 1965, an Engineer Assistance Agreement was signed between the USG and the SAG, detailing the terms under which construction assistance would be provided. The COE has completed construction of projects valued close to \$400 million, has under construction today facilities valued approximately \$1 billion, and has under design or in planning construction that could well push the total up to \$20 billion. Actual construction is performed by civilian contractors under COE supervision. The SAG pays all costs of the COE services provided to the Kingdom.

In 1966, DoD undertook a major long-term program to improve *maintenance of the Saudi army vehicle fleet*, first called “SAMP” for “Saudi Arabian Mobility Program.” In this program, the COE supervised civil-

ian contractors in maintenance, and in training of Saudis to take over the system. The Saudis are more involved in the management today, and the name has changed to "SOPC" for "Saudi Ordnance Corps Program," but contractor assistance continued with no end in sight. Contractor services are provided by Bendix-Syanco, a US-Saudi joint venture. A major training program will begin in mid-1977 to train a total of 1000 Saudi personnel in vehicle maintenance at the rate of 200 per year.

In 1968, the Saudis asked the USG, the French, British, and the Pakistanis to survey their naval requirements. These surveys culminated in a SAG-USG agreement in 1972 under which the USG undertook a long-term (ten-year) *Saudi Navy Expansion Program*. This program, which includes building 25 ships, construction of bases, training, and maintenance, is managed by the US Navy. Ship construction is performed by US shipyards. Construction projects in Saudi Arabia are carried out by private contractors under supervision of the COE, with US Navy technical supervision and input. The program calls for training of 2000 Saudi naval personnel, and 900 of these have attended or are currently attending Navy schools in the US.

In 1971, after intense commercial competition, the SAG turned to the USG for procurement of *F-5 aircraft* through FMS. Under this program, the USG has provided 50 F-5s with maintenance and training. In January 1975, the SAG signed a Letter of Acceptance (LOA) to purchase an additional 60 F-5s, and on 4 March 1976, the SAG signed an LOA valued at \$1,464 million for continued maintenance and training with associated construction. Northrop Corporation is the US contractor for this project, under supervision of the USAF Detachment 22. The projected training of 200 Saudi pilots and 1200 technicians called for in this program is well underway.

In 1973, we agreed to modernize units of the *Saudi Arabian National Guard (SANG)*. The first of four infantry battalions to be modernized completed its training in October 1976. Principal US contractors for this program include Vinnell Corporation (training), General Electric (Vulcan air defense system), and Cadillac-Gage (armored cars), under the supervision of the SANG Program Office. The US Army is the Executive Agent for this project.

In addition to the specific training programs mentioned above, Saudi military personnel also attend US Service schools and technical training courses as required. There are approximately 200 Saudi military trainees in the United States at any given time in addition to those in the various specific programs. There are currently a total of 1741 Saudi students in training in the US.

Military Survey and Future Prospects

At Saudi request in 1974, we conducted detailed surveys of their armed forces and security requirements. The results of these surveys

were provided as recommendations for gradual modernization in the future, without significantly increasing the personnel strength of their armed forces. [Saudi Arabia has less than six million population, of which the majority is illiterate and untrained, and shortage of personnel is the limiting factor in implementing any Saudi programs, whether military or civilian.] As a result of the survey:

—In June 1975, the SAG asked for equipment to mechanize two of its four infantry brigades. The USG responded affirmatively in September 1975 and LOAs were provided in January 1976. A Congressional resolution to block sale of this equipment was defeated on March 3, 1976 and the SAG signed the LOAs in May. This program will take three to four years to implement and could be followed by a Saudi request to mechanize its other two infantry brigades.

—The Saudis have asked for price and availability data for approximately 80 helicopters, based on the survey recommendation that the SAG acquire an airmobile capability.

—The British Lightning interceptor is to be phased out around 1978–80 and the SAG is considering various options for replacements, including US fighters, French Mirages, and British Jaguars. The USG has provided briefings on the F–14, F–15, F–16, and F–18 fighters. A Saudi team visited the US in April 1976 to acquire additional data on these aircraft.

Civilian Contracts

In addition to the major FMS programs for which the USG and the Department of Defense have a direct responsibility, the Saudis have contracted directly with US civilian firms for significant security assistance:

—The Raytheon Basic Hawk contract was signed in 1965. Under a follow-on contract, Raytheon is upgrading the Basic Hawk to Improved Hawk, and has just signed a \$1.14 billion contract to provide six batteries of “Triad” Improved Hawk.

—Lockheed began sales of C–130 aircraft in 1965 and has delivered 30 to date with eight more on order. Lockheed also has the contract to maintain and operate early warning radars and air defense communications.

—Whittaker Corporation provides operation and maintenance of three Saudi army hospitals.

—Litton is negotiating a contract valued near \$1 billion to provide the AN/TSQ–73 “Missile Minder” air defense command and control system.

Third Country Assistance

Although the United States provides the majority of security assistance to Saudi Arabia, there has been and continues to be a Saudi policy to diversify its sources of assistance. In addition to British aircraft as mentioned above, the French in recent years have been the major source of armor for the Saudi army, including 400 armored cars, 160 AMX–

30 main battle tanks, and recently, an \$830 million contract for Crotale air defense missiles. The Italians (Agusta Bell) have been the major source of helicopters.

FMS Purchases to Date

Saudi FMS purchases to date are characterized by a high proportion of basic construction, repair, supply and other services of a non-lethal nature (85 percent of all purchases). Of the more than \$12 billion of FMS orders to date, only 11 percent had actually been delivered as of mid-1976. The following chart shows the breakdown in dollar value:

	Cumulative Orders (30 June 1976) (\$ million)	Total Deliveries (30 June 1976) (\$ million)	Percent Delivered To Date
Total	12,170	1,396	11
Aircraft	716	178	29
Ships	456	4	1
Vehicles	21	142	25
Ammo	144	62	60
Missiles	74	3	4
Construction	7,598	498	7
Other*	2,760	511	19

*Communications equipment, repair, supply, training, and other services.

American Personnel in Saudi Arabia

We estimate that there are approximately 25,000 American citizens in Saudi Arabia at the present time. Approximately one-fifth of them are associated with *defense-related projects*, as follows:

US Employees	
Military	281
Civilian	367
US Contractors	
Raytheon	216
Boeing	1
Whittaker	218
Lockheed Intl	450
Lockheed	500
Bendix-Syanco	196
Hughes Aircraft	1
Northrop	1,019
Cadillac-Gage	34
General Electric	12
Vinnell	272

J. A. Jones (construction)	83
Total Employees	3,640
Total Dependents (est.)	1,456
Total	5,096

*Saudi Military Forces**Army*

—The Saudi Arabian Army (SAA) is not capable of conducting successful combat operations against a modern military force. However, it is capable of conducting limited cross border operations against the states and principalities of the Arabian Peninsula and assisting the National Guard in controlling internal disorders and insurgencies. Army units were deployed to Syria but were not involved in major combat during the 1973 Arab-Israeli War. The two primary factors contributing to a poor combat capability are the dearth of trained/trainable manpower, and poor leadership. Other contributing factors are inefficient training system, poor discipline, a rudimentary understanding and practice of modern army logistics which renders the system incapable of sustained combat service support, a centralization of authority which stifles initiative at the unit level, and an over-reliance on foreign country contractual services for maintenance, training, and operational functions. Personnel strength totals 45,000 (3,150 officers, 11,250 NCO's and 30,600 enlisted personnel). Ground combat strength is shown in the following chart:

4 Infantry Brigades	7,100	4,000	16,000
1 Armor Brigade	3,000	800	800
2 Tank Battalions	400	300	600
3 Artillery Battalions	600	450	1,350
2 Airborne Battalions	850	850	1,700
1 Royal Guard (Inf) Battalion	450	450	450
16 Air Defense Artillery Batteries	150	100	1,600
10 Hawk Missile Batteries	200	160	1,600
2 Light Armored Battalions	600	500	1,000

Navy

—At present, the Royal Saudi Naval Force (RSNF) is an insignificant force capable of providing only a token presence at sea which, even in combination with the sea-going assets of the Coast Guard and Frontier Force, provides Saudi Arabia with only a very limited coastal patrol and interdiction capability. The operational experience of the RSNF has been limited to coastal operations in waters near Ad Damman and, while capable of making limited contributions to patrol efforts in

these Persian Gulf waters, possesses no real naval combat capability. Personnel total 1,500 (approximately 200 officers and 1,300 enlisted personnel, many of whom are in training in the US). Ship inventory is shown below:

PTF (fast patrol boat)	3
PB (patrol boat)	1
YFL (launch)	2
YTB (large harbor tug)	2

Air Force

—The Royal Saudi Air Force (RSAF) is a marginally effective military force. Transport aircraft and fighter forces could operate independently of contractor support for no more than two weeks and could conduct only limited combat operations. Limitations include: lack of fully trained pilots, maintenance, and munitions personnel; minimal training in air-ground operations; and lack of experience in conducting joint operations. Fighter forces would probably perform credibly in small engagements with enemy fighter forces because training has centered heavily on air combat maneuvers and intercepts. Personnel strength totals 15,000 (flying—200 pilots (jet—90); nonflying—300 officers, 400 warrants, approximately 4,250 enlisted men, 850 civilians, and 9,000 Air Police). The order of battle and organization are shown below:

<u>Combat Acft</u>		<u>Helicopters</u>		<u>Transports</u>		<u>Trainers/Utility</u>	
Lightning	31	Alouette III	1	C-130E	24	F-5B	19
F-5E	30	AB 204	1	KC-130H	4	Lightning	5
BAC-167	<u>29</u>	AB 205	10	C-140A	<u>2</u>	Cessna 172	8
	30	AB 206	19		30	U-3A	<u>1</u>
		AB 212	<u>4</u>				33
			<u>35</u>				

<u>Units</u>	<u>Aircraft</u>	<u>Principal Bases</u>
2 All-Weather Fighter Sqdns	28	Dhahran, Khamis Mushayt
1 Fighter Training Sqdn	9	Dhahran
3 Pilot Training Sqdns	37	Riyadh
1 Transport Wing (2 Sqdns)	30	Jidda
2 Helicopter Sqdns	35	Taif
1 F-5 Operational Conversion Unit	25	Dhahran
1 F-5 Fighter Sqdn	24	Taif
1 Lightning Conversion Unit	8	Dhahran

National Guard

—This 100 percent mobile force is capable of suppressing civil disturbances in wide areas of the Kingdom. In periods of crisis, National

Guard troops are deployed near cities and borders to provide defensive depth. Under a memorandum of understanding signed March 1973, the US Government is equipping and training four mechanized infantry battalions and an artillery battalion. Personnel total 35,000 (200 officers, 34,800 NCO's and enlisted personnel).

171. Telegram From the Embassy in Saudi Arabia to the Department of State¹

Jidda, February 7, 1976, 1600Z.

886. Dept pass SecDef, USMTM Dhahran as Specat Exclusive. Subject: Peace Hawk V LOA's and Agent's Fees. Ref: (A) SecDef 1923182 Jan 76 (Notal), (B) State 7728.

1. As the February 12 deadline for the signing of the Peace Hawk V letters of offer approaches, one major issue appears to be fuzzy—the question of agent's fees.

2. On January 13, 1975, we delivered a letter from DSAA Director LTG Fish to SAG MinDef Prince Sultan asking for the SAG position "regarding inclusion of an agent's fee in contracts awarded for the Peace Hawk V Program." (ref B). As of today (Feb 7) that letter is unanswered. The Saudi position contained in the September 17, 1975, decree by the Council of Ministers, specifically refers to "the supply of arms or related equipment." It does not specifically deal with maintenance, training and construction services provided in Peace Hawk V. A message from LtGen Fish to CHUSMTM (ref A) instructs Gen Ahmann to proceed with the signing of the letters of offer regardless of whether a response to the letter on agent fees has been received. The message continues, however, quote Sultan must be advised personally that we must receive formal response to my letter before we can guarantee prompt and full implementation of the Peace Hawk V program. Reason for this is the contractual language to be included in USAF-Northrop contract will be conditioned by content of his reply unquote. Full text septel.

¹ Summary: The Embassy requested guidance from the Department regarding Peace Hawk V and Northrop's legal position regarding Triad and the agent's fee included in the letter of offer to be signed with Prince Sultan on February 12.

Source: National Archives, RG 59, Central Foreign Policy File, D760047–1107. Secret; Immediate; Exdis. Telegram 7728 to USMTM, January 13, is Document 169. Reference telegram A was not found. The text of Fish's letter is Document 169.

3. Both the Embassy and CHUSMTM have three main concerns. They are:

A. Might Northrop's financial exposure to its agent Khashoggi be so great (approximately \$77 million) as to force Northrop to back out of the deal or face corporate collapse?

B. Would the USG then be legally obligated to provide the maintenance, training and construction services called for in Peace Hawk V if Northrop pulls out?

C. If the Saudis sign the LOA, Sultan is likely to refuse to answer LTG Fish's letter on the basis that note 19 of the LOA (which prohibits any payment of agents' fees out of Peace Hawk contract price) is sufficient statement of his intent. In this case are USG and Northrop confident enough of their legal position to proceed with full implementation of Peace Hawk V?

4. We have no confidence that Prince Sultan will choose to answer Gen. Fish's letter prior to the deadline for signing the LOA's. (The question is further complicated because Prince Sultan is off in the desert hunting with the King and only marginally available.) Once the LOA's have been signed we believe that it would be untenable for us then to inform Sultan that we will not implement the LOA's until we have received a response to General Fish's letter. (FYI: The LOA's signed by the U.S. side are in possession of SAG.)

5. Action requested: Urgent Washington guidance concerning the three areas of concern above. If the answer to 3 C is in the affirmative we would recommend not pressing Sultan and concluding LOA negotiations ASAP.

Porter

172. Intelligence Memorandum Prepared in the Central Intelligence Agency¹

Washington, February 18, 1976.

[Omitted here is the title page.]

Saudi Arabia's Foreign Policy

Summary

Saudi foreign policy under King Khalid continues to be marked by caution, with compromise at home and conciliation abroad. The Saudis are not given to bold diplomatic initiatives. They rarely act in haste—a notable exception being their proclamation of an embargo on oil sales to the US during the Arab-Israeli war of 1973, an act that heralded their emergence as a major economic power.

Saudi Arabia is a small country in terms of population, and its military capability is not impressive. Hence, it prefers to solve its problems by spending money rather than uttering threats; money is its single most effective diplomatic tool and has been handed out for various reasons to its neighbors, North and South Yemen and Iraq; to the front line Arab states facing Israel; to selected third world countries and, in the form of loans, to Western Europe.

After the 1973 war, the Saudis threw their weight and economic leverage behind US efforts to arrange a negotiated Arab-Israeli settlement. They have become disillusioned about the likelihood of success, but probably have been unable to come up with an alternative plan of action. They are therefore content to let Egypt take the lead in setting pan-Arab strategy. Egypt's currently isolated diplomatic position threatens this option, and the Saudis are doing what they can to smooth over inter-Arab differences and restore Egypt's position.

They also worry about their relations with Washington. The Saudis prefer to do business with US companies to obtain goods and services for their ambitious development plans. They are having second thoughts about this preference in view of the legal actions in the US against firms complying with the Arab boycott against Israel. They are also taking a look at their dependence on the US as a source of arms.

¹ Summary: The CIA assessed Saudi foreign policy after the death of King Faisal.

Source: Central Intelligence Agency, DI/OCI Files, Job 79T00866A, Box 25, Folder 15. Secret; [*handling restrictions not declassified*]. The memorandum was prepared in the Office of Current Intelligence and coordinated within the Central Intelligence Agency. [*text not declassified*]

The 10 months since Faysal's death have been marked by the emergence of the personal style in foreign policy of Crown Prince Fahd, the new top man in Riyadh. He is far less rigid than was Faysal and more willing to take a fresh look at old ties. He is reluctant, however, to move very far ahead of others in the ruling circle, and some initiatives—such as the effort to arrange a reconciliation with Aden—have been hampered by the necessity for a family consensus. In his efforts to steer policy decisions as near to his own views as possible, Fahd seems to have found a useful ally in Faysal's son Saud, who was appointed foreign minister last fall.

[Omitted here is the remainder of the memorandum.]

173. Memorandum From Nicholas Murphy and Jesse Lewis of the Political/Military Affairs Section, Embassy in Saudi Arabia, to the Ambassador to Saudi Arabia (Porter)¹

Jidda, March 3, 1976.

SUBJECT

Hawk Missiles for Jordan

Not completely surprisingly the question of the Saudi financing of the Hawk missiles has built into a bit of a problem.

February 29—the last date on which the letters of offer for the Hawks could be kept open—passed without a Saudi deposit of the required \$74 million down payment. Rather than cancel the LOA's

¹ Summary: Murphy and Lewis informed Porter of the developing dispute between Riyadh and Amman over the amount of money Saudi Arabia was to contribute toward Jordan's new air defense system.

Source: National Archives, RG 84, Jidda Embassy Files: Lot 79F80, DEF 12-5 Jordan January–April. Secret; Exdis. Sent through Horan. "Seen" is written at the top of the memorandum, initialed by Porter. Attached but not published were telegrams 1023 and 1047 from Amman, February 25, reporting that King Hussein would seek a Soviet system rather than accept a \$300 million system, and telegram 1063 from Amman, February 26, in which Pickering argued that Hussein was serious and recommended soliciting the Saudi view. The contract for a \$300 million U.S. system was due to expire on February 29; on January 20, the DOD informed Lt. Gen. Sharif Zeid Bin Shaker, Commander of the Jordanian Armed Forces, by letter that the costs of the program through 1979 would increase from \$350 million to approximately \$713 million. (Ibid.) In telegram 48170 to USCINCEUR, March 2, the Department directed Horan to meet with Saudi officials on the subject of the increased costs and Hussein's threat to seek Soviet aid. (National Archives, RG 59, Central Foreign Policy File, D760078-0443).

which would require reopening the whole question with the Congress, they have been put in a hold status.

The Saudi position is that they agreed to pay \$300 million for a 14 battery air defense system. They are still willing to give the Jordanians \$300 million for an air defense system but they will not pay more. They have in effect suggested to the Jordanians that they scale down the program.

The Jordanian response so far has been that they need the coverage that the presently planned 14 batteries would provide—with a price tag of \$720 million (or about \$600 million without the Vulcan guns)—and that if the Saudis won't pay for it they will go to the Russians who are eager to provide a full-coverage system for a low price. They might go to the Russians even if the Saudis will not give them the \$300 million to buy from that source. The implications of turning to the Russians are obvious.

On instructions from the Department to explore Saudi intentions Hume raised the matter with Prince Saud (Fahd was unavailable) who said that the Saudis would be unhappy about the Jordanians going to the Russians but he was equivocal about whether the Saudis would be willing to pay the promised \$300 million under those circumstances; he said he thought they probably would. Prince Fahd, [*less than 1 line not declassified*] stated flatly “no.” The Saudis would not pay. He said he had also told the Jordanians that turning to the Russians would cause the SAG to rethink its present policy of regarding Jordan as its “first line of defense.”

The matter is now in limbo.

King Hussain is now in Australia on the first leg of a three-week world tour at the end of which he will also visit the U.S. The subject will obviously be discussed with him then. He will probably attempt to put the blame for the current state of affairs on the Saudis. It seems to us that the real blame belongs with the Jordanians' failure to keep the Saudis informed. The Saudis have reacted in strong negative fashion to being suddenly handed a bill for twice the already enormous amount they were prepared to pay.

Most important recent telegrams attached.

174. Telegram From the Department of State to the Embassy in Saudi Arabia¹

Washington, March 5, 1976, 2216Z.

54657. For Ambassador. Subject: Air Defence Financing for Jordan. Ref: (A) Jidda 1544, (B) State 48170.

1. DOD is urgently examining a number of options for a scaled-down air defense package that we might suggest to the Jordanians as possible alternatives to the stymied Hawk/Vulcan program. Before possibly proposing such alternatives to the Jordanians, however, we may want to review them with senior Saudi officials in hope of developing a coordinated, joint U.S.-Saudi approach to GOJ on this issue.

2. You should therefore seek appointment with FonMin Prince Saud and reiterate our desire—based on what we perceive to be a mutual U.S.-Saudi interest in ensuring that Jordan's legitimate defense needs continue to be met through its traditional reliance on friendly govts (i.e., USG and SAG)—to develop a common U.S.-Saudi position that would enable us to respond to Jordanian air defense requirements in most effective and sympathetic fashion possible. You should inform Prince Saud that—as result of his Feb 29 comments—USG is examining possibilities of formulating alternative hardware/support package that might enable GOJ to acquire an American air defense system more in keeping with its available resources. We therefore hope that consideration of Jordanian funding problem in Saudi Council of Ministers can be deferred until we have had time to review such alternatives with Saudi officials if they wish to do so. We attach greatest importance to developing a common approach to this entire problem with the SAG.

Kissinger

¹ Summary: After the contract deadline of February 29 expired, and as the Department of Defense attempted to scale back the plans for a Jordanian air defense system to fit the Saudi \$300 million financing limit, the Department of State directed Porter to request that the Saudis delay any discussion of the project until DOD completed its review.

Source: National Archives, RG 84, Jidda Embassy Files: Lot 79F80, DEF 12-5 Jordan January-April. Secret; Immediate; Limdis. Repeated Immediate to Amman and USCINCEUR. For telegram 48170 to USCINCEUR, March 2, see footnote 1, Document 173. Telegram 1544 from Jidda, March 1, is in the National Archives, RG 59, Central Foreign Policy File, D760099-0409. Lewis sent Porter the telegram under an undated covering note, sent through Murphy and Horan, which reads: "The attached is an instruction from the Department to ask the SAG to delay cabinet level discussion of the Hawk missile issue. Apparently, Washington feels Hussein is serious about turning to the Soviet[s] for an air defense system. As you know, the Soviets would move into Jordan in a big way if they got such an invitation." The deadline for an agreement for financing the missiles was later extended to April 30, according to telegram 84296 to Jidda, April 8. (Ibid., D760132-0139)

175. Telegram From the Department of State to the Embassy in Saudi Arabia¹

Washington, March 28, 1976, 1842Z.

74947. For Ambassador Porter from the Secretary. Subject: Air Defense System for Jordan. Ref: Jidda 2101, Jidda 2165.

1. We long resisted repeated Jordanian requests that we involve ourselves with the Saudis in negotiating the financing of the air defense package for Jordan. After the Saudi dols 300 million decision, we reconsidered the state of play and decided that it was necessary to try to persuade the Saudis to make some additional funds available. In the light of our experience with Hussein last summer, we are sure he would reject out of hand the truncated air defense package we could put together for dols 300 million. Lacking the air defense he is determined to get, we think the chances are at least 50–50 that he would eventually seek help from the Soviets, with all that this would entail to our position in the Middle East. We think we now have to try for some additional funding from the Saudis because the stakes are so high.

2. You of course have to bell the Saudi cat, and we in turn want to go along as far as we can with what you believe are the tactics most promising of success. Quite frankly, however, your recommended course of action (reftels) has two major disadvantages which have to be weighed against the factors you have presented. First, we want to be in a position to present a joint US-Saudi proposal to Jordan, which we intend not to back away from. It would place maximum pressure on Hussein to accept, since to reject it would mean rejecting the most carefully considered advice—and the generosity—of his two closest and most reliable supporters. If we are not careful, under your recommended course of action the Saudis will regard our approach to them as a joint US-Jordanian position.

3. Second, there is the time problem. The Saudis are notoriously slow in making decisions. There will be a budgetary paroxysm here

¹ Summary: Kissinger instructed Porter to discuss with the Saudis a more generous contribution to a compromise two-stage air defense project for Jordan, while the Department negotiated with King Hussein during his visit to Washington March 30–31.

Source: National Archives, RG 84, Jidda Embassy Files: Lot 79F80, DEF 12–5 Jordan January–April. Secret; Immediate; Exdis. Repeated Immediate to Amman. Reference telegram A was not found. Telegram 2165 from Jidda, March 24, is in the National Archives, RG 59, Central Foreign Policy File, D760111–0176. A two-stage plan for the system was first suggested as an option in telegram 1449 to Amman, March 18. (Ibid., D760102–0551) Kissinger and Hussein did not discuss the matter during the King's visit to the United States, but Kissinger provided the King an update by letter, transmitted in telegram 94162 to Amman, April 17. (Ibid., D760147–0241)

at the end of April if a Jordanian-Saudi arrangement is not fully settled by then, and we will be back to square one, in the mid-1975 stage. Someone will have to pay off termination and other contractual costs we have already incurred. If any new deal could be resuscitated later, it would cost more than the package we negotiated in the summer and fall of 1975 and began to contract for last December. We have to move now.

4. While it is probably too late for you to secure any Saudi reactions in time for Hussein's talks here on March 30–31, it is imperative that you begin the dialogue with the Saudis as soon as possible, certainly before the King's arrival here, so that the Saudis will not consider our approach to have been cooked up in talks here with Hussein.

5. You can adjust your instructions (State 65708) to take account of the fact that we will press Hussein in Washington for acceptance of the two-stage concept, and in the process we will attempt to determine the smallest option he could consider. Whatever that option might be will not necessarily be the final answer for us. Our position will depend on the degree of Saudi financial flexibility, and we hope you will do your best to move them into the \$500-million range.

6. A few final points:

(A) We agree with you that, if Hussein turns down an agreed US-Saudi compromise position, we may be in an embarrassing position with the Saudis. We are counting on you to present the case in such a way as to ensure that the Saudis would not later be able to claim that we misled them. We intend to provide full and square explanations—through you—to any and all Saudi questions and suspicions, fully recognizing—as you have pointed out—that there have been a great many misunderstanding already.

(B) In your approach, it is important that you not convey impression we are seeking a Saudi financial commitment for the second stage as well as the first, although we of course hope that they will be helpful. Our thinking has been that Hussein should try for help on the second stage from some of the Gulf countries before going to the Saudis once again. FYI: It may be that the second stage will have to remain a year or more distant. End FYI.

(C) You are also correct in assuming that the total price of the first stage and a deferred second stage will run a great deal more than \$713 million. How high costs actually would rise is hard to estimate, although fifteen percent per year is a ball-park estimate.

Kissinger

176. Letter From the Ambassador to Saudi Arabia (Porter) to Saudi Minister of Foreign Affairs Prince Sa'ud ibn Faisal ibn Abd al-Aziz¹

Jidda, March 30, 1976.

Your Royal Highness:

Before the departure of His Majesty King Khalid bin Abd al-Aziz on his trip to the Gulf States, Your Royal Highness raised with me the question of the Hawk missile air defense system for Jordan. I requested that His Majesty's government make no final decision on this matter until my government could look further into the question and develop alternative proposals to meet Jordan's needs for an air defense system. You will recall the initial proposals involved fourteen batteries of Hawk missiles and 100 Vulcan rapid-fire anti-aircraft guns at a cost of over \$700 million.

My government has now completed a study of this matter and I submit the results for Your Royal Highness' consideration. I do this in the hope that our two governments might reach agreement on an alternate course of action which we could jointly present to King Hussein.

We have determined that the initial costs of an adequate air defense system for Jordan can be substantially reduced by dividing the air defense package into two stages. The first stage would omit certain command and control equipment; certain logistical support items and facilities; desirable but marginal depot, maintenance and firing range arrangements in Jordan; all but the most essential training; and all but minimal spare parts required for initial operations in Jordan.

In addition to eliminating these lower-priority items, we will make an effort to minimize termination or contract interruption costs which have already been incurred. Though considerably reduced in scope, this first stage package would have to be sound militarily. We believe it would have to provide basic but adequate air defense for at least three of the priority areas which King Hussein has indicated that he wishes to protect, which are: Amman/Zarqa; the Azraq military complex; Prince Hassan Air Force base; and Qatrana.

Payment for the first stage package would extend through mid-1978 for hardware and probably longer for software costs such as

¹ Summary: Porter wrote to Prince Sa'ud explaining the options for financing the Jordanian air defense scheme and asked to discuss the matter further.

Source: National Archives, RG 84, Jidda Embassy Files: Lot 79F80, DEF 12–5 Jordan January–April. Secret. Published from a copy that bears Porter's typed signature.

training and contractor services. In accordance with the commitment which the Administration has made to the Congress, we would not be able to involve ourselves financially in the first stage; it would have to be financed as originally proposed by Jordan and Saudi Arabia.

The second stage of the air defense system can be negotiated and carried out after supplementary financing has been arranged using whatever mix of internal Jordanian resources and external financing may be developed. Although, as indicated above, the US Government will not participate financially in the first stage, we will consider—in consultation with the Congress—using guaranteed credit arrangements in the second stage. We would hope at that time that Your Royal Highness' government would continue to be helpful in the matter of developing a Jordanian air defense system, but we are not seeking a financial commitment from your government for the second stage. Our present thinking is that King Hussein should try for help with the second stage from some of the other states of the Gulf.

While we believe that the proposed two-stage approach has merit, and deserves your consideration, we wish Your Highness to be fully aware that the combined cost of the first stage and a deferred second stage will be considerably more than the \$713 million which has been estimated for a one stage package.

Even under the two-stage approach there would have to be a greater Saudi Arabian financial contribution than the \$300 million originally committed by your government to this project. How much more would depend upon the option which is chosen. Within the two-stage approach which I have described, we have prepared several options for the first stage as follows:

A. Fourteen Hawk batteries and 100 Vulcan anti-aircraft guns. The first stage of a project of this size would cost \$520.5 million (or \$598.6 million if a 15% contingency figure is added for possible inflation and other unforeseen needs.)

B. Fourteen Hawk batteries and 36 Vulcans would cost \$456.5 million (or \$525 million with 15% for contingency.)

C. Fourteen Hawk batteries with no Vulcans would cost \$420.5 million (or \$483.6 million with 15% for contingency.)

D. Nine Hawk batteries with 36 Vulcans would cost \$348.5 million (or \$400.8 million with 15% for contingency.)

The fourteen batteries which would be provided under the first three options above (A, B, and C) are necessary if adequate missile coverage is to be given to the four areas which King Hussein has indicated he regards as of priority importance. Additionally, it is the opinion of military experts that Hawk batteries such as those Jordan is interested in acquiring need a sufficient number of air defense weapons such as the Vulcan to achieve the maximum firing advantage of the Hawks. We understand that Jordan does not have anti-aircraft equip-

ment which it could substitute for the Vulcans. Options B and C above would therefore be deficient in this regard.

The fourth option above (Nine Hawk batteries, 36 Vulcans) provides a reasonably good mix of Hawks and Vulcans, but the air defense equipment could not be arranged to cover all four of the areas which King Hussein has told us require protection. Adequate protection, however, could be given to up to three of the four areas of importance to King Hussein. Since the Azraq and Qatrana installations will not be completed for at least another two years, one of these could be left for the second stage.

I would appreciate an early opportunity to discuss with Your Royal Highness the proposals which I have outlined in this letter and look forward to hearing your wishes in this matter, including your comments on our desire to have a joint Saudi-US position to present to King Hussein.

With respectful warm regards,
Sincerely,

William J. Porter

177. Telegram From the Department of State to the Embassy in Saudi Arabia¹

Washington, April 17, 1976, 2311Z.

94163. For Ambassador from the Secretary. Subject: Financing Jordan's Air Defense. Ref: (A) Jidda 2622, (B) Jidda 2643.

1. We have such a short time left in which to help arrange a resolution of the Jordanian-Saudi Hawk funding impasse that I have decided to send a message to Prince Fahd requesting his early response to the proposals you have previously conveyed to the Saudi Government.

2. In delivering the message, you should emphasize to Fahd that, based on our recent discussions with Hussein and his military advisers,

¹ Summary: Kissinger sent Prince Fahd a letter on the Jordanian air defense issue. Source: National Archives, RG 59, Central Foreign Policy File, D760147–0242. Secret; Immediate; Exdis. Drafted by Thomas Carolan (NEA/ARN) and Draper; cleared in PM, and DOD/ISA, and by Fish and Atherton; approved by Kissinger. Repeated Immediate to Amman. Telegrams 2622 and 2643 from Jidda, April 11, are *ibid.*, D760137–1173 and D760138–0059, respectively.

we are convinced he will consider no alternative other than one that provides Jordan with a minimum of 14 Hawk batteries and 100 Vulcan guns. You should add that we therefore no longer regard any of the other options covered by our earlier proposals as practicable, and that we are now seeking Saudi agreement to finance the dollars 520 million package, from which we have eliminated all lower-priority equipment, training and services in order to cut costs to the absolute minimum. You should indicate that if SAG can agree to finance this austere 14 battery/100 gun system and join with us in conveying this news to King Hussein, there is a very good chance that the problem can be overcome and the consequences of Jordan's turning elsewhere avoided.

3. You can assure Fahd that there is no way in which the Jordanians can acquire from us the basic equipment they consider necessary at a cost less than 520 million dollars. The figure of approximately 300 million that was occasionally mentioned at the time the sale was being considered last summer covered only the weapons themselves plus some other basic equipment. As he knows, such a highly sophisticated system requires a great deal of additional equipment such as radars, communications, control systems, and so forth in order to be effective. It was this additional equipment which, together with related services, brought the original price to more than 700 million dollars for the full system. You should also point out that, much as we would like to help with financing this sale, all the funds presently available to us for Jordan are fully committed to other high priority Jordanian military purchases. You might also emphasize that U.S. military assistance to Jordan since 1967 has been substantial, and we have been seeking totals of dollars 175 million for FY 76 and dollars 145 million for FY 77 (grants and credits).

4. Begin text:

Your Royal Highness:

I greatly appreciate our recent exchanges on the difficult situation in Lebanon. I am reassured by the fact that our two governments appear to share a common view of the dangers there. It is in this spirit that I would like to share with you my thoughts about another serious problem of concern to our two countries. This involves the long-run consequences for Jordan, but also for Saudi and U.S. interests, if Jordan is unable to procure the Hawk/Vulcan air defense system we agreed to last year to sell to it. Your Highness will perhaps recall the major and ultimately successful effort we made to overcome resistance in Congress to this sale, which was strongly opposed by Israel.

Our decision to sell this air defense system to King Hussein was based on our belief—which I know you share—that a moderate, stable Jordan is essential if a lasting, durable peace is to be achieved in the

Middle East and if the gains we have made in reducing Soviet influence in the area are to be preserved. Our decision also took into account the fact that Jordan is much weaker than all its neighbors in its ability to withstand attack from the air.

King Hussein has told us he deeply appreciates your government's willingness to provide dollars 300 million for the air defense system. We have examined what could be provided for this sum, however, and have concluded that it would purchase a system comprising only six Hawk batteries and approximately 36 Vulcan guns. This is significantly less than the 14 Hawk batteries and 100 Vulcan guns which King Hussein still considers the absolute minimum weaponry required to protect Jordan's key population and strategic centers.

King Hussein apparently now believes that his only recourse is to seek comparable air defense equipment from the Soviet Union, probably through arrangements with Syria.

I am sure you share my concern about the far-reaching impact that such a step by King Hussein would have on both our countries. For our part, we have cautioned King Hussein that it would lead to a critical reexamination by the American public and the Congress of our traditional relationship with Jordan. King Hussein is acutely conscious of this risk, but must weigh against it the risk of disappointing the expectations of his loyal army.

I recognize that the arrangements for financing the purchase of the Hawk/Vulcan system are mainly a matter for consideration between your government and Jordan. Because of our concern about the serious consequences for all of us if such an arrangement does not work out, however, we have developed alternative proposals which Ambassador Porter has conveyed to you. I hope you will give your most urgent and sympathetic consideration to enabling King Hussein to purchase an air defense system commensurate with what he regards as the minimum necessary to protect Jordan against attack from the skies.

I also hope that you will be able to give me even your initial thoughts as soon as possible. Our problem is that if this matter cannot be resolved by April 30, existing contracts with American suppliers of Jordan's air defense equipment, which we have extended for the full period permissible under our regulations, will have to be terminated. If the program were to be reinstated at a later date, the contracts would have to be renegotiated and the total costs would be considerably higher, owing to inflation.

Ambassador Porter will be prepared to answer any questions you may have, and we will of course respond to any suggestions or other considerations you may care to offer.

I send Your Royal Highness my very best wishes.
 Henry A. Kissinger
 End text.

Robinson

178. Telegram From the Embassy in Saudi Arabia to the Department of State¹

Jidda, April 22, 1976, 1000Z.

2919. Subject: Hawks for Jordan. For Atherton from Ambassador Porter. Ref: Jidda 2878.

Following is report of my conversation with Crown Prince Fahd on April 20.

1. Fahd seated me. Anani, Royal Protocol translator, sat on a straight-backed chair in front of the two of us and thus began a conversation which emphasized even more strongly than usual Saudi confidence in the United States.

2. Fahd looked at my briefcase, smiled and began to speak. He had been informed of the nature of the subject I wished to discuss. He spoke at length about Saudi policy toward the US, which he declared is unchanged and unchangeable despite the machinations of certain people who are opposed to such a friendship. He did not mention Israelis or Zionists. It is clear that this refrain has been carefully orchestrated, so often do I hear it, but I have seen or heard nothing to make me doubt that they mean it.

¹ Summary: Porter reported on his April 20 meeting with Prince Fahd, at which he delivered Kissinger's letter and presented U.S. concerns about the consequences of a Soviet-Jordanian air defense project.

Source National Archives, RG-84, Jidda Embassy Files: Lot 79F80, DEF 12-5 Jordan January-April. Secret; Immediate; Exdis. Drafted by Porter on April 21; cleared by Murphy; approved by Porter. Repeated Immediate to Amman. Telegram 2878 from Jidda, April 20, is in the National Archives, RG 59, Central Foreign Policy File, D760149-0315. Kissinger's letter is Document 177. The Department approved Porter's approach in telegram 99335 to Jidda, April 24. (National Archives, RG 84, Jidda Embassy Files: Lot 79F80, DEF 12-5 Jordan January-April) As reported in telegram 3008 from Jidda, April 26, a letter from King Hussein to Prince Fahd described the U.S. Hawk missile system for Jordan as "abrogated" and stated "that Jordanians would take Saudi \$300 million contribution and use it wherever possible to obtain missile system." (National Archives, RG 59, Central Foreign Policy File, P840093-2064)

3. I allowed, in my own thinking, twenty minutes for amenities of this kind, but I needed almost twice that period. He seemed to be testing my patience. He and Anani exchanged glances; Fahd's eyes occasionally reflected amusement, as Anani strung out the translations. I enjoyed this by-play, smiled and acknowledged warmly each of his comments and compliments. Coffee, two sugared teas, and coffee again before the break came. I had waited almost forty minutes before he mentioned the Secretary's name, which provided the opening I needed. I remarked then, before he could exercise once more his royal prerogative of controlling the conversation, that I had requested the audience in order to convey a message from his friend, and I would like to present it. He smiled, he knew the preliminaries were over. He pulled his robe around him, and Anani sat up straight. They both displayed their readiness for serious discussion.

4. Fahd urged me to speak. I had followed Knabenshue's precept: "Don't hurry them," he told me one day after he had successfully achieved the protection of several hundred people in Baghdad in 1941, "urinate before you begin, remember they are as anxious as you are, don't blurt out anything in your eagerness, smile and express appreciation, and when you are ready pick up a word or a name to arrive at discussion of your business." He and Wadsworth and Murray and Satterthwaite were great teachers, but that was an age when experience was usually revered as more important than mere authority.

5. I gave Fahd the essence of the Secretary's message, which was well constituted and for which I thank you. I reminded him of the history of this matter since I took it in hand, omitting mention of our previous evasions and imprecisions concerning prices, and appealing to him on the basis of fundamental US and Saudi Arabian interests. I recited Hussein's warm expression to the Secretary of appreciation of Saudi generosity, his desire for a US missile system, his dismay at Rifai's press comments, and stressed Jordan's need, in our view, for an adequate air defense system.

6. Fahd said resentfully that Hussein's statements were similar to Rifai's. I clarified the matter for him, saying Hussein had indicated belief that the project appeared no longer feasible ("blown"), but that Rifai had been more specific in mentioning Saudi shortcomings.

7. To my satisfaction, Fahd said the Saudis liked and respected Hussein and regretted this difference between them. He then launched into a very harsh denunciation of Rifai. [17 lines not declassified] He said he would give me a list of Saudi contributions to the Jordanians over the years. "We have been very generous," he insisted, "but we don't even know where the money went."

8. I said I really didn't want his list. I would have to give him ours in return, but the exchange would merely prove that Saudis and we

are even more alike than we realize. (I'm not sure I got the point across, though he laughed.) I said it is not Rifai or Hussein who are paramount in our thinking. The Secretary has his eye on the main objective which is and must remain, whatever our difficulties with Rifai, to keep Russian material and military teams out of Jordanian territory. We are thinking of Saudi and American interests, and I repeated our conviction that Jordan has a real need for an adequate air defense. He (Fahd) is known as a man of vision, and I was sure he would see the need for us to do this job together regardless of distractions.

9. I then went through the process we would like them to approve, that is phase A (14 Hawk batteries and 100 vulcans), leaving accessories, maintenance service, etc., for phase B where we would take an active role not now possible because of our agreement with Congress. Whatever Rifai's policy or intentions might be, could we give him or anyone who thinks like him a victory? (Fahd did not like that thought at all.) If he and his Government agree, we would coordinate an approach to Hussein on 14 Hawk batteries and 100 Vulcans as a first stage and as the Saudi contribution. We would tell Hussein that as his best friends we are convinced that he should accept.

10. I went again through our thoughts for the second stage. Then I brought out the Secretary's line in his recent statement to Hussein that if he took steps leading to introduction of Russian material or personnel into Jordan, "it would lead to critical reexamination by the American public and the Congress of our traditional relationship with Jordan." I read this passage twice. Its impact on him was clearly visible. Fahd said he [*1½ lines not declassified*] agreed with us and would take your message to King Khalid and would give us a reply within a week. I spent the next few minutes impressing him with the fact that time is very short.

11. Fahd then informed me that Jordan's Crown Prince is due here on April 26. I said I had become aware of that for the first time today through the morning press. I asked if Rifai would accompany the Crown Prince. Fahd said he would not repeat not, adding that Shakir and one or two others would be with the Crown Prince. I inquired whether he had in mind to raise the subject of Hawks. He said he did not, but he could if it seemed desirable. [*3 lines not declassified*]

12. After some discussion, I reminded him of our offer to coordinate an approach to Hussein, if SAG desired, and if SAG approved our proposal, and I recommended that the Jordanian Crown Prince not be brought into the matter. It would be less likely to be complicated further, I said, if we and the Saudis make the recommendation for acceptance together or in parallel directly to Hussein.

13. Fahd then asked if we would be willing to give Hussein the idea that it would be advisable to change his Prime Minister. I said I

thought it would be very unwise for us to make such a suggestion at any time and especially in connection with the problem we had been discussing. Such a move could boomerang and harm far more important interests. He agreed, [5½ lines not declassified].

14. This wound up conversation on Hawks. I then asked his permission to raise the question of Americans incarcerated at Tabuk. He had no objection, so, after giving him the background, I requested him to order their release. They had merely visited Jerusalem and had returned to their jobs in Saudi Arabia. Israeli stamps in their passports may have been the cause of their arrest (they were not). They had not been charged and have been held incommunicado for a week. God help Christian pilgrims, I said. Fahd assured me he would help them too by ordering their release at once. He asked that they be issued new passports if theirs contain Israeli stamps. He urged this, he said, so that they would not suffer further inconvenience moving around or out of the Kingdom. I thanked him for his helpfulness. I have since learned that he did effect their immediate release. They were in our Chancery in five hours.

15. Finally, the Crown Prince asked me to obtain an extension of time for SAG to arrange purchase of certain items for the Defense Ministry. I said I would so recommend, and that is the subject of a separate message which you have received.

16. Accompanying me on my departure, he said I need not repeat not ask for appointments, that I should “just come any time.” I said this was a great compliment, but I would use the privilege sparingly. The real compliment came when he said I make him think. He was being polite. I doubt very much that Fahd bin Abd al-Aziz needs anyone to do that.

17. I think this represents progress. I have no idea how or whether he will weave the Jordanian Crown Prince’s visit into the fabric, but he is entirely capable of inducing the King and Cabinet to make a gracious and generous gesture on that occasion. We will try to monitor developments and will inform you of anything of significance. In any case, I will contact him again as soon as one week has passed. Meanwhile, the less said in Jordan the better.

18. Department distribute in its discretion.

Porter

179. Telegram From the Embassy in Saudi Arabia to the Department of State¹

Jidda, April 28, 1976 1605Z.

3076. Subject: Jordan Air Defense. For Assistant Secretary Atherton from Ambassador. Ref: Jidda 3060.

1. Subsequent to dispatch of reftel, I received more telephone calls from MFA asking if I would go to airport to greet Crown Prince Hassan as he departed from Jidda and "have a few words with him while I passed through the line." I replied in both cases that it would not be suitable for me to say to him in a line of well-wishers what I had on my mind, and that I needed a private appointment of at least fifteen minutes duration. Apparently the FonOff was in direct communication with Prince Saud. Finally, Protocol Chief Sonbol telephoned and said that they had arranged an appointment with the Crown Prince at the residence of the Governor of Mecca here in Jidda for three o'clock and they would be waiting for me there. I accepted.

2. I was ushered into a private room where I was soon joined by Crown Prince Hassan. You are well aware of his attractive physical appearance and his polite manner of expression. I said I wished I had met him before, and I told him of my trips from Jerusalem to Amman to visit his grandfather a few years ago. As it was already three o'clock, the scheduled time for his departure for Medina, I took up with him the matter which I said I know must have arisen during his conversations with Prince Fahd and others in the Saudi Government, and that was the matter of the missile defense system for Jordan. I recounted details of our efforts on this subject, and he indicated as I went along his knowledge of this or that aspect of our exchanges with the Saudis and the nature of the difficulties they had described to me. I told him that we consider that these difficulties were of a nature that should and

¹ Summary: The Saudi Ministry of Foreign Affairs arranged for Porter to meet with Jordanian Crown Prince Hassan at the end of the latter's visit to Jidda. Hassan indicated that King Hussein believed the U.S. air defense deal to be unworkable; Porter insisted otherwise.

Source: National Archives, RG 84, Jidda Embassy Files: Lot 79F80, DEF 12-5 Jordan January-April. Secret; Niact Immediate; Exdis. Drafted by Porter; cleared by Horan; approved by Porter. Repeated Immediate to Amman. Telegram 3060 from Jidda is in the National Archives, RG 59, Central Foreign Policy File, D760161-0093. Porter requested further guidance in telegram 3085 from Jidda, April 30, surmising that "Saudi leaders are torn by our warnings and their fears of Soviet influence in Jordan, by Jordanian tactics, and by their pride which impels them to resist what they consider to be a mixture of pressure and arrogance." (Ford Library, National Security Adviser, Presidential Country Files for the Middle East and South Asia, Box 30, Saudi Arabia-State Department Telegrams, To SecState-Nodis (11), 4/76)

could be removed. More important than difficulties and distractions, whatever their nature, was the need for him to impress upon his royal brother that ideas we had heard expressed about “turning to the Soviets” would do Jordan irreparable harm if they were implemented.

3. Hassan began speaking rapidly in a very low voice, in effect reviewing matters since his brother’s trip to Washington from which he had returned to Jordan disappointed because of our lack of clarity on the subject of the missile program. I made him aware of the fact that there were limitations on our ability to speak when his brother was in Washington, just as there are now, because we have not had an answer from the Saudis to certain alternative proposals which we had presented with a view to getting the program started. He indicated awareness of the nature of our proposals and added that his brother the King was averse to a “truncated” program. I commented that there was nothing truncated about it, that our proposals would get the program started, and would eventually over a reasonable period of time see Jordan equipped with an adequate air defense system. I said that we had carried to the Saudis his brother’s assurance of appreciation for their generosity and his desire to have an American missile system for Jordan which would be funded in part by a Saudi contribution. The material initially ordered would not be available until late in 1977 or 1978, and by that time we would have developed our ideas with respect to the second stage, much of which could not be used in any case until the basic equipment was in place. Here again he said his brother did not want vague assurances about a large part of the program, adding that some other formula should be devised.

4. I asked what he had said to the Saudis on the general subject of air defense in view of the apparent lack of agreement on the dimensions of the Saudi contribution.

5. Hassan said he had suggested to Prince Fahd that the latter come to Amman to see King Hussein with a letter which would state the Saudi commitment to an adequate Jordan defense system in specific terms. Fahd had replied, according to Hassan, that he would be glad to come, but that he would have nothing to say. It was difficult evoking a clarification of the meaning of Fahd’s statement from Hassan, who can be quite evasive in beautiful English, but I concluded that Fahd meant he would have nothing to say until the contradictions contained in the letter from King Hussein, which arrived three days after my last talk with Fahd, had been satisfactorily explained. I said that Prince Fahd would probably find it difficult to go to Amman or anywhere else, in view of the publicity this subject had been given, without a direct Jordanian gesture along the lines the King had authorized us to convey. The King’s oral sentiments expressed to us had unfortunately been adversely affected by the arrival of the letter and by press comment which wounded Saudi sensitivities. [2 lines not declassified]

6. I asked Hassan what kind of formula would suit King Hussein in view of his objections to a program of "two stages." Hassan said that he had asked Fahd to assume a moral commitment within a regional framework in which Jordan's defense requirements would be taken care of. He said Fahd agreed to consider this. I asked if some phraseology such as "a continuing program to insure an adequate air defense system for Jordan" would sound better to the King, and he said he thought it would.

7. Then he reverted to the need for Fahd to come and see the King. I said if this matter were ever arranged, there might well be some kind of meeting somewhere, but of course I could not speak for the Saudis in such matters at all. He said Fahd was hoping to see me and would I mention this to him. I said I could mention anything, but it seemed to me that first things should come first, and that the Jordanians should deal with the problems created for the Saudis by the letter they had received and by press comment that seemed to originate from official sources.

8. As we were getting nowhere, I again took up the line that it was absolutely urgent to convey to his brother the great harm that would be done to Jordan and to all of us if moves are made which would bring the Soviets and their material into Jordanian territory. He then spoke of the April 30 date which would end everything, and I made it clear that I did not accept that concept, adding that King Hussein should not think we are going to let go on this one. We will keep at it from every angle in an effort to ward off the damage that would otherwise be done to our relations with Jordan. He then said that we have to bear in mind that the King would go to Syria on May 2 (can you judge significance of that date?). I said it is not the matter of his going there, which is serious, but he should be extremely careful about what he says and does there because of the effect it will have on all of us. This was the end of our exchange.

9. I would judge that nothing has been concluded on subject between Saudis and Jordanians. I will see Fahd or Saud as soon as possible, probably Monday, and in meantime we will brief Saudis on essence of foregoing.

10. Dept pass to other addresses at its discretion.

Porter

180. Memorandum From the President's Assistant for National Security Affairs (Scowcroft) to President Ford¹

Washington, June 7, 1976.

SUBJECT

Saudi Arabia

Over the past two and a half years, Saudi Arabia has assumed increasing importance in the Middle East and in the broader international economic and political arena. The fundamental reason is that the Kingdom is rich, and will grow richer; its financial reserves, including invested funds, now total more than \$40 billion, and it is accumulating additional foreign exchange at the rate of about \$25 billion/year. It also produces about one-fifth of all oil outside the Communist world, oil on which Western Europe and the US will become increasingly dependent over the next decade. Although still reluctant to engage itself forcefully beyond the narrow national interest of protecting the Kingdom's territorial, political and religious integrity, Saudi Arabia is now in position where it can and sometimes does exert considerable influence in the Middle East (principally through providing or withholding financial support for other Arab Governments) and also on the world scene—by its actions within OPEC Councils and on matters broadly affecting the international economy (e.g., the North-South dialogue, world energy and monetary policies, assistance to developing nations).

In light of its special importance, I asked my staff to prepare for you a special background paper (Tab A) describing the regional and world roles of Saudi Arabia. The paper treats both political and economic matters and is divided into four sections: the Middle East, OPEC, the Less Developed Countries, and the Industrialized Countries. It summarizes the basis for potential Saudi influence, as well as Saudi policy objectives, in each of these areas. The actual performance has generally not matched the potential, in part because of problems in the Saudi leadership.

¹ Summary: Scowcroft provided a summary memorandum and larger background paper for President Ford on the state of U.S.-Saudi relations and on Saudi relations with other regional and world powers.

Source: Ford Library, National Security Adviser, Presidential Country Files for the Middle East and South Asia, Box 28, Saudi Arabia (11), 6/76. Secret; Sensitive. Sent for information. A note at the top of the memorandum reads: "The President has seen." Ford initialed the memorandum. Attached at Tab A but not published is a June 1 paper, drafted by the NSC Staff, entitled "The Role of Saudi Arabia in the Middle East, OPEC, and the International Economy."

Saudi Leadership Problems

King Faisal's death in 1974 has not altered the fundamentally conservative, western-oriented, anti-Communist perspective of the Saudi leadership. However, its titular head, King Khalid, is much weaker than Faisal and shares authority to varying degrees with other members of the Royal Family (particularly his more able half-brother Crown Prince Fahd) and close advisors in a loosely structured collective leadership arrangement. While the essential minimum of cohesiveness needed to govern the Kingdom has been maintained, problems are beginning to develop involving personal friction between powerful members of the Royal Family, divergences of view among them on individual policy issues, and the excessive self-indulgence of certain of them. This weakens the regime and, over time, could weaken the country's ability to cope with threats to its internal stability and basic policy orientation.

The new weaker leadership is presently confronted with two serious challenges: the profound socio-political impact of vast flows of money and foreign personnel into a tradition-oriented Kingdom, and the threat posed by increasing inter-Arab tensions with a resultant upsurge in radical influences working on the Kingdom from without and divisive viewpoints occurring within. These challenges have caused deep concern on the part of the Saudi leaders, a concern augmented by their perception of intensified Soviet efforts to penetrate the Arabian Peninsula/Indian Ocean area, taking advantage of moderate Arab disarray and apparent limitations on the ability of the US to react forcefully.

In reaction to the external threat, Saudi Arabia has joined with Kuwait in an attempt to bring about a reconciliation between Egypt and Syria which would strengthen the position of the Arab moderates, thwart the radical challenge led by Libya, Iraq and Algeria and discourage the USSR. The failure of these efforts thus far to produce significant results may be due to the relative weakness of the post-Faisal regime as well as to the intensity of the mutual alienation between Egypt and Syria. Nevertheless, Saudi efforts to strengthen the Arab moderates will continue. The Saudi leadership is also aware of the Kingdom's internal problems but apparently considers them less of an immediate danger and much more difficult in terms of agreeing upon a program for their resolution. In dealing with both their external and internal problems, the Saudis are counting heavily upon strong US support.

Saudi-US Relations

Saudi-US relations are good, solidly supported by mutual needs and benefits, similar political perspectives and decades of close cooperation. However, the Saudis are currently concerned over some important aspects of their relationship with the US:

—the general reliability of the US commitment to its friends throughout the world and the uncertain relationship between the Administration and the Congress (with the examples of Vietnam, Turkey, and Angola clearly in mind);

—Congressional initiatives on restricting arms transfers and on the Arab Boycott problem which the Saudis fear could undermine the long-standing USG commitment to Saudi Arabia;

—lack of progress in US efforts on the Middle East problem, and particularly on the Palestinian issue.

It is worth recalling that Saudi Arabia lifted the oil embargo against the United States in 1974 only after the first disengagement agreement between Egypt and Israel and a US commitment to King Faisal to obtain a similar agreement for Syria. Since then our negotiating efforts in the Middle East, including Sinai II, have received strong Saudi support, on the understanding that they will lead to an overall settlement. However, should the United States be unable to restore momentum to the peace process, we can expect a growing coolness in our relations with the Saudis. This would be due to disappointment over what they will perceive as our inability to overcome Israeli opposition and the consequent threat to themselves of a rising tide of Arab radicalism resulting from frustrations over Israeli rigidity and apparent US immobility in the peace process. We must expect that under such circumstances the new Saudi regime will be more inclined to protect itself by accommodation with other Arabs than to standing firmly against radical tendencies, even in isolation, as King Faisal used to do.

Saudi disappointment with the United States for pressing too hard on the Arab boycott/discrimination problem could also lead to a cooling in relations, but to a lesser degree than would a prolonged stalemate in negotiations. The Saudi reaction would tend to be a restriction of purchases from and investment in the US rather than a more fundamental change in attitude. However, this would tend to reinforce any disappointment caused by our inability to generate progress toward a Middle East settlement.

181. Telegram From the Embassy in Jordan to the Department of State¹

Amman, July 1, 1976, 0924Z.

3482. Subject: Jordan Air Defense—Soviet Offer. Ref: Amman 3479, Amman 3475 (both Notal).

Summary: Ambassador met with Army Commander in Chief Bin Shaker morning July 1 to review details Soviet offer. Soviets agreed provide up to 28 batteries, 100 SA-7 (improved) and 60 Shilka ZSU 23-4 DUNS on APCs with delivery over 3 years beginning in 1977 for total of 372 million rubles (ie about \$430M). King and Shaker have restructured Soviet request to 24 batteries of missiles and 72 Shilkas at \$517M, with same delivery times. Shaker believes on basis of what Syrians have told him that this "military" price could be reduced 40-50 percent when "political" price finally negotiated. Shaker says King is agonized by his problem and both he and King badly want Western equipment, even though Soviet offer is better militarily because of its high mobility. End summary.

1. As arranged yesterday with King Hussein, I met morning July 1 with Army Chief Bin Shaker to discuss military details of Soviet offer given to Jordan. Bin Shaker, by way of background, told me that military sessions in Soviet Union were businesslike and very open. He contrasted them to numerous neuralgic sessions he has had with us in "Pentagon basement". Contrast also was between purely military to military character of his talks and those in US which involved all sorts of unidentified civilians each on his own "crusade". In first three hour meeting Jordanians presented their wish list (large). Shaker said they told Soviets of their justification for air defense, described their target systems and drew on information from Syrians to relate to it their proposed defense equipment from Soviets. Soviets asked pertinent and direct questions. They offered to discuss tanks, helicopters and aircraft which Shaker said he wanted to defer until air defense system worked out, as a means of holding them off. Shaker concluded that Soviets definitely were trying to "entice" Jordanians by putting best foot forward.

¹ Summary: The Embassy reported on Pickering's meeting with Lt. Gen. Bin Shaker, at which the General relayed the Soviet offer for an air defense system for Jordan.

Source: National Archives, RG 84, Jidda Embassy Files: Lot 79F80, DEF 12-5 Jordan. Secret; Immediate; Exdis. Repeated Priority to Moscow, Jidda, and Tehran. Telegrams 3479 from Amman, July 1, and 3475 from Amman, June 30, are in the National Archives, RG 59, Central Foreign Policy File, D760254-1114 and P850107-2146, respectively.

2. The following day, the Soviets provided their offer. They agreed to supply 28 air defense missile batteries to Jordan over 3 years beginning in 1977. They offered 9 batteries (Soviets called them battalions) of SAM 2, 9 of a new and improved version of SAM 3, and 10 batteries of SAM [garble—6?]. Shaker was not clear when I asked him how many launchers were included in each battery (battalion). He did say that total offer was well beyond the US 14 Hawk batteries in numbers and launchers. In addition the Soviets offered 60 ZSU 23–4 guns mounted on an APC with each system containing a type of radar fire control unit. The total offer included ammunition, training costs and a long line of spare parts. Soviets offered to train Jordanians in USSR and did not insist on sending advisors when Jordanians made clear that “Jordan did not operate that way”. Instruction in USSR for Jordanian trainers would be given in Arabic. I asked Shaker for the price tag since I had been given different information by King and Prime Minister Rifai. Shaker said that the Soviet system as offered would be priced at roubles 372 M, which he assumes is about \$430–440M at current exchange rates.

3. Shaker went on to explain however that figure given to me yesterday by King Hussein of \$517M covered a restructured package in which the Jordanians are interested. Shortly, Shaker said, he will tell the Soviet Ambassador that he is not interested in the SA–2 which is old and is heavy on manpower. Jordanians want to increase the number of SAM 3 and SAM 6 batteries and Shilkas to approximately 12 SAM 3 and 12 SAM 6 and 72 Shilkas. From the price lists which the Soviets have given Jordanians, Shaker estimates restructured package would cost them in terms of Soviet quoted prices about \$517M. They want the new package all in three years as well. (Since Rifai told me that Soviet production schedules were main factor driving the original Soviet offer, the new package would presumably require some shifts in Soviet priorities).

4. Shaker did not give me exact delivery schedules but a note in Arabic in his files seemed to indicate that deliveries would be made in the terms of the original offer of 11 batteries in 1977, 11 in 1978 and 9 in 1979.

5. I asked Shaker where he thought Jordan would get the money for this deal. He said that point is primary preoccupation of the King, but that Syrians had said that Soviets would give a 40–50 percent “political” reduction over the military price. I said that still left a lot of money to be paid. Shaker said that maybe they could get a grace period or some kind of long term loan or help from other Arabs. I asked what Jordan would have to do to get the “political” price. Shaker said he did not know, but he was sure that King would not accept anything dangerous to himself or the regime. Shaker again reassured

me that in spite of the military value of Soviet equipment, especially its mobility and low price per unit, he wanted, and he was sure King wanted, to buy Western equipment if any way could be worked out to do so.

6. Shaker said he was aware of the Shah's indication to the King that Saudis had promised Iran they would fund \$500M for a Western system. He said that somehow he and King did not trust this promise; the Saudis had said the same thing before. Shaker was fully aware of Saudi complaints to Rifai last month about Jordan's dealings with Syria. (Iranian Ambassador has just called to tell me that Rifai will be going to Tehran to report to Shah as soon as he can set up an appointment).

7. Concerning the equipment itself, I asked Shaker for his evaluation. He noted that he had not seen it, but his experts had been shown it and there was included in the offer a new version of the SAM 3 which the Syrians did not have. He also added that the offer included 100 new SA-7's. He said it was a new version which compared favorably to or was better than the Redeye (which Jordan now has). He also said that his people were shown a new aircraft which the Soviets called the Su-22 (Sukhoi 22). His people claimed it was very much like the F-16, built as an air-to-air fighter and ground attack plane with a great deal of sophisticated, computerized equipment. The plane was demonstrated by a Soviet Brigadier General who rolled the plane on take-off just a few feet over the runway.

8. Shaker said he met with Soviet Air Marshall Kutakhov, another Marshall (ground forces) who was his superior in the Defense Ministry and a Lieutenant General of Engineers. His talks on substance were held in a building called the Engineering Directorate which, he said, is where the Soviet Defense Ministry organizes its foreign sales program.

9. I asked Shaker if he felt that he could operate and maintain complex Soviet systems in short period implied by delivery times without any Soviets coming to Jordan. Shaker said he was convinced that Syrians could not do so—they still had many Soviets in their air defense forces—but he was sure Jordan could do it.

10. Dept please pass DOD.

Pickering

182. Memorandum of Conversation¹

Washington, July 6, 1976, 7–8 p.m.

SUBJECT

Meeting with Saudi Prince Abdallah

Saudi Arabian Participants

HRH Prince Abdallah bin 'Abd al-Aziz al Sa'ud
HE Shaikh Abdul Aziz al-Tuwaijiri
The Ambassador of Saudi Arabia, Ali Abdallah Alireza

United States

The Secretary of Defense, Donald H. Rumsfeld
Military Assistant, RADM M. Staser Holcomb
Deputy Secretary of Defense, William P. Clements, Jr.
Assistant Secretary of Defense (ISA), Eugene V. McAuliffe
Deputy Assistant Secretary (NEASA), James H. Noyes
Country Director, Saudi Arabia, Colonel William A. Fifer, USA
U.S. Army Project Manager, SANG Modernization, BG Richard D. Lawrence

The Secretary opened by again welcoming Prince Abdallah to the United States and expressing his appreciation for this opportunity to exchange views. *The Prince* replied by expressing his thanks for the invitation, particularly on the occasion of the Bicentennial celebrations. He added that these celebrations remind him of the great forefathers of our country and the principles they selected as the foundation of our democracy. He hoped Americans would continue to follow and abide by the principles of justice and right.

The Secretary added that it is good for our people to celebrate this Bicentennial, as it reminds us of the importance of these principles and is an opportunity to rededicate ourselves. It also pleases us to know so many other nations are celebrating with us, that many foreign guests are visiting the United States this year and, in particular, His Highness. Although he had not yet had an opportunity to visit the Kingdom, the Secretary wanted to assure the Prince that Saudi Arabia has many friends in the United States, in the government and, in particular, within the Department of Defense.

¹ Summary: Prince Abdallah and Secretary Rumsfeld met to discuss arms for the Saudi National Guard and the general U.S.-Saudi military relationship.

Source: Washington National Records Center, OSD Files: FRC 330–79–0049, Saudi Arabia 000.1–399 1976. Confidential. Drafted by Fifer; approved by Rumsfeld. The meeting took place at Anderson House. Prince Abdullah visited the United States July 6–20, meeting with Rumsfeld, Kissinger, and President Ford.

Prince Abdallah responded that he hoped these good relations would increase. He then asked the Secretary whether or not he planned to visit the Kingdom shortly. *The Secretary* stated he had hoped to do so, but, because of scheduling problems and meetings with Congress on the defense budget, he had been forced to postpone the trip until later. He added he appreciated the invitation and hoped to visit the Kingdom soon. *The Prince* commented that he wanted to be there when the Secretary came.

The Secretary mentioned that just that afternoon he had met with the admiral who had been in charge of our force in Bahrain, and that they had discussed the on-again/off-again status of our arrangements with Bahrain. He stated that his feeling about U.S. forces stationed in various places around the world is that a desirable relationship has to be based upon the mutual interests shared by both countries. *The Secretary* asked the Prince for his views on the continuation or discontinuation of the force.

Prince Abdallah replied that such issues must be considered in the overall context of the Middle East situation and our relations. He pointed out that, although our countries have excellent relations, the Saudis frequently are placed in an embarrassing position as a result of our friendship. Often, other Arabs accuse them of being lackeys of America, limited to parroting the American line. He observed that this is not true, that there has been a free exchange of ideas, and sometimes we agree but other times we disagree. *Prince Abdallah* emphasized the threat of communism to the Middle East. He pointed out that the Arabs no longer speak of throwing the Jews into the sea—that all they ask for is justice and right. However, with each passing day the case becomes more complicated. There is an opportunity now to work towards a solution, and the United States is the key to solving this problem. The Saudis feel they are the only country in the region opposing communism; they were disturbed by the turn of events in Southeast Asia, Pakistan, and Angola.

The Secretary observed that Soviet influence in the region has been complicated by their buildup in Somalia and the current Jordanian interest in Soviet missiles. He added, however, that as far as standing alone the United States is firmly anti-communist and dedicated to the principles of freedom.

Prince Abdallah stated that the Saudis realize this is our policy, but would very much like to see some tangible evidence of our intentions. He felt the American Congress is to blame. He observed that they have even blocked an adequate defense budget.

The Secretary stated that there are two important factors: *first*, President Ford understands the threat very well and is determined to see that the United States carries out its responsibilities to stop the adven-

turism and expansionism of the Soviet Union; *second*, that our Congress tends to be fairly responsive to the will of the American people. Their mood is moving toward a recognition of the threat; as an illustration: this is the first time in eight or ten years that the Congress has responded to the defense budget request in a much more supportive way. The views of the American people are shifting. History suggests this is our pattern; the pendulum swings far, but it always returns.

Prince Abdallah urged that the Department of Defense continue to give a high priority to assisting the Saudi armed forces. He stated that his National Guard program was in good shape, but that the regular army often had to wait a very long time to receive shipment of equipment. He commented that he felt it was important for America to show its support for the Arabs to eliminate any suspicions or rumors among the people. He noted that many Arabs believe that the Americans are behind the tragic events in Lebanon, and that the Saudis are accused of the same because of their very close relations with the United States. He said other Arabs criticize what seems to be Saudi inaction in Lebanon, and attribute it all to American influence.

The Secretary noted that rumors are always spread to cause problems. They must be put down by strong leadership. *Prince Abdallah* agreed, and added that the Russians and their friends spread these rumors but the Saudis are doing their best to fight them.

Mr. Clements commented that the very fact that we do work closely with the Saudis and support them is a positive fact which should work to refute the rumors. Others can see the benefits of our close historical relationship that has been built up on a basis of mutual consultation and interest.

Prince Abdallah said he hopes we can maintain our good relations, but doubts are sowed in cases like military assistance for Egypt—a key country in the region that stands in the face of communism—and yet when they asked for a paltry six transport airplanes, the entire American Congress rose up in protest. *The Secretary* observed that although there had been some opposition, the sale was approved. He pointed out that in our country each individual has the right to stand up and give his opinion; that in our Congress there always is debate on both sides; but, in the case of the planes for Egypt, in the end they were approved almost without objection.

Prince Abdallah urged that we continue to support President Sadat. *The Secretary* agreed and added that President Ford does, too. He said that this is our intention, plan, and pattern. However, it is unrealistic to expect that in helping another nation there will never be any dissent. However, the majority of the American people will support a sensible policy for the United States. *The Secretary* pointed out that the American people like to feel that what they do in the world is supported by

others; for example, we believe the presence of Middle East Force in Bahrain is to the benefit of America, Saudi Arabia, Bahrain, and the region. *Prince Abdallah* observed that was why he had digressed on the importance of American support and the evidence of such support. Many people in the region believe that America will not support them, citing the experience of Pakistan and Angola as examples. The Saudis tend to doubt the usefulness of the Middle East Force, particularly if it is inadequate in size to deal with most situations, or it is not used. Some even claim that American forces such as this one are responsible for coups and insurgencies that occur. *The Prince* acknowledged that these rumors are not true, but are spread by our enemies.

The Secretary asked for specific examples of such rumors. *Prince Abdallah* recalled that during the Cuban missile crisis the United States took immediate steps to force the withdrawal of the missiles, but in the case of Angola the Cubans were able to send large numbers of military forces there and we seemed unable to do anything about it. This was a surprise and a disappointment to the Saudis.

The time available for the meeting ended. As guests were waiting for the reception to begin, *the Secretary* thanked Prince Abdallah for this opportunity to exchange views. *The Prince* repeated that the free world hopes we will remember the principles on which our nation was founded and not abandon our responsibilities.

NOTE: The following evening at a stag dinner hosted by DepSecDef Clements for Prince Abdallah, the subject of Middle East Force came up again in the conversation. *Mr. Clements* pointed out that we considered the views of the Saudi Government to be the most important factor; we preferred to continue the force in the area, but would defer to Saudi desires. *Prince Abdallah* stated that they prefer the Gulf to remain neutral, but if forced to take a choice between an American or Soviet presence, naturally they prefer the American presence. Bahrain is a sovereign state and in the end it is their decision to make. Whatever Bahrain decides, Saudi Arabia will accept.

183. Memorandum of Conversation¹

Washington, July 8, 1976, 12:40 p.m.

SUBJECT

US-Saudi Relations

PARTICIPANTS

SAUDI ARABIA

HRH Prince Abdallah bin Abdulaziz al-Saud, Second Deputy Prime Minister

and Commander of the National Guard

H.E. Shaikh Abd al-Aziz Tuwayjiri, Deputy Commander, National Guard

Ambassador Ali Abdallah Alireza

US

The Secretary

Deputy Secretary of Defense William P. Clements

Assistant Secretary of State (NEA) Alfred L. Atherton, Jr

Francois M. Dickman, Director, NEA/ARP (Notetaker)

Najib Najjar, Interpreter

Abdallah: It is very nice to be here. How old is this building?

The Secretary: I think it is about 15 years old. I believe it was intended to be a hospital originally. When I walk down the halls, I expect a door will be open and there will be an operating table ready. I do not know who the architect was, perhaps there was no architect. You know Your Royal Highness, one of the reasons I travel so much is because I hate low ceilings (laughter).

Abdallah: It is well known, of course, that you have beaten all track records.

The Secretary: Well, I have not had a chance to be in the Kingdom for nearly one year.

(Deputy Secretary Clements enters.)

The Secretary: (pointing to Clements) You realize Your Highness that you have two Ambassadors here—your own and Deputy Secretary of Defense Clements. They in Defense don't let me sit in their meetings (laughter). I am very pleased that you have been able to visit us. How is the visit going so far?

¹ Summary: Kissinger and Clements met with Prince Abdallah to discuss arms sales and the status of the Jordanian air defense problem.

Source: Library of Congress, Manuscript Division, Kissinger Papers, Box CL 209, Geopolitical File, Saudi Arabia, May 11–August 4, 1976. Secret; Nodis. Drafted by Dickman. The meeting took place in Kissinger's office at the Department of State. Pickering reported on Hussein's July 4 visit to Riyadh in telegram 3552 from Amman, July 6. (National Archives, RG 59, Central Foreign Policy File, D760259–1029)

Abdallah: Very well. I am very happy with the visit and the friendly atmosphere.

The Secretary: You are among friends. I want to tell you that I have a feeling of great affection for the Kingdom and for the late King Faisal. I admired him very much. I do not know King Khalid as well but I have great respect for him as well as for Crown Prince Fahd.

Abdallah: The late King Faisal as well as King Khalid and Crown Prince Fahd have the greatest respect for Your Excellency.

The Secretary: I appreciate that. I remember well that in my negotiations in the Middle East, the influence of King Faisal and Prince Fahd was extremely important and very constructive.

Abdallah: For all the steps taken by Your Excellency, they wished you success in your endeavors and they are looking forward to further efforts.

The Secretary: I expect that negotiations in the Middle East will resume after the elections and that we can advance on the progress that has been made.

Abdallah: We wish that the negotiations in the Middle East had never stopped but had continued.

The Secretary: We all have to face certain concrete circumstances. Some have occurred on our side but some have occurred on the Arab side. Without a united Arab front, it is very difficult to conduct effective negotiations. Therefore, we have welcomed the efforts of Saudi Arabia to bring Syria and Egypt together. We think that Syria, Egypt, and Saudi Arabia, together with Jordan, have the elements needed to achieve a peace in the Middle East.

Abdallah: I hope so, God willing. As Your Excellency is aware, we are exerting our greatest efforts to bring these countries together.

The Secretary: Yes, we appreciate everything you have done. Do you think there is anything that the US could do?

Abdallah: I have many suggestions.

The Secretary: I would be very grateful for any thoughts you have.

Abdallah: (pausing) Do you smoke? (pulls out cigarette)

The Secretary: No thank you. I never learned how to inhale.

Clements: But he exhales very well. (laughter)

The Secretary: (to Clements) I understand you are going to be in charge of the Republican campaign.

Clements: No, I don't think so.

The Secretary: Secretary Clements is a good friend of Saudi Arabia. If I could make him feel the same way about the State Department, Defense and State would work beautifully. (laughter)

Clements: Dr. Kissinger and I have no disagreement about US Middle East policy and especially about our policy toward Saudi Arabia.

The Secretary: The only disagreement we have is that he would like to conduct foreign policy from the Pentagon. (laughter) Your Royal Highness, you mentioned you had some ideas on what the US could do.

Abdallah: What I want to say is that the US has a great responsibility for achieving a settlement in the Middle East. Because the interests of the US and Saudi Arabia are the same, we must be concerned that the Russians not penetrate into the Middle East. We know that the US does not condone Russian penetration . . .

The Secretary: (interrupting) We oppose it.

Abdallah: . . . but we find ourselves between two groups: one which says that we follow the US in whatever it says and does, another which says that we are in agreement with the US over what is going on in Lebanon. As you know, we are exerting every effort to bring the parties in Lebanon together as well as to bring the Syrians and Egyptians together.

The Secretary: We are proud when Saudi Arabia says that it agrees with us but we do not believe that Saudi Arabia follows us. You know of the efforts to bring the parties together. We believe the Lebanese civil war must be brought to an end because otherwise there can't be peace in the Middle East.

Abdallah: What I have referred to is not spread by us but by the Soviets.

The Secretary: I know, but what concretely does Your Royal Highness think the US can do?

Abdallah: Well, as far as we are concerned, we are pressing in every way we can the Syrians, Palestinians, Moslems and Christians in Lebanon.

The Secretary: Earlier in the Lebanese civil war, the US was accused of colluding with the Egyptians; now we are accused of colluding with the Syrians. This is not true. We will do whatever we can toward a solution. We want all the Arabs to come together, we think that would be the best solution from our point of view, especially for those Arabs who want to keep the communists out of the Middle East. Excuse me, just a minute, I want to introduce my son David.

(David Kissinger enters briefly)

The Secretary: (introducing David to Prince Abdallah and other participants): He is leaving for two weeks to go to Boston.

Abdallah: Like father like son, there is a strong resemblance between the two of you. (David exits)

The Secretary: He is at an age when young people rebel against their parents. I have told him I have no guilt feelings and that I am not a loser, so there has not been a rebellion. (laughter)

To come back to our conversation on Lebanon, our difficulty is that we don't know what the US can do constructively, to be very frank with you. We support your efforts.

Abdallah: What we really want from you is to stop Soviet encroachments.

The Secretary: That we will do our best to accomplish.

Abdallah: The thing is to stop Russians from flourishing through situations of poverty, destruction, and violence that exist.

The Secretary: We agree and we are trying to contain the Russians wherever we can. I think it would be very helpful if we could work something out with Jordan on the Hawk missiles. It would be a tragedy if Soviet equipment were introduced into Jordan together with Soviet technicians.

Abdallah: King Hussein was in Riyadh a day or two ago to discuss this.

The Secretary: Our impression is that these were good talks. We have received a report from Amman. (Turning to Mr. Atherton) Have we heard from Jidda?

Atherton: No, but we have had a very detailed report from King Hussein.

Abdallah: The late King Faisal promised King Hussein that Saudi Arabia would finance the Hawks which were originally to have cost \$300 million. King Faisal passed away. However, King Khalid took upon himself to fulfill any commitments that had been made by King Faisal. Meanwhile, the prices went up. The Jordanians came to see us. We reaffirmed our earlier promise but the Jordanians said that these funds were not enough and that they would try to secure missiles from the Soviet Union. We told the Jordanians they should not go to Moscow. We would finance missiles purchased either from the US or Western European countries. Subsequently we heard an Anglo-American project was being presented.

The Secretary: (interrupting) Yes, but King Hussein did not want it.

Abdallah: King Khalid lately agreed to raise the amount from \$300 to \$500 million to be paid over a period of ten years on the one condition that missiles be purchased from the US or other friendly nations. But King Hussein went to Russia without informing us. We advised him that he was playing in matters which really were not in his interest.

The Secretary: You are right. We think that with the \$500 million from Saudi Arabia, we can come very close to meeting King Hussein's requirements. There were a lot of people who were urging us to get

in touch with Hussein before he went to Moscow. We did not do so. We did not want to be blackmailed by the Soviet Union. I had the impression that the Kingdom had come to the same conclusion. In any event, we think the decision of His Majesty King Khalid to increase the offer to \$500 million will enable us to make a proposal which we think King Hussein will now be prepared to accept—(turning to Mr. Atherton) don't you think so Roy?

Atherton: Yes, if Hussein reduces his requirements a little.

Clements: If Hussein agrees with our proposal, it will have the advantage that Jordan and Saudi Arabia will have the same standard system. Both systems will be completely interchangeable.

Abdallah: My personal feeling is that King Hussein is very dedicated but there are some people around him who influence him in ways that are against his interests. Why should Jordan threaten the US or Saudi Arabia with going to the Russians? After all, it is we who are helping the Jordanians.

The Secretary: I am glad that we did not send missions and that you did not send missions to Amman when we both heard that Hussein was going to the Soviet Union. I think that if Hussein should go ahead with the Soviet deal, it would lead to the destruction of the monarchy in Jordan.

Abdallah: I agree.

The Secretary: I think it is a wise decision for Hussein to resume talks with you on the Hawks. A little more move in both directions should permit some acceptable proposal to be worked out. Your Royal Highness, our guests are waiting upstairs and we can continue our talks a little longer after the lunch.

Abdallah: (rising) I want to make just one point very briefly. It is very important that the US continue its political and economic support of Egypt and also of the Sudan.

The Secretary: We are doing this. I do not know if you saw the message which President Ford sent to President Nimeiri congratulating him on his ability to overcome the coup.

(Meeting resumed in the Secretary's office at 2:45 pm following the luncheon on the Eighth Floor.)

Abdallah: (after presenting a curved dagger attached to a plaque to the Secretary) I would also like to present you and some of your colleagues with a small token (a tie clasp). I know that US Government laws forbid you from accepting any gift of significant value. Actually this is a good idea. It is in our interest as well, since we can save something. (laughter) (Tie clasps presented to Mr. Atherton and Mr. Dickman.)

The Secretary: I simply wanted to sum up by saying that we attach great importance to the role the Kingdom has played.

Abdallah: I want to say that I like to be with a truthful friend. After the events in Pakistan, Vietnam, and Angola, people have started to point to us and say look—see what happens to America’s friends. The Americans have abandoned them. There are many who are doubtful that the Kingdom should be so closely identified with the US. We have to combat these rumors but we would like you to [do] something.

The Secretary: I understand these concerns. With regard to the events in Pakistan, this was largely the fault of Yahya Khan who behaved very foolishly. With regard to the other two events, you are quite right. We have had a very difficult time, it has been a very difficult period for the Executive because of Watergate and the intelligence investigation; but I think that after the elections our Executive authority will reassert itself and gain very much. I agree that we have to act decisively and I think our friends will not be disappointed.

Abdallah: This is what we hope and this is what we are trying to convince other people that the US has been and still is holding loyalty toward its friends. We see what is going on in Somalia. The Soviet Union has the guts to push itself there and gain a position of influence. At one time, the US had such prestige that such Soviet adventures would have been impossible. Look for example what happened in Cuba when Castro deployed the rockets. He removed the rockets two days after the US took decisive action. Yet we see Cubans in Angola.

The Secretary: As your Ambassador knows very well and can tell you what happened, because of opposition in Congress, we were unable to take the action that we wanted.

Abdallah: I know this, but this Congress, it is like a disease.

The Secretary: I think the situation will improve after the elections.

Abdallah: You see a state is like a person who has prestige, if he is strong and decisive. Once the prestige is lost, then the position of the state is lost.

The Secretary: I believe we will be seeing each other again tomorrow night, and I look forward to continuing our discussion on that occasion.

184. Memorandum of Conversation¹

Washington, July 9, 1976, 10:30 a.m.

PARTICIPANTS

President Gerald R. Ford
Abdallah bin Abd al-Aziz-Saud, Second Deputy Prime Minister and Commander
of the National Guard of Saudi Arabia
Dr. Henry A. Kissinger, Secretary of State
Sheikh Tuwayjiri, Deputy Commander of the National Guard for Finance and
Administration
Ali Alireza, Saudi Ambassador to the United States
Najib Najjar (Interpreter)
Brent Scowcroft, Assistant to the President for National Security Affairs

[There were words of greeting about the bicentennial before the group was seated. The press entered and photos were taken. The press departed.]

Abdallah: The press traditionally takes too many pictures.

The President: They are a pest, but pictures do represent nice mementos of the meeting.

I know you have been staunch supporters of the United States over the years and we are extremely grateful.

Abdallah: This is the duty of friends to each other.

The President: We think our friendship has been of benefit not only bilaterally but in the whole area.

Abdallah: This is the truth.

The President: We are grateful for the strong position that your government took on oil prices. We think it is the right thing to do in terms of the economic recovery and it's in the long term interests of both producers and consumers. As I am sure you know, we are doing our utmost to be helpful to the political settlement in Lebanon and we want to move as rapidly as possible to a settlement in the Middle East as a whole.

Abdallah: This is a true fact, expressed brilliantly yesterday by the Secretary of State. The dilemma we are in is that rumors are spreading that we are in collusion. As you are aware, these rumors are spread by the enemies of us both—the Communists.

¹ Summary: Ford, Kissinger, and Abdallah discussed aid to Egypt, the Middle East, the upcoming U.S. Presidential election, and the Jordanian air defense problem.

Source: Ford Library, National Security Adviser, Memoranda of Conversation, Box 20, Chronological File. Secret; Nodis. Brackets are in the original. The meeting took place in the Oval Office at the White House.

Kissinger: [Tells the story about Jumblatt handing an envelope to Asad—interpreted as a payoff when reported in Jidda.]

The President: True stories spread less rapidly than lies.

Abdallah: That is very true. You have to be patient.

The President: I know you are the Commander of the National Guard. Are there any problems you need to discuss?

Abdallah: Thank you. So far everything is going very well, thanks to the efforts of the Secretary of Defense. I would like to discuss the issues which interest friends. I have discussed them with the Secretary of State and Secretary of Defense and would like to give you a summary.

The President: Please do.

Abdallah: The United States has a great responsibility being the leader of the free world. This responsibility I hope and pray the United States will retain forever, because we as your friends have been embarrassed on many occasions. For example, with Pakistan, Vietnam and Angola. We were told by people to look at the way you abandon your friends. The fact is we have been embarrassed by those accusations by the Arab people. It is known that the United States stands by its friends no matter what the situation is. But this talk was exploited by the Communists. This is my first point.

The President: In the situation in Vietnam and Angola, I wish we could get across the point it is necessary to differentiate between the President and Congress. I think there is a shift in Congress today, because the American people realize there were mistakes and that we can say to our friends we will stand by them and that Congress will support us in the future.

Abdallah: I am convinced you want to do many things and are held back by Congress. I wish and pray for your success and for more reasonableness and understanding in the Congress.

Kissinger: This will test His Royal Highness's standing with God.

Abdallah: I wish you well and so long as what is in your heart is goodness and faith in your country, God will make you succeed. The world needs badly men like you, because this is a crazy world.

My second point is the Middle East. I hope your Excellency will win, with God's will, these elections. So your very action and also the Secretary, my friend Kissinger, can start to move things. We leave these things to your conscience. Your forefathers founded this country on justice. You will not do less.

The President: Let me assure you that after the election we will take action in accordance with the aims and principles you have in mind.

Abdallah: That is what we expected. The third point is Egypt and the Sudan. I assure you the stand of Sadat is stronger than ever and

he needs more support and aims. We have done all we could and continue to do so. Lately, we have given \$700 million. This doesn't mean they can do away with the assistance of the United States.

The President: We gave \$800 million last year and about \$700 this year.

Kissinger: Plus about \$200 in PL-480, so it is close to \$1 billion. We are also helping them to get assistance from Western Europe and Japan.

The President: Last week I talked with Prime Minister Miki. He assured me that Japan would double what they gave last year. I was very impressed with President Sadat. He is a fine leader and we support what he is trying to do internally and otherwise. I also met the President of Sudan recently and was very impressed with him. I was pleased that he was able to put down the eruption. We have many misgivings about Libya.

Abdallah: The world is full of crazy people. Qaddafi is one of them. We are concerned over Soviet bases in Somalia.

The President: We share that concern.

Abdallah: The U.S. has the obligation and I hope after the election you will review your stand with your friends and against communism. The rule of government is prestige—if prestige disappears, the government is lost.

The President: We will take a firm stand against the Soviet Union, in the Middle East and elsewhere.

Abdallah: One more point—Jordan. As I told Secretary Kissinger, we kept our promise to Jordan—it was for \$300 million. When King Khalid came to power, he kept it. King Hussein then started to say things against you and us. King Khalid decreed that the amount should be increased to \$550 million over a period of ten years. So we hope King Hussein will be a reasonable man and will accept it. If he won't, we don't know what more we can do.

The President: We appreciate what you have done. We hope now the Jordanians would buy the American system. How does it stand?

Kissinger: It looks like they will go that way. I think it would jeopardize the monarchy if they tied up with the Soviet Union.

Abdallah: We told them the money was available only for purchase in the United States or from friendly nations.

The President: I think it would be serious for Hussein to turn to the Soviet Union.

I understand you have been most generous in bringing some bicentennial gifts.

Abdallah: If it were not for your regulations, we would have done something more fitting. These are only symbolic.

185. Telegram From the Department of State to the Embassy in Saudi Arabia¹

Washington, August 1, 1976, 0940Z.

190450. For Ambassador from the Secretary. Subject: Sidewinders for Saudi Arabia.

1. As you know, we have pending for formal submission for Section 36 (B) congressional review, a letter of offer for 2,000 Sidewinder missiles for Saudi Arabia. This issue has become a highly contentious item within and without Congress.

2. By way of brief background which you may or may not have, we sold the Saudis 300 Sidewinders in 1974 to support their original F-5 purchases. A total of 100 has been delivered and 200 remain on order. In October 1975, the Saudis submitted an additional request which included war reserve inventory and requirements for training through 1981 which totalled 4,468. To respond to the Saudi request, DOD performed an analysis based on same threat as the 1974 DOD survey of Saudi armed forces of two front engagement involving a small and a large state neighboring Saudi Arabia. DOD projected a scenario of a simultaneous attack of PDRY and Iraq. Study concluded Saudis would need for war reserve, training, and 10 percent maintenance float 2,400 missiles. Saudis accepted methodology used, which is same used by USAF to determine U.S. requirements, and amended their request to 2,000 at cost of dollars 57 million. Delivery would begin late in 1978 and continue until early 1980.

3. Initial 20-day advance notification of 2,000 Sidewinders was sent to Congress on June 9. Formal 30-day notification, which should have come after June 29 was delayed because of congressional recess. Our intention was to submit formal notification after Congress back in session. Meanwhile, however, details of classified briefings which was

¹ Summary: Kissinger provided background and guidance for Porter regarding congressional opposition to the pending sale of 2,000 AIM-9 Sidewinder missiles to Saudi Arabia.

Source: Ford Library, National Security Adviser, Presidential Country Files for the Middle East and South Asia, Box 29, Saudi Arabia—State Department Telegrams, From SecState-Nodis (6). Secret; Immediate; Nodis. Drafted by Dickman; cleared by Atherton, Robert J. McClosky (H), and Vest; approved by Kissinger. In the subsequent telegram 190466 to Jidda, August 1, Kissinger instructed Porter to present the Saudis the alternative of splitting the sale in two, with half of the missiles to be sold after the elections. (Ibid.) Porter responded, in telegram 5853 from Jidda, August 28, indicating that the Saudis appeared inclined to link, in part, the sale of the missiles to oil prices, and concluded: "We appear to be heading for a 'crunch' which would be highly damaging to U.S. interests." (National Archives, RG 59, Central Foreign Policy File, P850071-2591, N760006-0540)

given to Congress during advance notification period leaked. We have been warned to expect resolutions against the sale to be tabled in Senate by Senators Ribicoff, Stone and Case and by Congressman Rosenthal in House if administration formally submits sale for congressional review.

4. Press has been giving increasing attention to issue. Today's Associated Press report written by Ken Freed incorrectly alleges that I have ordered a re-evaluation of sale of Sidewinders and that I have changed my mind after some Members of the House and Senate said they would fight the arrangement. Media has also played up danger that Saudis could transfer some of Sidewinders to other Arab nations.

5. We have been keeping Saudi Embassy informed in general terms status of request but, particularly since Ambassador Alireza is not here, believe you should now go to Saudis at level you deem most appropriate and review the Sidewinders sale making the following points:

—There are elements in Congress and on the outside that want to make trouble. There is also a growing anti-arms sale sentiment in Congress.

—Congressional objection has not centered on the principle of the sale but on number repeat number of missiles, which some are arguing is excessive.

—However, since this is a period just before elections, I am concerned that Sidewinders sale may become a major political issue which will stimulate a great deal of public agitation which would be helpful neither to ourselves nor to the Saudis.

—It is not correct, as AP story alleges, that we are re-evaluating this sale, which we negotiated in good faith in spirit of the special relationship between us. We have every intention of fulfilling the transaction. In order to do so, this requires submission of letter of offer for formal thirty-day review by Congress, and the only question is one of timing.

—To avoid this becoming a contentious pre-electoral issue, which would only give some elements an opportunity to seek to damage U.S.-Saudi relations, we believe it would be preferable to defer submitting the request to Congress until after November elections. We have also considered as an alternative submitting part of the request now and the balance at a later date, but are concerned that critics of this sale would seize on this to seek to tie our hands for the future. Before we take any action in this matter, we would appreciate receiving Saudi views.

Kissinger

186. Telegram From the Embassy in Saudi Arabia to the Department of State¹

Jidda, August 9, 1976, 1500Z.

5482. Subject: Jordan Air Defense. For the Secretary from Ambassador. Ref: (A) State 196840; (B) Jidda 5438.

1. I was summoned today at 1300 to meet with Foreign Minister Prince Saud who immediately began to lament the lack of progress we had been able to make in solving the question of financing of the Jordan air defense package. Since he had raised the subject and since I had been authorized to do so, I broached with him the method of payment proposed reftel A which would regard all Saudi payments for all FMS cases as a single entity, including the Jordanian Hawk purchase. I gave Prince Saud a paper on the subject that I had brought with me to the meeting in the event it seemed appropriate to make the proposal without awaiting the comments on alternative financing suggestions requested reftel B.

2. Prince Saud expressed great satisfaction at our proposal, and said that as far as he was concerned this should solve the problem and enable us to conclude the matter. He said, however, that he would have to get the views of others concerned (no doubt MinDef Prince Sultan). He said that he would be back to me tomorrow with the official SAG response.

3. COMMENT: Saud's reaction was extremely positive. I hope that Prince Sultan will share his enthusiasm. Despite his intentions, it might not be possible for Prince Saud to give me an official response by tomorrow. Sultan is in Abha preparing for the King's visit to that region and it might therefore take more time than that to get his views.

Porter

¹ Summary: In conversation with Prince Saud regarding the Jordanian air defense package, Porter proposed a streamlined procedure for Saudi FMS purchases and payments.

Source: National Archives, RG 84, Jidda Embassy Files: Lot 79F80, DEF 12-5 Jordan. Secret; Immediate; Exdis. Drafted by Porter and Murphy; approved by Porter. Telegrams 5438 from Jidda, August 8, and 196840 to Jidda, August 7, are in the National Archives, RG 59, Central Foreign Policy File, D760305-0477 and D760305-0402, respectively. In telegram 5822 from Jidda, August 25, Porter reported that a plan for Saudi payments had been approved by Fahd. (National Archives, RG 84, Jidda Embassy Files: Lot 79F80, DEF 12-5 Jordan.) Porter presented a payment plan and updated proposal to Fahd in a July 19 letter, which was accepted by Fahd on July 21, reported in telegram 5072 from Jidda, July 19. (Ibid.) In telegram 5870 from Jidda, August 28, the Embassy reported that it had received official confirmation from the Saudi Foreign Ministry. (Ibid., POL) In telegram 4511 from Amman, August 31, the Embassy reported Hussein was "obviously happy" with the U.S. system and Saudi payment schedule, and would reject the Soviet offer. (Ibid., DEF 12-5 Jordan)

187. Telegram From the Department of State to the Embassy in Saudi Arabia¹

Washington, September 2, 1976, 0013Z.

217223. For the Ambassador. Subject: Message to King Khalid on Arms Sales.

1. You should pass the following message from the President to King Khalid:

2. Begin text:

Quote Your Majesty: I know that Ambassador Porter has mentioned to Your Majesty's government the intense political pressure which the administration has encountered with regard to the proposed sale to Saudi Arabia of Sidewinder air-to-air missiles and also in connection with the Maverick air-to-ground missile. I want Your Majesty to know that, although demands were made for very steep cuts in both programs, I have decided to submit to the Congress proposals for the sale of 850 Sidewinders and 650 Mavericks at this time.

In reaching my decisions, I gave highest priority to preserving programs that are already under way, rather than deferring some of them because of congressional opposition. I also wanted to make sure that the sale of the Maverick should correspond with the receipt by your government of F–5 aircraft for which this system is designed. Thus, together with the sale of one thousand Maverick missiles already contracted for, the sale of an additional 650 Mavericks would permit delivery of approximately two-thirds of your currently estimated requirement of 2,500 of such missiles at a point in time at which your government will have received two-thirds of the F–5 aircraft that will eventually be capable of delivery of this system. I have made the foregoing clear to the Congress in submitting the proposed sale of Mavericks.

In connection with the proposed sale of 850 additional Sidewinder missiles, I felt that this was the minimum number required to meet your government's training requirements and a modest war reserve stock.

In addition to the foregoing proposed sales, I am submitting proposals for the sale of additional equipment for which no reductions are being made. The latter category includes such items as TOW launch-

¹ Summary: President Ford transmitted a letter to King Khalid, explaining the reductions in the number of Sidewinder and Maverick missiles to be sold to Saudi Arabia.

Source: Ford Library, National Security Adviser, Presidential Country Files for the Middle East and South Asia, Box 29, Saudi Arabia—State Department Telegrams, From SecState-Nodis (6). Secret; Immediate; Nodis. Drafted by Adolph Dubs (NEA); cleared by Eagleburger, Oakley, and in S/S; approved by Robinson. See also Document 185.

ers and missiles, armored personnel carriers, Vulcan anti-aircraft guns, and additional F-5 aircraft, as well as pending construction and National Guard programs.

Our proposed sales must lie before the Congress for thirty calendar days and I do not yet know what the final reaction of the Congress to the controversial items will be. Nevertheless, I want to assure Your Majesty that every effort will be made to obtain additional quantities of Sidewinders and Mavericks in the future, consistent with our commitments to Your Majesty's government.

I hope that the actions which I have taken in this election year will meet with your understanding. The close relationship which has been developed between the United States Government and the Kingdom of Saudi Arabia is a matter of historic significance in view of the immense contributions our two nations can jointly make to world peace and prosperity. I remain personally committed to those ties and look forward very much to continued cooperation between our two governments. Unquote. End text.

Robinson

188. Memorandum of Conversation¹

Washington, September 17, 1976, 11 a.m.

PARTICIPANTS

President Ford
 Prince Saud Bin Faisal Al-Saud, Minister of Foreign Affairs of Saudi Arabia
 Amb. Ali Abdallah Alireza, Saudi Ambassador
 Hassan Shawwaf, Chef de Cabinet
 Charles W. Robinson, Acting Secretary of State
 Amb. William Porter, American Ambassador to Saudi Arabia
 Brent Scowcroft, Assistant to the President for National Security Affairs

The President: It is a real privilege to have you here again. Much has happened in the last 12 months, much of it to the good.

¹ Summary: Ford met with Prince Saud to discuss the current status of Lebanon, oil, the boycott against Israel, and other matters.

Source: Ford Library, National Security Adviser, Memoranda of Conversations, Box 21, Chronological File. Secret; Nodis. The meeting took place in the Oval Office at the White House.

Please express my regards to the King. I look forward to writing him at some time.

Saud: I want to deliver a letter to you from His Majesty. He extends his greetings and his best wishes for all your endeavors. He also looks forward to meeting with you at the earliest opportunity.

The President: I think that is a matter of high priority after the little matter of the election is over.

Saud: The Middle East is going through a climactic period. The dangers and the hopes go hand in hand. The basic hope in the Middle East is the commitment of the United States to bring peace and stability to the area.

There are many aspects of the US-Saudi relationship which we would hope to discuss. One of the important subjects for us is the matter of improving our armed forces. We are not a warlike country, but the threats in the area compel us to improve our forces. The constant questioning of our efforts by the United States lead to grave questions on the part of the Saudi people. We don't see why they should be looked on with suspicion. Our efforts are not just in arms, but for schools, hospitals, barracks, etc. What we are asking for is less even than your military experts say is needed.

The President: Let me say we agree completely that you have no aggressive designs and we fully support your defense efforts. The reluctance is not on the part of my Administration. Our cutbacks have been pragmatically designed to get Congressional approval. This is a difficult time for us. I would hope that in January we could move ahead in a better climate here.

Last year we spoke of progress in the Middle East. Tragically the Lebanese conflict has intervened. We appreciate the Saudi efforts in the area. We are doing what we can to support Lebanon and the moderate forces and keep Israel restrained. We hope that the inauguration of President Sarkis there will permit some progress which will permit us to move toward an overall settlement in the Middle East. We are committed to a settlement as soon as possible.

May I say how much we appreciate your helpfulness to Jordan over the matter of Hawks. That was very helpful.

Do you think President Sarkis will be able to take over?

Saud: We are hopeful. But the activities of Frangiyah raise questions. The agreement for the Arab League meeting is hopeful. Stopping the fighting is a prerequisite. We are asking the Arab League to bring about an understanding. We think all parties want an agreement. We think the Cairo accords are right and all parties accept them. The problem is to stop the fighting.

We are optimistic but we are disturbed at the inclination to use the Lebanese question to delay the momentum to peace. The feeling

has been because of the Lebanese situation there could be no movement. There is danger of deadlock and stalemate in this. We think Lebanon should not be an obstacle.

If I could go back to the arms. We have a technical problem. We have a long range plan, that was developed with the aid of the Pentagon. Some of the weapons we ask for now are easy to maneuver but as we get into the future we will have to be able to plan better and have more foreknowledge. They are systems and they can't be implemented piece by piece. We hope for your understanding for our need to build a defense posture and with your support.

The President: I understand and I fully support your needs. I understand what you say about planning for delivery. We have two problems: one is partly temporary with the Congress at this election period. The other is momentum on the part of Israeli supporters that Saudi Arabia has aggressive designs. They are wrong, but momentum toward peace would reassure that group.

If I could speak a moment about oil prices. I greatly appreciate His Majesty's comments about a price increase. Last year when you were here, we were at the bottom of a recession. We are moving out now, but it is still fragile. The OPEC action last summer under your leadership was very far-sighted, but any increase this December or for '77 would be extremely damaging, not only for the United States, but even more so for our industrial colleagues who are in a much more fragile situation.

We plan to discuss this not just with you but also with Iran and Venezuela. It would be disastrous to push the world economy back to the recession of last year. So we hope His Majesty's views will prevail.

Saud: Thank you, Mr. President. As you know, one of my principal concerns has been the impact on the world economy. His Majesty is just as determined as last summer not to have an increase. But it will be difficult, and it will depend heavily on what you can do with Iran and Venezuela. His Majesty has said at least he will refuse more than a modest increase, and will categorically refuse anything beyond 5 percent. If we can get support from Iran and Venezuela, we can hold to no increase, but without that, it will be extremely difficult.

The President: I appreciate that and we will work on them to the best of our ability.

Saud: Our ability in this regard depends strongly on the overall state of U.S.-Saudi relations, not only in military supplies but in other things. We need a measure of reciprocity to justify and strengthen our ability to act and to keep our public opinion and the Arab public opinion mollified.

The President: I am glad you mentioned that. The boycott is another case of our difficulty with Congress. I have said that the actions I took

last year were all that were needed and justified. Unfortunately, we have not been successful in staving off Congressional action. They have added a boycott provision to a major tax bill which is vital to our country and it leaves me with a very difficult problem. Also, in another action, Senator Ribicoff and others are trying to add additional restrictions on the Export Administration Act. We are working very hard to defeat these actions but I don't know if they will be successful. Then it is a question of veto. The Export Administration Act runs out September 30 and we are looking now to see what the legal effects of a veto would be. But I would like His Majesty to know that I am opposed to all this legislation and am doing all I can to avoid more legislation.

Saud: I am not very familiar with this legislation nor do I think I should comment. That is your matter, but it does arouse antagonism and makes business very difficult to transact with your companies. If it is passed at the very time the Boycott Committee is meeting, that will be an added problem. If the boycott injures American companies we will discuss that. Whenever any boycott problem arises we are willing to discuss it.

It is not a discrimination problem. It is a political act against Israel. We and the whole Arab world want to build a strong and sound relationship with the United States. We mean that deeply, and I don't think that is a threat to any other country.

The President: None of these acts is needed and I will do my best to defeat it. Part of this is an education process, and my Administration will do its best to explain the situation to the American people.

Again, I assure you I will do my very best to move to a settlement in the Middle East.

Saud: Those assurances are vital to us, Mr. President.

189. Memorandum From Robert B. Oakley, Catherine Desibour, and Robert B. Plowden, Jr. of the National Security Council Staff to the President's Assistant for National Security Affairs (Scowcroft)¹

Washington, September 22, 1976.

SUBJECT

Sale of SIDEWINDER and MAVERICK Missiles to Saudi Arabia

As we mentioned to you last evening, the proposed LOA to sell 650 Mavericks to Saudi Arabia, and possibly a similar proposal to sell 850 Sidewinders, is in serious trouble in the Senate Foreign Relations Committee. While Roy Atherton, according to all sources, did a superb job testifying in favor of the Saudi sales before the committee yesterday at what appeared a congenial session, the SFRC subsequently went into closed session at which time Senator Humphrey apparently proposed Senate disapproval of the Maverick sale (according to some he also opposed the F-16 sale to Iran) if it were not withdrawn by the Executive Branch. He stated (and the press has reported) he would either call or seek a meeting with the President to request withdrawal. Senator Case was strongly supportive of Senator Humphrey's position. After considerable discussion, however, the committee remained deadlocked and agreed to meet again Friday, presumably in open session, to decide what to do with all the proposed resolutions of disapproval.

While it appears safe to assume that most of the LOAs will be permitted to go forward, it is difficult to judge whether Humphrey can get sufficient votes in the SFRC to report resolutions of disapproval on the Saudi, and perhaps Iranian, cases. He obviously has a greater chance in respect to the Maverick sale, but the two might be paired. It appears the SFRC Staff is exerting additional pressures on Senators

¹ Summary: The NSC Staff requested that Scowcroft approve several measures to secure the approval of the Sidewinder/Maverick missile sale to Saudi Arabia.

Source: Ford Library, National Security Adviser, Presidential Country Files for the Middle East and South Asia, Box 28, Saudi Arabia (15). Confidential. Sent for action. Max Friedersdorf concurred. Scowcroft approved Options 1 and 3, and disapproved Option 2. He wrote under the disapproval: "I want to keep the President out of it. Case is hopeless, but Humphrey is obligated to support us." Attached, but not published, at Tab A are talking points for Option 2, a Presidential telephone call to Case. The talking points indicate that Ford, following a conversation with Javits and Case, reduced the originally proposed sale of 1,000 Sidewinders and 1,500 Mavericks to 850 and 650, respectively. Ford met with Javits and Case on August 30. (Ibid., President's Daily Diary, 8/21-31/76) Scowcroft provided Ford with talking points for that meeting. (Ibid., National Security Adviser, Presidential Country Files for the Middle East and South Asia, Box 28, Saudi Arabia (14)) Congress did not block the sale. (*Congress and the Nation*, vol. IV, 1973-1976, Congressional Quarterly, Inc., 1977, p. 877.)

to use this issue as a means of rebuking the Administration for its poor performance on the arms impact control statements and for the veto of the security assistance bill. On the House side, the International Relations Committee is waiting to see what the Senate does and would probably follow its lead in disapproving or approving LOAs.

In the event the Senate does bring a resolution of disapproval to the floor, it is clear the fate of the Maverick sale will be decided not on its merits but by politics. There will be considerable pressure by Jewish groups to reject the sale, strengthened by partisan pressure to support the Democratic Party platform and present the President with a major foreign policy defeat on his arms sale policy. (It would be the first time an arms case submitted to Congress was rejected.)

A bitter floor fight on arms sales issues will hurt the President domestically but to withdraw any of the LOAs or to have Congress disapprove them after having made a strong defense (including the President's and Senator Dole's speeches of last week) would also be seen as a defeat for the Administration and would hurt domestically. Moreover, any further slippage at this time due to Congressional pressure on what we can deliver to Saudi Arabia, coming on top of the commitments the Administration has given and the anti-boycott action by the Congress, will create major difficulties in our relations with this important country. It could impact negatively, *inter alia*, on our desire to hold down oil prices. Finally, we can expect a more generalized foreign policy fall-out among friendly countries as another instance of what they would see as United States inability to make good on long-standing commitments due to domestic pressures.

State, of course, is strongly opposed to any Presidential decision to withdraw LOAs for Saudi Arabia or to reduce further the number of missiles involved.

The best possible outcome, of course, is to have any resolution of disapproval die in committee. In our view, the best means to achieve this is for the President to try and convince Senator Case to withdraw his opposition to the Saudi sale, coupled with a major Administration effort with other SFRC members to try and persuade them not to approve a resolution of disapproval should Case press ahead. Case's stand places Senator Javits, who negotiated and agreed to the reduced sale, in a difficult position *vis-à-vis* his colleagues and constituents. It also makes it difficult for Humphrey not to oppose one or more LOAs. We believe the President is the only person who might be able to prevail upon Case. Accordingly, we recommend the President telephone the Senator, if possible prior to the SFRC meeting Friday morning. (There is a slight possibility the committee will be unable to achieve a quorum Friday and will put the issue over until next week.) The President could argue his position on the basis of 1) severe adverse foreign policy

implications of an additional slap in the face to the Saudis or Iranians by Congress, including the potential impact on the Saudi position vis-à-vis oil prices, and on the struggle between moderates and radicals in the Arab world; 2) the broader foreign policy implications of what will appear to be another instance of the US suddenly upsetting a long-standing relationship in the security field with a friendly country; and 3) the difficult position Case, as a Republican, is placing the President, who decided to go ahead with the sales after talking to Case and Javits.

RECOMMENDATIONS:

1. That we oppose any further negotiations to either reduce the Maverick or Sidewinder sale further or withdraw it.

2. That you forward the recommended telephone call to Senator Case at Tab A.

3. That you approve a major effort with other SFRC members.

Max Friedersdorf concurs.

190. Memorandum of Conversation¹

New York, October 6, 1976, 12:38–2:33 p.m.

PARTICIPANTS

Saudi Arabia

Prince Saud ibn Faisal al-Saud, Minister of Foreign Affairs

Amb. Ali Abdallah Alireza, Saudi Ambassador

Hassan Shawwaf, Office Director for Prince Saud

United States

Henry A. Kissinger, Secretary of State

Alfred L. Atherton, Jr., Assistant Secretary of State for Near Eastern and South Asian Affairs

Arthur R. Day, Deputy Assistant Secretary of State for Near Eastern and South Asian Affairs

Peter W. Rodman, NSC Staff

¹ Summary: Kissinger and Prince Saud met to discuss the 1976 Presidential election and arms sales.

Source: Library of Congress, Manuscript Division, Kissinger Papers, Box CL 209, Geopolitical File, Saudi Arabia, August 5, 1976–January 8, 1977. Secret; Nodis. The meeting took place in Kissinger's suite at the Waldorf Towers Hotel. Both men were in New York for the UN General Assembly. Brackets, except those indicating omitted text, are in the original.

[Photographers took pictures.]

Kissinger: It was nice of you to stay over.

Saud: No problem.

[The photographers leave.]

Kissinger: It's a pleasure to see you here. You've been here at a time of extreme provocation and you have behaved with great dignity. We appreciate it.

[A waiter enters.]

Something non-alcoholic please. I don't drink anyway, because I don't enjoy it.

Atherton: How did you enjoy the Mao-tai in China?

Kissinger: Mao-tai is the biggest competition you have; you can run airplanes with it. [Laughter]

Saud: It didn't hurt their delegation here, because he was very forceful against Russia.

Kissinger: And a little against us.

Saud: But that's normal.

Kissinger: Since Chou En-lai died, they've lost the finesse in their foreign policy. If we make agreements with the Soviet Union, they cry appeasement. If we resist the Soviets, as we're doing in Africa, they try to organize the world against "superpower competition." They'd like a free ride—like the Israelis. They'd like a constant confrontation between the United States and the Soviet Union.

Saud: This is one of our fears in the Middle East, that it will be polarized.

Kissinger: The Israelis like the Arab extremists. They'd like to present every concession they're forced to make as a concession to the Russians.

This is why we appreciate your conduct—you refused to be provoked.

Saud: Thanks to your efforts, the arms sale was not blocked. It would have been hard to explain, not only on the national level, but on the regional level.

I got word from Saudi Arabia to convey His Majesty's appreciation for the President's and your action.

Kissinger: We also stopped the boycott legislation.

Atherton: The really bad one died.

Saud: You worked on that.

Kissinger: Roy has been heroic on that.

Saud: This is why I wanted to meet with you. Relations between our two countries are really very sound in the long run. We've passed

through phases of adversity which have shown the soundness of the relationship.

An arms sale can be delayed a month or two, but it doesn't affect. . . .

Kissinger: No, you have to be able to count on the constancy of the relationship.

I've said many times—too many times, perhaps—that you've played a moderating role. In the Syrian negotiations, I have a feeling the late King Faisal played a discreet role. He always did more than he promised. He never told us, but we'd always see a Saudi footprint somewhere.

Saud: We're not embarrassed to be a moderate country. We believe it is in the interest of Saudi Arabia and of the region.

We want to build a larger relationship with the United States, and this is our constant desire. Not just for us, but we want to build a relationship for the United States with all the Arab countries. We think this is for the good of all the Arab countries.

We think this should be done. We'd like some reciprocation, of course. I'd like to explain this to the President.

Kissinger: We've always considered you a stabilizing influence in the Middle East. You've played your role with wisdom and skill. It would be easy for Saudi Arabia to become the focal point of tensions; you've deflected it with great skill.

We want to cooperate with you.

[Omitted here is discussion of British Foreign Secretary Crosland and Middle East negotiations.]

Saud: The election will be over soon.

Kissinger: Not soon enough!

Saud: Saudi Arabia won't be an issue.

Kissinger: Well, it might. Carter will say you blackmailed us.

Saud: How can a strong nation like the U.S. be blackmailed?

Kissinger: First, you didn't blackmail us. We cut down the numbers. It's a matter of the good faith of the U.S. to a friend.

I don't know what line Carter will take. He's on the extreme liberal wing.

Saud: We made it clear, as our Ambassador told Mr. Atherton, we want to enlarge our relationship with the U.S., and put it on a sounder basis.

Kissinger: We wouldn't accept it and it would lead to tensions between us.

We really have no complaint about Saudi behavior. We appreciate how Saudi Arabia conducted itself in Lebanon when our Ambassador

was assassinated. We appreciate how Saudi Arabia has stabilized the situation in the Middle East.

Atherton: And in the world economy.

Kissinger: There is one problem, and that is the OPEC meeting in December. A price increase—almost any price increase—could have unfortunate repercussions in this country just when we're trying to get the peace process going.

Saud: We're in the forefront of those fighting for no price increase in this transitional period. We will fight. We won't break up OPEC but we will fight.

It depends on two countries: Venezuela and Iran. If they put on a stiff fight, they can get an increase. Our Minister will be attacked. He'll have a very strong fight.

We hope we can go through with it without any increase, but if they put up a strong fight, there may be a very slight increase.

Kissinger: We don't have much influence with Venezuela. But we can discuss it with the Shah. It would have a severe impact here on the attitude toward Iran.

Saud: We have spoken to the Shah.

Kissinger: The Shah has fervent views on the subject. I've sat through many lectures.

Our former Ambassador in Saudi Arabia keeps publishing memos saying some of your people thought we wanted Iran to keep the price up. I don't remember any.

Atherton: We've been trying to find them since Jack Anderson wrote that!

Saud: There were some French who wrote that the U.S. wanted a price rise.

Kissinger: To wreck the European Community.

We'll talk to the Shah. If he does it this time, it won't be costless.

Saud: It will have to be adjusted, but if it's done now, it will affect world recovery.

[The group moved back to the living room.]

On the arms issue.

Kissinger: On the arms issue, I've frankly not gotten on top of them. I've let these contracts develop without my getting involved. We should prepare Congress a little better.

This is an internal problem for us.

Saud: We have a problem with our military.

Kissinger: We sold 1,000 Mavericks to Saudi Arabia in February.

Atherton: And they went through Congress.

Kissinger: You have to ascribe some of it to the political climate in an election year.

Saud: We ascribe *all* of it to that!

Kissinger: This works out, because this is the number of Mavericks you need next year. Next year we'll request the number you need for the F-5E's you're getting. It doesn't make a difference whether you store them here or store them there.

Saud: But the problem remains, because we don't know about the status of the contracts.

Kissinger: But we'll prepare the ground better. And the position of the executive will be stronger. For these two years, we've had an unelected President, and a Congress that had lost its leadership. When Senator Fulbright was Chairman of the Senate Foreign Relations Committee, there were responsible decisions. Senator Sparkman is a fine man but not the same.

Saud: Then it'll be Church.

Kissinger: Not until '78.

Alireza: Two years.

Atherton: I've just heard there is a Senate staff group going out to the Peninsula. This is an opportunity to show them.

Saud: We'll show them our military needs.

Atherton: They have influence.

Saud: We don't want to build a strong military posture.

Kissinger: So far, none of the cuts made will affect your actual programs. This is where we can be more thoughtful, to match the LOA's with the programs.

[Omitted here is discussion of Africa.]

191. Memorandum of Conversation¹

Riyadh, October 21, 1976, 6:10 p.m.

SUBJECT

Meeting with Saudi Minister of Defense and Aviation

Saudi Arabian Participants

MODA, Prince Sultan Ibn Abd al-Aziz Al-Saud
Chief of Staff, General Othman Humaid
Director of Security Assistance, LTG Ali Qabbani
Chief of the Saudi Air Force, LTG Assad Zuhair
Chief of the Saudi Army, LTG Muhammad Al-Shaikh
Director of Air Force Operations, LTC Fahd Abdullah

United States Participants

Deputy Secretary of Defense, William P. Clements, Jr.
Chargé d'Affaires, Hume A. Horan
Assistant Secretary of Defense/ISA, Eugene V. McAuliffe
CG, US Army Matériel Development and Readiness Command, General John R. Deane, USA
Director, Defense Security Assistance Agency, LTG Howard M. Fish, USAF
Army General Counsel, Charles D. Ablard
Principal Deputy Assistant Secretary of Defense/PA, Tod R. Hullin
Coordinator, Army Security Assistance, MG Louis Rachmeler, USA
Military Assistant to Deputy Secretary of Defense Clements, RADM Kenneth M. Carr, USN
Executive Officer, OASD/ISA, Colonel James C. Pfautz, USAF
Chief, Africa/Persian Gulf Branch, J-5, JCS, Colonel Gene D. Rawlings, USAF
Country Director for Saudi Arabia, OASD/ISA, Colonel William A. Fifer, USA
Chief, US Military Training Mission, BG James Ahmann, USAF
Embassy Political Officer, Mr. Nicholas Murphy
USMTM Interpreter, Mr. Azzum

(C) After an exchange of pleasantries, *Prince Sultan* spoke of the long friendship between our two countries since the days of President Roosevelt. As an aside, he added a little dig that no matter what obstacles our friendship faces, such as recent opposition to arms pur-

¹ Summary: Clements met with Prince Sultan to discuss the possibility of F-15 sales to the Saudis, other arms agreements and delivery schedules, and operations in Yemen. Source: Washington National Records Center, OSD Files: FRC 330–79–0049, Saudi Arabia 000.1–399 1976. Confidential. Drafted by Fifer; approved by Clements on November 11. The meeting took place at the Ministry of Defense. This memorandum was attached as Tab D to a November 9 covering memorandum from Col. James C. Pfautz, Executive Officer to the Assistant Secretary of Defense for ISA, to Rear Adm. Carr. (Ibid.) Five other memoranda of conversation are included under Pfautz's note, mainly of a technical nature, but Tab A is a transcript of a meeting with King Khalid, which is not published.

chases in Congress, that the friendship will remain. *Mr. Clements* stated that we would overcome any obstacles.

(C) The conversation then turned to the recent Riyadh Conference. *Prince Sultan* noted that many had felt the Arabs could not solve the Lebanese problem themselves; however, it had been done, and with good will, anything could be accomplished. *Mr. Clements* noted that it was a great step forward and asked how many troops would be involved. *Sultan* replied 30,000. *Mr. Clements* asked how many Syrians—would there be 25,000? *Prince Sultan* replied no, much less, but the details had not been decided. They would be decided in the Arab League and it would depend on the abilities of each of the countries who would participate in the force. He noted that Syria had less than 20,000 men in Lebanon now, and they had not asked for any specific portion of the force. *Mr. Clements* asked if the Saudi Army would participate. *Prince Sultan* replied that they had about 1,000 troops in Lebanon and they had no intention to increase the numbers, but they would support the other Arab troops. He pointed out that with the mechanization of the Saudi forces and the training involved, they had had to call back their units from Syria and Jordan, but they would not be pulling back the 1,000 man force in Lebanon.

(C) *Prince Sultan* said that Libya, Syria, the Sudan, and Saudi Arabia each have 1,000 troops in Lebanon now under the auspices of the Arab League. It would be this force that would be expanded, depending on the decisions in the Arab League, and they would be under the Lebanese President's command. *Mr. Clements* asked if there would be any PLO forces in this new Arab Security Force. *Prince Sultan* replied that if the Lebanese President asked for Palestinian forces to be involved in some areas such as security within camps, he was sure that it would not be objected to. However, the key is that the solution is an Arab solution, using Arab forces, and while the great powers might have a role to play in the area, and U.S. Government help in general is welcome, that in this situation the key is to have an Arab solution and that the Arab world must care for itself. *Mr. Clements* agreed and expressed Secretary Kissinger's appreciation for the role that the SAG has played in working toward peace and settlement in the area. Saudi Arabia has been a good friend.

(C) *Prince Sultan* commented that he knows the Israelis are unhappy with the Riyadh agreement. They fear that the rapprochement between Egypt and Syria will work to their disadvantage, and thus he expects them to maneuver and request more arms in an attempt to work the problem to their advantage. *Sultan* noted, for example, the recent statement of General Brown, how under intense pressure in the end he had been forced to apologize, and the President and Secretary of Defense had disclaimed General Brown's statement as not true. *Mr. Clements*

replied that Prince Sultan would recall that General Brown had come to Saudi Arabia with Mr. Clements on his last trip, that although he is a good friend of Saudi Arabia, occasionally people get caught in a situation saying too much or sometimes things are taken out of context, particularly during this election “silly” season.

(C) *Prince Sultan* then said, yes, but what about your comments in the *New York Times* article in which you said Saudi Arabia does not need an advance fighter? Why did they pick on General Brown but did not pick on you? *Mr. Clements* replied that he was somewhat misquoted, what he had said was he suspected that the Saudis would not want to buy the F–15. He did not recommend and still doesn’t; however, if in fact they wanted to buy it, they could. *Prince Sultan* replied that they are studying the subject now and will inform the U.S. Government of their decision later. He appreciated the opportunity for the briefings that the Air Force had provided on all the aircraft; however, they were not at this time prepared to discuss an advanced fighter. They did have some points they would like to cover such as cost increases, the balance of the missiles that they desired for the F–5, but these points could either be discussed or he could send a memo to Mr. Clements. *Mr. Clements* said a memo would be fine, but perhaps they could cover any urgent points while he was here and that he had two or three things he would like to raise.

(C) *Mr. Clements* said the first is the discussion between the Embassy and the Foreign Ministry on the Memorandum of Understanding. He understood there were some sticky points holding it up; however, he hoped that the support case which would fund the MAAG could be decoupled from the memorandum and signed. *Sultan* replied he would be perfectly willing to do so. As for the memorandum, the Saudi Government and the Embassy could exchange notes. They could agree to all of the new memorandum except paragraph 8 (immunities) and leave that along the same lines as it was in the 1951 agreement, subject to further negotiation at a later date.

(C) *Mr. Clements* raised the issue of Yemen and the training of Yemenis in the English language. We have no objection and agree it is a good idea, but we have to work out a few details. We would do so and get in touch with his staff. *Mr. Clements* noted, however, that we were going to Yemen after we left Saudi Arabia and he would appreciate any comments the Prince wished to make before the visit, as he had never been there before. *Prince Sultan* replied that there are many elements still within the Yemeni armed forces capable of stirring up problems and who have a leaning toward the Soviets; thus, it is important to show our support and make prompt deliveries of the equipment. For example, there is a problem with 105mm howitzers, a long four-year delivery time, and the need to get this equipment in

there as soon as possible. *Mr. Clements* stated he would look into the matter.

(C) *Prince Sultan* repeated he would send a detailed memo of their points of interest; however, there were several key points he would like to mention then. One was delays in shipment beyond the times that were stated in the Letters of Offer, another was the inflationary cost increases, and the third was the short time that they are given to review new Letters of Offer. They need three months as a minimum for their review, and if that is inadequate they would then like to be able to ask for extension, but that 10 or 20 days was not enough time.

(C) *Prince Sultan* then raised the issue of laser-guided bombs. He seemed under the impression that they had not been provided any yet. He pointed out that they had been given a Letter of Offer for 1,000, which they had accepted, and that there had been adjustment in quantity between laser-guided bombs and MAVERICKs. *Mr. Clements* suggested that they should accept what they have now and we would look into the matter again in the future, after the initial deliveries had been made.

(U) At this point, an emissary from Prince Abdullah arrived and the meeting broke up so the group could attend the National Guard dinner.

192. Telegram From the Embassy in Saudi Arabia to the Department of State¹

Jidda, December 28, 1976, 1115Z.

8335. For Secretary and Secretary-designate from Ambassador.
Subject: Saudi Post-Doha Developments.

Believe following from reliable source merits your attention:

1. Saudi concern over the effects of present and possible future US anti-boycott legislation has taken on two new dimensions since the Doha OPEC meetings and Saudi Arabia's action to create a two-tier oil pricing system:

¹ Summary: The Embassy relayed information concerning Saudi attempts to discourage additional congressional action on the Arab boycott of firms doing business with Israel.

Source: Ford Library, National Security Adviser, Presidential Country Files for the Middle East and South Asia, Box 30, Saudi Arabia-State Department Telegrams, To SecState-Nodis (15). Secret; Priority; Nodis.

A. Crown Prince Fahd has expressed grave concern that passage of new anti-boycott legislation, if debated and approved during the critical period when Saudi Arabia is working to undermine the price structure decreed by its eleven OPEC rivals, will seriously embarrass SAG in general and Crown Prince Fahd in particular. He is under criticism not only from other OPEC governments and other Arabs, but from a significant element of the Saudi establishment. We have been reliably informed, for example, that Ministers Mohammad Aba al-Khayl (Finance), Ghazi al-Qusaybi (Industries) and Hisham Nazir (Planning) are strongly opposed to Fahd's decision to use increased oil production as a weapon in support of what they see as primarily a political objective—winning the confidence and approval of the Carter administration.

B. On the practical level, existing anti-boycott legislation is viewed as a significant obstacle to the rapid expansion of Saudi Arabia's oil production capability. The importation of large amounts of new equipment will be required in the next year (and particularly in the critical next 3–6 months) to enable Aramco to accomplish its assigned objective of going "all-out" to undermine the OPEC price. The Boards of Directors of the Aramco parents, however, are insistent upon Aramco's rigid application of all elements of the Ribicoff Amendment, lest they imperil their foreign tax credits. This means that:

(1) Aramco cannot rely exclusively on its established suppliers in accomplishing its urgent expansion. Everything must be put out to tender on a broad scale, lest they be accused of discrimination against any potential supplier for boycott-associated reasons.

(2) Bids may therefore be won by boycotted firms, meaning certain delays and probable legal imbroglios. (In an effort to forestall such problems, Aramco will include in all tender agreements a new clause stating that any suppliers unable for any reason to deliver goods to Aramco [garble] will be responsible for repatriation of the goods at their own expense and risk. This may discourage legitimate bidders who know they are boycotted, but will not impede mischief-makers, a prospect which is causing the SAG some anxiety.)

2. Prince Fahd has instructed Commerce Minister, Sulayman al-Sulaym, to contact the heads of certain of the largest U.S. corporations operating in Saudi Arabia, and to encourage them to pass on to their boards of directors an urgent appeal for active cooperation in opposing further anti-boycott legislation by the new US Congress. In most cases, the Commerce Minister has suggested that the US companies stress to their managements the limitations on business opportunity in Saudi Arabia that could result if more stringent legislation is passed. In the case of Aramco, Sulaym was under instruction to emphasize the two more specific and politically sensitive points mentioned above, namely

the concern of Crown Prince Fahd that he not be personally embarrassed by the passage of legislation clearly detrimental to Saudi-US relations, and the SAG's anxiety that existing and prospective anti-boycott legislation not impede the production expansion program on which depends much of Saudi Arabia's capacity to impose its will on the rest of OPEC. Commerce Minister Sulaym specifically asked that Aramco meet urgently with its parent managements to consider ways in which these corporations might mobilize their political resources to achieve a postponement of further anti-boycott legislation at least until two things occur.

A. Some momentum is achieved in a Middle East peace initiative—which will take the heat off Saudi Arabia.

B. Saudi oil production can be built up to the point where its real leverage among OPEC producers matches the political objectives and requirements imposed on Saudi Arabia as a consequence of its resolute stand at Doha.

3. No response to foregoing is expected. I have, however, access to source if necessary.

Porter

Oman and the Yemens

193. Telegram From the Department of State to the Embassy in Saudi Arabia¹

Washington, January 19, 1973, 1910Z.

11678. SecDef for Isa. Subject: US–SAG Discussion of YAR Defense Requirements. Ref: Jidda 3568, 4621, 3835, 173; Sanaa 1136, 0055; Amman 290.

1. Appreciate Embassy Jidda's careful analysis of present status of Saudi-YAR relationship and of Saudi aid to Yemen (Jidda's 173). We agree that discussion of military aid with Saudis has usually resulted in Alphonse/Gaston type dialogue with Saudis subsequently expressing dissatisfaction with USG unwillingness take greater role in Yemen security matters. We also recognize that, with exception Kamal Adham, Saudis most concerned with Yemen affairs are unlikely to give up patronage of influential tribal leaders and military figures, both North Yemeni and dissident South Yemeni, through whom SAG attempts to influence developments to its south. On balance, however, we consider that continued frank dialogue between us and SAG on Yemeni matters is required if misunderstandings are to be avoided and our respective responsibilities for helping YAR are to be clearly established. Accordingly, we hope that prior to arrival of YAR delegation you can again review with Saqqaf and with Prince Sultan our present thinking about current Yemeni/South Yemeni situation.

2. You may say that we appreciated receiving Saqqaf's assessment last November of situation between two Yemens. We understand and share Saudi concerns over PDRY and potential it has as base for subversive activity elsewhere in peninsula. We have also noted that Soviets did step up their aid to PDRY at time of recent border hostilities with YAR. In light of November 25 Moscow communiqué at conclusion PDRY President Salim Rubai Ali's visit to USSR, it seems clear that

¹ Summary: The Department responded to the Embassy's analysis of Saudi Arabian, Yemeni, and U.S. policies toward the Yemen Arab Republic and the People's Democratic Republic of Yemen. It then discussed future policy options for isolating the People's Democratic Republic of Yemen.

Source: National Archives, Nixon Presidential Materials, NSC Files, Box 630, Country Files, Middle East, Saudi Arabia Volume III, September 1 1971–April 1973. Secret; Exdis. Drafted by Dickman and Wrampelmeier; cleared in PM/MAS, L/PM, T, DOD/ISA, OSD/DSAA, AID/NESA, EUR/SOV, and USAF, and by Ransom, Noyes, and Atherton; approved by Sisco. Repeated Priority to Amman, Kuwait City, Sana'a, Tehran, USCINCEUR, and the Department of Defense.

Soviets will continue to support their client state for advantages it gives them.

3. At same time, our assessment of recent developments Yemen may be somewhat different than that of SAG. Experience during recent border fighting showed that South Yemeni exiles of National Union Front (NUF) and northern tribesmen who moved south to PDRY borders were fragmented, badly disciplined, and operated on their own with little or no control by YARG or YAR Army. Consequently, they unable mount effective military campaign. In fact, campaign gave PDRY basis for which seek additional aid from Soviets and closing of ranks between two rival groups within South Yemen's National Front (i.e. the pro-Soviet ideological hardliners led by Abd al-Fath Ismail and so-called "Maoist" group led by Salim Rubai Ali). Therefore, we did not find October 28 Cairo Agreement to accept ceasefire and work for unity between two Yemens to be capitulation by YAR. Instead, Cairo Agreement and subsequent Tripoli Summit of Yemeni leaders have provided a rubric to end at least for time being border warfare which had become inconclusive and in which poorly-organized and uncoordinated forces operating from YAR were beginning get worst of it. We believe that PDRY too was anxious for ceasefire since it also has political and especially economic weaknesses. PDRY's GNP has plummeted since Suez Canal closed. Economy further aggravated by impact recent hostilities, shift of more resources from civilian to military sector, and extravagant nationalization measures.

4. US under no illusion that unity between two Yemens will occur. Communist regime in Aden seriously divided over issue of unity. It fearful of overwhelming numerical superiority of YAR which would engulf PDRY if union should occur. Moreover there are indications that Soviets suspicious of unity concept and may be counselling Aden government against it. Accordingly, PDRY can be expected to do everything possible to work against implementation of real unity by supporting individual acts of terrorism (mining, assassinations) in YAR and stimulating confessional split between northern Zaidis and southern Shafiis. We also believe that new al-Hajri government which more conservative in outlook than its predecessor is very much aware of PDRY potential for acts of subversion and will be on lookout to counter them. While we believe Iryani and al-Hajri are skeptical that any real progress toward unity will be achieved under these present conditions. YARG nevertheless wants to be in position to demonstrate to Yemeni people and to other Arab states that responsibility any failure in unity moves clearly fault of PDRY. We believe SAG recognizes political advantages this posture for YARG and appreciates value of avoiding public comments against Yemen unity that would embarrass al-Hajri government.

5. We believe best way to continue isolating PDRY and neutralizing its potential threat to Saudi security is, first and foremost, to help build up YAR's economy. To do this effectively, however, requires that assistance which is provided to Yemen be channeled through YARG mechanisms. Not only will it strengthen central government against competing pressures of tribes and army but assure some accountability. We recognize important role SAG has played in providing budget support to YARG and for project assistance now underway. We hope that SAG's generosity will continue at this critical time when President Iryani needs all support he can get. For its part, USG is now initiating a grant aid program involving over ten specific projects for which we expect to obligate several million dollars and which is to be supplemented by food aid starting with one million dollars in FY 73. We plan to augment this aid by undertaking English language program, scholarships, having private foundations play role in public administration and seed development, and encouraging UN agencies augment aid especially through World Food Program.

6. At same time, USG recognizes that training and improvement of YAR Army is needed. To make YAR Army effective, however, we believe will take long period of time and should not be done at expense of needed economic development. Problem we both face is lack of good information or judgment of what is really needed. YARG requests for arms are in vaguest terms. Many types of arms clearly appear to be beyond the YAR Army's ability to use and maintain. There no idea of what useable Soviet equipment is in YAR inventory and what logistics, training and operational problems occur with substitution or intermixture of arms obtained from other sources. Moreover, in light recent border fighting, it appears deficiency in YAR Army may not be so much lack of equipment as lack of training, organization, leadership, and control over and coordination with other para-military units such as NUF. We hope therefore that SAG and YAR military will consult soon to review YAR's equipment on hand, new equipment needs, possible sources of supply and training. We also believe would be worth considering encouraging incorporation of Saudi-supported NUF units into YAR Army.

7. In presenting these views, you should note that US considers security assistance for YAR as a regional matter and that we look primarily to Saudi Arabia, Iran and possibly Jordan to help in this effort. We are hopeful that YAR's relations with Iran will soon be back again on track. Were US to enter into a direct military relationship with YAR, by providing arms and personnel to train YAR armed forces, we feel this could give the Soviets opportunities entrench themselves still more deeply in Aden. However, we also continue to wish to encourage and support regional defense cooperation. We are therefore prepared do following:

(A) Consider sympathetically Saudi requests to transfer US military equipment obtained under FMS which can be effectively utilized by YAR forces (we have previously explained why RSAF F-86s and T-33s are type of equipment that should not be transferred) following consultations between SAG and YAR military reps:

(B) Resupply SAG on FMS basis with replacements for equipment it transfers to YAR:

(C) Examine possibility of selective FMS cash sales of spare parts and other equipment to YAR armed forces. Latter would now be possible since YAR has recently been added to list of countries eligible for FMS. However, as YAR does not have foreign exchange to make many, if any, direct purchases under FMS, assume SAG would have to provide needed funds. FYI: We are aware, that in the long run, and if the inventory of US equipment should become substantial, logistical realities might make the complicated process of supplying spare parts through third countries unworkable. The USG might then have to consider supplying such items directly to YAR through FMS, either at Yemeni or third country expense. End FYI.

8. Any training which SAG could provide Yemeni officers in its own institutions would be highly desirable. When training can demonstrably not be provided in region, we would be prepared offer small number of training slots for Yemeni officers (not in any case to exceed two or three annually) in US service schools on FMS basis at Saudi expense.

9. You should conclude by mentioning that we will welcome continuing to receive SAG views on military situation in Yemen. This is area where we have little hard information. We are also seeking independent assessment from Iran but recognize latter may take time in coming so long as YAR-GOI relations not patched up.

10. FYI: We have given careful study to suggestion contained in para 5 of Jidda 3621. Other than munitions control licensing approval, there no US statutory obstacle to SAG purchasing commercially C-130s specifically for use by RSAF in YAR. We understand that orders placed now with Lockheed would bring delivery in 1975. We would also be prepared to consider Saudi request for formal transfer of C-130 aircraft to YAR Air Force provided we satisfied aircraft could be effectively operated by YAR and that USG received written assurance from YARG that aircraft would not be further transferred by YARG without USG consent. Alternatively, Saudis might consider purchase of civilian version of C-130 (L-100) similar to model now in use by Kuwait Air Force for YAR. Purchase new aircraft would of course be subject negotiations on price and availability with manufacturer. Price C-130 without spares now approximately 5 million dollars. However, opportunities offer credit terms remote. YAR not on list of coun-

tries to which we extending FMS credits, there no FMS credits for Saudi Arabia in FY 73 under continuing resolution authority, and EXIM financing of military aircraft for YAR prohibited under US law because YAR not a developed country. We have also looked at possibility of leasing C–130 aircraft. This is costly alternative. Dry lease costs alone approximately 500,000 annually. Operating costs, spares, training, etc. would more than quadruple this figure. We would guess that Saudis would not consider paying high lease costs for aircraft used by YAR and would use instead own C–130s.

11. FYI: We agree that there could be some advantages from experienced Jordan Arab Army staff officers undertaking in depth review of Yemeni military situation and requirements. However, we think any Jordanian involvement in Yemen should come as result of Saudi or at least YAR initiative. Ground work for such a mission would need be carefully prepared with Saudis (who, as you correctly point out, may be less than happy to see their special role in Yemen encroached upon by Jordanians) as well as with Yemenis. Also, we would not wish to add Jordanian to Saudi and Yemeni pressures on US to get deeply into military assistance field with YAR, nor would we wish encourage King Hussein press USG for additional funds in order to support possible deployment of Jordanian personnel or equipment to Yemen.

12. FYI: With respect to possible transfer of Jordanian or Gulf state Hawker Hunters to YAR Air Force, problems of support for these aging aircraft could be worse than those YAR would find in supporting obsolete US F–86s. As far as Gulf states are concerned, we defer to judgment of Embassy Kuwait but would assume that both Kuwait and Abu Dhabi (only Gulf states with Hawkers) would be unlikely to make them available to YAR until their own follow-on aircraft needs have been met. Thus, it likely be matter of years rather than months before Hawkers from those sources might be ready for transfer to Yemen and same problems of support for obsolete aircraft would prevail. End FYI.

Rogers

194. Telegram From the Department of State to the Embassy in Kuwait¹

Washington, February 2, 1973, 2324Z.

20862. Kuwait please pass to Oman. Subject: Extension of Territorial Sea and Fishing Zone of Oman. Ref: Letter of July 17, 1972, From Permanent Representative of Oman to Secretary General of United Nations.

1. For AmEmbassy Oman. In referenced letter, Oman notified United Nations of decrees on territorial sea, continental shelf and exclusive fishing zones and requested that decrees be brought to attention of all members of United Nations. Decree dated July 17, 1972, claims territorial sea of 12 nautical miles and fishing zone of 38 nautical miles seaward of the territorial sea. U.S. continues to hold that under international law a state is not required to recognize a territorial sea broader than 3 miles or exclusive fisheries jurisdiction beyond 12 miles from the coast. Continental shelf claim is to shelf depth of 200 meters or beyond that to where the waters admit of exploitation of resources, a standard that is generally based on the 1958 Continental Shelf Convention and which the United States will not protest. Because of U.S. position and because of current negotiations on Law of the Sea, Embassy is requested to deliver the following note of protest. The USG normally registers its opposition and reserves its legal rights through such a note.

2. Begin text (complimentary opening) . . . and refers to the decree of His Majesty Sultan Qabus of Oman, dated July 17, 1972, which purports to extend the territorial Sea of Oman to a distance of 12 nautical miles from the coast and the fishing zone of Oman to a distance of 38 nautical miles beyond the territorial sea. The United States regrets that Oman has made a unilateral claim to extend its territorial sea and fisheries zone in advance of international agreement on the maximum breadth of the territorial sea and jurisdiction and control over fisheries. It is particularly unfortunate that this action has been taken when vigorous efforts are underway in the United Nations to achieve the broadest possible international agreement on fisheries jurisdiction and the breadth of the territorial sea to accommodate the interests of all

¹ Summary: The Department protested Oman's recent claim to a 12-mile territorial limit.

Source: National Archives, RG 59, Central Files, 1970-73, POL 23 Oman. Limited Official Use. Drafted by Acting Legal Adviser Charles Brower; cleared in IO/UNP, DOD, S/FW-COA, NEA/ARP, and the Departments of Commerce and Interior; approved in L by Counselor on International Law John Moore.

concerned states. In accordance with its long-standing policy, the United States deems it necessary to state that it is not obligated under international law to recognize territorial seas beyond 3 miles or coastal state fisheries jurisdiction beyond 12 miles from the coast.

Unilateral extensions of jurisdiction have an extremely negative effect on the current negotiations for the UN Law of the Sea Conference. Such extensions, particularly those to extensive areas of the oceans, encourage other states to make unilateral territorial sea claims or to assert their jurisdiction for special purposes such as control over fisheries. This severely limits the ability of such states to earnestly participate in the effort to achieve agreement on the many issues related to the Law of the Sea. The United Nations has now scheduled the Law of the Sea Conference for an organizational session in late 1973 and a substantive session to begin in April 1974. The United States hopes that all countries will participate in the Law of the Sea Conference in an effort to accommodate the needs of all nations.

In accordance with its stated positions, the United States must protest Oman's action and accordingly reserves its rights and those of its nationals in all areas beyond the three mile territorial sea and with respect to areas of the exclusive fishing zone beyond 12 miles. (complimentary closing.) End text.

**195. Memorandum from Director of Central Intelligence
Schlesinger to the President's Assistant for National Security
Affairs (Kissinger)**

Washington, March 19, 1973.

[Source: Central Intelligence Agency, Executive Registry Files, Job 80M01066A, Box 14, Folder S–34. Secret; [*handling restriction not declassified*]. 3 pages not declassified.]

196. Memorandum From Harold Saunders of the National Security Council Staff to the President's Assistant for National Security Affairs (Kissinger)

Washington, March 26, 1973.

[Source: National Archives, Nixon Presidential Materials, NSC Files, Kissinger Office Files, Box 138, Country Files, Middle East, Kurdish Problem Volume I, June 1972–October 1973. Secret; Sensitive. Sent for action. 4 pages not declassified.]

197. Information Memorandum From the Assistant Secretary of State for Near Eastern and South Asian Affairs (Sisco) to the Deputy Secretary of State (Rush)¹

Washington, March 29, 1973.

*Situation in Southern Arabia—
Your Meeting with Deputy Secretary Clements*

Sporadic fighting has been underway for some time in Southern Arabia as a result of the activities of the radical South Yemen regime, which is heavily supported by the Soviet Union and to a lesser extent by other Communist countries. With the help of the Chinese, South Yemen provides aid and sanctuary for Marxist rebels operating in the Dhofar region of Oman. It has also supported subversive activities in North Yemen, elsewhere in Oman, and in the newly independent states of the Gulf.

The Saudis, particularly since they have resumed relations with North Yemen in 1970, have increasingly focused their attention on means to contain and weaken South Yemen. The Saudis have provided economic aid to North Yemen and have directly financed South Yemeni exiles who have made raids into South Yemen from Saudi or North Yemeni territory. As a result of these activities, border warfare broke out between North and South Yemen last September and ended when

¹ Summary: Sisco provided a situation report on the southern Arabian Peninsula as background for Rush's meeting with Clements.

Source: National Archives, RG 59, Central Files, 1970–73, POL 30, South Yemen. Secret. Drafted by Dickman. Davies concurred.

both countries agreed to negotiate a unity agreement. Negotiations for unity between the two Yemens have not produced any results. South Yemen has taken advantage of the pause to build up its armed forces and it is scheduled to receive Mig–21 aircraft. Some 170 Cubans have also arrived to help train “worker militia” and act as pilots for the South Yemen Air Force. There is also a Soviet military mission of some 200. North Yemen, meanwhile, has sought to improve its military capability by seeking arms from Saudi Arabia and Iran. The Saudis have continued their support of South Yemeni dissidents and have recently begun to coordinate their efforts with the Sultan of Oman, who also is seeking Saudi financial and military aid.

Recently, there have been two developments involving requests from Saudi Arabia related to US military equipment. The first followed the mid-March meetings in Riyadh between the North Yemen Prime Minister and Saudi officials, during which the gamut of Saudi-Yemeni relations were reviewed and the Saudis agreed to provide an additional \$20 million in budget support and consider a lengthy shopping list of military equipment desired by the Yemeni army. The Saudis have asked the services of US military advisors in Saudi Arabia to participate with Saudi and North Yemeni officers in developing a well-thought-out plan for rearming the Yemeni armed forces with military equipment provided by the US through Saudi Arabia. We earlier informed the Saudis of our willingness to consider requests for transfer of suitable US-supplied equipment in Saudi inventories to Yemen. In response, we have told the Saudis we are prepared to have our advisors review the Yemeni requests with the Saudi officers but not to become engaged directly with the Yemenis. To do so would, we believe, encourage the North Yemenis to turn to us and seek a direct MAP relationship, which we are not in a position to establish. It would also be contrary to our policy of encouraging regional cooperation among the Peninsula states on security matters.

The second development occurred on March 22 when two South Yemeni Mig–17s attacked the Saudi outpost at Wudayah, located some 75 miles north of the border. The motives for the attack remain obscure but may be related to an incident earlier in the month when South Yemen’s President Salim Rubai Ali and National Front Secretary Abd al Fattah Ismail were reportedly ambushed during a tour of the Sixth Province (adjoining Oman’s Dhofar Province) and were forced to take refuge aboard a Soviet cruiser which was in the vicinity. It may also have been a reaction to the mid-March visit to Oman of the Saudi Minister of Defense, Prince Sultan (Saudi Arabia and Iran are providing helicopters to Oman).

The Saudis have reacted by moving their British Lightning jet interceptors to their southern base at Khamis Mushayt, some 300 miles

west of Wudayah. The Saudis have also requested US assistance in expediting the supply of equipment, including munitions and rockets which could be used by their newly acquired F-5B trainer aircraft. We are urgently working with the Department of Defense on this request and have, among other things, asked our Embassy in Tehran to review the list in the event some items might be available in Iran which the Saudis could ask for directly. We are also sending, at Saudi request, our assessment of the Southern Yemeni situation and its possible relationship to recent border problems experienced by Saudi Arabia and Kuwait with Iraq. At the same time, we are requesting a Special National Intelligence Estimate on the situation in Southern Arabia which will serve as background for our Program Analysis and Resource Allocation (PARA) paper that is being prepared for the Arabian Peninsula.

198. Memorandum From Secretary of Defense Richardson and Secretary of State Rogers to President Nixon¹

Washington, April 16, 1973.

SUBJECT

Yemen Arab Republic Request for Urgent Military Assistance

In a separate Memorandum for Mr. Kissinger, the Department of State has provided background on an urgent Yemen Arab Republic (YAR) request made on March 29 for U.S. military assistance to resist a threatened invasion by forces of the neighboring People's Democratic Republic of Yemen (PDRY). That memorandum analyzes the potential implications were such an attack to occur and sets forth actions already taken by U.S. Government agencies as a consequence of the Yemeni approach.

¹ Summary: Richardson and Rogers informed Nixon of an urgent YAR request for military assistance to resist a potential PDRY invasion, placed the request within the context of regional security, and recommended a further limited course of action in response to the Yemeni request.

Source: Washington National Records Center, OASD Files: FRC 330-78-0002, Saudi Arabia 092 (15 November 1973). Secret. Acting Assistant Secretary of Defense Lawrence Eagleburger forwarded this memorandum to the Secretary of Defense for signature on April 25, and in the covering memorandum indicated that he, Sisco, Rush, and Clements had discussed these contingency plans for future action in a potential YAR-PDRY conflict at a meeting on April 5. (Ibid.) For further developments, see Documents 200 and 201.

We are approaching this immediate problem in the larger context of our overall policy of encouraging regional collective security efforts in the Arabian Peninsula/Persian Gulf area. Our objective is to persuade our friends there to look at their area, from Jordan to the Gulf, as an interrelated whole, to urge cooperation among them, and to make clear that we see a mutuality of interest among them, and between them and us, in the region's security, with all concerned making contributions based on the kind of resources each of us has available and is best qualified to provide.

Status of the PDRY Threat:

The current YAR request for help was prompted by information it received that PDRY had massed troops along its borders with the intent to invade and occupy YAR territory near the strategic Bab al Mandeb Straits at the southern entrance to the Red Sea. This would allegedly be followed by two other moves further east against the important Yemeni city of Taiz. The YAR has also reported recent arrivals in PDRY of considerable quantities of Soviet military equipment including tanks and jet aircraft (MIG–21's) which would strengthen PDRY capability to launch such an attack.

[less than 1 line not declassified] PDRY troop concentrations as of three weeks ago in the area indicated to us by the YAR. [less than 1 line not declassified] however, indicates some pullback of PDRY troop and armor concentrations from the border area. The British confirm some Soviet deliveries to the PDRY though not in the amounts claimed by the YAR, as well as the arrival in PDRY of Cuban MIG–21 pilots. MIG–21's have not yet arrived but are expected soon. The British discount reports of a planned invasion.

In a subsequent (April 4) conversation with our Chargé, YAR President Iryani said as a result of a direct approach to PDRY, he did not consider an attack imminent—a conclusion our latest intelligence tends to confirm. Given the strained relations between the two Yemens, however, it could become a serious possibility at some future time.

U.S. Interests Involved:

Were PDRY to attack the YAR, it would affect U.S. interests and policies in the area. It would be seen as a move by a Soviet-backed radical Arab state, in a strategic area, against a moderate Arab regime friendly with the United States. Extension of PDRY control in the Bab al Mandeb Straits would increase the risk that this territory might be used by hostile elements, including Palestinian fedayeen or Eritrean dissidents, to interdict traffic moving in the Red Sea. We have an important interest in assuring continued freedom of transit for ships of all nations, including our own. We would be hard pressed by the

Saudis to give direct military support to the YAR. If the Saudis should also step up their support for counter-attacks by dissident South Arabian exiles along the Saudi and YAR borders with PDRY, it would stimulate PDRY to seek additional Soviet support. A prolonged confrontation would seriously affect the YAR's feeble economy and a YAR military defeat would jeopardize the moderate Iryani government.

U.S. Courses of Action:

While we remain unsure of PDRY intentions, we believe it is important to focus now on what we can do to deter a possible PDRY invasion of the YAR, and how we can respond to the urgent YAR request made to the Saudis and ourselves to supply up to 36 jeep-mounted 106mm recoilless rifles, 300 trucks, 500 machine guns, 6 helicopters, and some water trucks. We think it preferable to maintain low public visibility to: 1) avoid complicating any efforts which may be undertaken in the Arab context to calm the situation, and 2) enhance the chances that the Soviets, whom we may wish to approach at some point, could play a similar helpful behind-the-scene role. The following are courses of action which we believe we can usefully take now which would have a deterrent effect, boost YAR morale, and strengthen the latter's capabilities should such an attack occur:

a) *Mustering Arab Support for the YAR:* We are urging the YAR to make its concerns of a PDRY attack also known to the Arab League. We believe the YAR can elicit support against PDRY from most other members of the Arab League. That organization played an important role in arranging a ceasefire and mutual withdrawal of forces following last October's border conflict between YAR and PDRY. President Iryani told our Chargé he is in fact approaching both the League and certain Arab governments directly.

b) *Approaching the Saudis to Provide Emergency Aid:* We are instructing our Embassy in Jidda to urge the Saudis to begin immediately to transfer to the YAR at least a token quantity of the items most urgently needed, especially vehicles and machine guns. We are also pressing the Saudis to begin training of the YAR Army in the use of 106mm recoilless rifles and to loan Saudi helicopters and crews to the YAR. In return, we are offering: 1) to send, if needed, a team to help the Saudis develop a 106mm recoilless rifle training capability, 2) to provide replacements on a reimbursable basis for U.S.-made equipment transferred to the YAR, 3) to airlift as many available items as possible to Saudi Arabia to facilitate rapid replacement, and 4) to absorb a portion of the expense of any airlift of replacements. In approaching the Saudis, we are putting this effort in the larger context of our mutual interest in working together for stability in the Arabian Peninsula/Persian Gulf region as suggested to you by Prince Sultan when he visited Washington last year.

c) *Approaching the Jordanians*: Depending on the Saudi response to meeting urgent YAR military requirements, we would consider subsequently a possible approach to Jordan if necessary to determine how it might assist. Jordan could be asked to provide 106mm recoilless rifles and train YAR troops in their use. This action would, of course, be coordinated with the Saudis.

d) [1 paragraph (7 lines) not declassified]

Other Possible Actions:

There are three other actions which, while held in abeyance for the present, we will want to keep in mind depending on how the situation develops:

a) *Posting a U.S. Destroyer in the Area*: One of our destroyers attached to the Middle East Force could be instructed to remain unobtrusively in the area. The vessel could be available to make a visit to the port of Hodeida at some appropriate time, if the YAR wished, in order to show U.S. interest and support for the YAR. Alternatively, if developments warranted, the vessel could be instructed to make periodic passes through the Straits as a show of U.S. concern for continued freedom of transit.

b) *Approaching the Soviets*: Soviet Ambassador Dobrynin might be asked to come in to discuss our concerns at growing tension in Southern Arabia. We would say that while we are not certain of PDRY intentions, we believe that any PDRY attack against the YAR would not be either in our or in the USSR's interests. We would ask the Soviets to urge restraint on the PDRY, since confrontation in South Arabia could cause problems in our relations. We would also emphasize that U.S. relations with the YAR are based on that country's need for economic and technical assistance from all sides and its desire to develop peacefully. In response to the anticipated Soviet complaint that the U.S. should restrain the Saudis, we would state that we have and will continue to urge the Saudis to focus their efforts on aiding YAR economic development and avoid encouraging various South Yemeni tribal dissidents to move against the PDRY regime. We would add that we could not expect the Saudis to stand idly by if there were a clear use or threat of force against the YAR.

Since such an approach to the Soviets would introduce a major power dimension and tend to escalate the level of concern, we would hold off on this action until it was clear that intra-Arab efforts were not sufficient to cool the situation and there was more conclusive evidence of a planned PDRY attack.

c) *Providing Economic Assistance to the YAR*: We are currently initiating a modest AID program in the YAR and have obligated \$1.6 million in technical assistance funds for FY 73. We are exploring ways in which

this program might be supplemented with additional assistance in FY 74. This would support our strategy of using our contribution as seed money for more generous aid by the YAR's wealthier neighbors (Saudi Arabia has now committed nearly \$60 million in budget support and project aid to the YAR since 1970).

In light of evidence that the situation on the PDRY/YAR border has begun to cool somewhat, we do not now believe there is need for a WSAG meeting, as tentatively suggested in the earlier memorandum to Mr. Kissinger.

Elliot L. Richardson

William P. Rogers

199. Memorandum to the 40 Committee

Washington, June 4, 1973.

[Source: National Security Council, NSC Intelligence Files, Nixon Administration Files, Subject Files, 40 Committee Meetings (approved). Secret; Eyes Only. 10 pages not declassified.]

200. Memorandum From Harold Saunders of the National Security Council Staff to the President's Assistant for National Security Affairs (Kissinger)¹

Washington, June 27, 1973.

SUBJECT

South Yemen Threat and North Yemen—Message from Ambassador Helms

In the context of the Brezhnev visit, Ambassador Helms called your attention to a recent cable from our embassy in Sanaa, North Yemen, reporting on a talk between our Ambassador and the North Yemeni military chief (Tab B). The cable was sent to you when it came in. The purpose of this memo is to give you a brief reply if you want one.

The burden of the North Yemeni message is that it desperately needs military assistance, that Saudi Arabia—whom the US has encouraged to play such a role—is very slow on promised military aid, that meanwhile South Yemen is being heavily supplied by the Soviets, including through third parties such as Iraq and Syria, and that the fear of invasion is again raised. Helms particularly draws your attention to the theme of the Soviet role, presumably since it relates to the general point of great power responsibility in helping defuse regional conflicts.

Just after the above message arrived, another came from Saudi Arabia (Tab C) saying the Minister of Defense had approved and sent to Faisal a proposal for emergency shipment to Yemen of arms covering about four-fifths of the equipment urgently requested by Yemen. In addition, the Saudis have almost completed a plan for overall strengthening of Yemeni defenses at a cost of about \$275 million; they are wondering how much the US will help finance that.

Thus one of the problems here is that we are making an effort to get the Saudis to shoulder at least financial responsibility—with our technical help—for security in the Peninsula, and they are at this point slow and inefficient. There is some Soviet-supported buildup in South

¹ Summary: Saunders informed Kissinger of a message from Ambassador Helms in Tehran, which emphasized the necessity of military aid for the Yemen Arab Republic. Saunders also recommended that, although the Saudis had been tardy in shipping weapons to Sana'a, they take the lead, ahead of the United States, on this issue.

Source: National Archives, Nixon Presidential Materials, NSC Files, Box 641, Country Files, Middle East, Yemen Volume I, 1972–December 1973. Secret. Sent for action. At the top of the memorandum a note written in an unknown hand reads: "Action completed. Message was sent." Attached but not published are Tabs A–C. Tab A is the draft telegram to Helms. Tab B, telegram 1090 from Sana'a, June 18, details the conversation between North Yemeni President Iryani and Ambassador Crawford. Tab C is telegram 2573 from Jidda, June 21, reporting the conversation between Minister of Defense Prince Sultan and Ambassador Thacher.

Yemen, and the North Yemenis are nervous. Nevertheless it seems reasonable for us to persist in our efforts to keep the Saudis out in front on issues of aid to Yemen and Oman and not to jump in and do the job for them.

RECOMMENDATION: That you approve for dispatch by back-channel the message to Ambassador Helms at Tab A.

201. Telegram From the Department of State to the Embassy in the Yemen Arab Republic¹

Washington, July 14, 1973, 2242Z.

138643. Subject: Emergency Arms Supply to YAR. Ref: (A) Sanaa 1262; (B) Sanaa 1249; (C) Amman 3632; (D) Amman 3626; (E) Jidda 2901; (F) Amman 3618; (G) Sanaa 1278.

Summary: USG prepared supply emergency arms requested by YARG on FMS basis provided they delivered by Jordanians and Saudis and paid for by Abu Dhabi, or failing that, YARG. End summary.

1. Without attempting make independent judgment of threat of PDRY attack cited by YAR Prime Minister al-Hijri and Acting FonMin al-Asnag, given YARG concern and psychological state, believe it necessary for political reasons for USG to respond promptly and positively to urgent YARG request. We think this can be done without basic changes in our policy of regional cooperation, and that it will in fact support that policy, since arrangements for supply, discussed below, would be through friendly neighboring states. Agree with Ambassador

¹ Summary: The Department announced that the United States was prepared to provide arms to the YAR, under certain conditions.

Source: National Archives, Nixon Presidential Materials, NSC Files, Box 641, Country Files, Middle East, Yemen, Volume I, 1972—December 1973. Secret; Exdis. Drafted by Stephen W. Buck (NEA/ARP); cleared by Wrampelmeier, Noyes, Ransom, and in DOD/OSG/COMP, DOD/JCS, PM, NEA, EUR/NE, DOD/DSAA, and DOD/OSG/GC; approved by Atherton. Also sent Immediate to Amman, Abu Dhabi, and Jidda. Repeated to Kuwait City, Tehran, London, USCINCEUR, and Dhahran. Ambassador Crawford met with DOD officials to discuss the status of arms transfers to Yemen on March 8, 1974. DOD notes for the meeting emphasize Yemeni dissatisfaction with the slow pace of Saudi shipments of U.S. weapons to Sana'a. (Washington National Records Center, OSD Files, 330-77-0054, Box 23, Yemen 000.1 1974) Telegrams 1262 from Sana'a, 3632 from Amman, 3626 from Amman, 2901 from Jidda, and 3618 from Amman, all July 11, are in the National Archives, RG 59, Central Foreign Policy File, [no film number], P750007-1540, P750007-1545, P750007-1903, and P750007-1547, respectively. Telegrams 1249 from Sana'a, July 10, and 1278 from Sana'a, July 12, are *ibid.*, [no film number].

Crawford that whatever the channel, USG will get suitable portion of credit.

2. USG not in position to provide grant military assistance to YARG, either directly or through third parties. Accordingly, payment for ammunition and equipment will have to come either from Abu Dhabi, or, failing that, from YARG. Re equipment/ammo from Jordan or USG, if Abu Dhabi will pay, believe it best that funds be transferred directly to YARG. YARG would in turn conclude sales agreement directly with USG or Jordan.

3. Agree with Sanaa's 1262 that we should act along three tracks to respond to Yemeni requests, as follows:

A. Ammo supply from Jordan (Amman 3618): Welcome and approve immediate Jordanian ammo transfer and delivery to Sanaa by RJAF C-130, providing YARG can pay, either out of its own funds or through Abu Dhabi financing. As stated para 2 above, USG cannot make replacement on gratis basis, although willing to sell under FMS. Jordanian transfer of weapons to YARG is subject to provisions of FMS Act and would require Yemenis to undertake not to transfer to third parties without prior USG approval. Would expect Jordan to obtain this promise from YARG prior to or concurrent with delivery.

B. Remaining equipment and ammunition: Assuming Abu Dhabi or YARG funding, DOD prepared to sell to YARG on FMS basis and airship to Saudi Arabia for transfer to Sanaa by RSAF all remaining equipment and ammo requested Sanaa 1249 para 11 not supplied by Jordanians. This would be subject to YARG assurances to US re non-transfer to third parties without prior USG approval. DOD estimate for price and availability these and replacement items para A above will be provided by septel. In order provide adequate price and availability data we will of course need to know total requirement for ammunition to be sent from CONUS for (1) replacements for Jordan and (2) package to be airshipped to Saudi Arabia.

C. Saudi emergency shipment: Prince Sultan's message of June 21 (Jidda 2573) re Saudi supply of at least part of items urgently requested by YAR within fortnight most welcome development. However, given extreme YAR unhappiness at continued SAG non-delivery, Saudis need a further jog to confirm promptly to YARG that initial shipment in fact on its way. Ambassador Thacher should at appropriate level (1) inform Saudis of deepening Yemeni concern re its hopeless defensive position in face of what it describes as escalating fighting with PDRY; (2) remind them of our expressed willingness to resupply SAG on FMS basis and cover part of transport costs to Saudi Arabia; (3) confirm our understanding that SAG has no problem with Jordanian action in response to Yemeni request (Amman 3632); and (4) inform them we are looking urgently at items not in Saudi or Jordanian emergency

supply packages which we could airlift to Saudi Arabia for onward Saudi airlift to Yemen. Also, we will need USMTM's recommendation as to what airfield in Saudi Arabia US should bring matériel. In addition, Embassy should be aware that we may encounter difficulties re overflight clearances and may need SAG assistance in obtaining them.

4. For Sanaa: Ambassador should inform al-Hijri that (a) we understand YARG has requested from Jordan some of ammunition contained in request to us; (b) we prepared to provide remaining equipment and ammo requested in Sanaa's 1249 para 11 on FMS basis subject to YARG assurance re non-transfer to third parties without prior USG approval; (c) any equipment or ammunition provided by USG would be sent to Saudi Arabia and YARG would be expected to make arrangements for onward delivery by Saudis to YAR. As Abu Dhabi willingness to finance emergency shipment obviously crucial, Embassy should query YARG re its discussions with Abu Dhabi on how financing will be handled. We expect YARG to handle directly all discussions with ADG re financing. However, if YARG concurs, Chargé Griffin authorized to provide price and availability details when received to ADG in order facilitate early transfer funds to YARG. As regards payment we currently envision letter of offer would be addressed for acceptance by YARG. Terms of sale would be dependable undertaking, payment 30 days after delivery.

5. Would appreciate any further info Embassy Sanaa can provide on alleged recent increased exchanges on PDRY/YAR border. We have no independent information here to confirm these incidents.

6. For Amman: Ambassador authorized respond to Jordanian request drawing on para 3A and 3B.

7. For Abu Dhabi: Upon receipt DOD info on price and availability (para 3-B above) and message from Embassy Sanaa stating YARG has no objection your raising subject, you should contact appropriate ADG officials to pass on cost data. At same time you should attempt obtain confirmation that Abu Dhabi will in fact finance (a) Jordanian ammo and (b) remaining equipment and ammo requests by YARG from USG.

8. Note YARG request to Jordan includes ammo for Saladins. Septel will deal with question of Saladins for Yemen.

Rush

202. Memorandum From the Executive Secretary of the 40 Committee (Ratliff) to the President's Assistant for National Security Affairs (Kissinger)

Washington, July 27, 1973.

[Source: National Security Council, NSC Intelligence Files, Nixon Administration Files, Subject Files, 40 Committee Meetings (approved). Secret; Eyes Only; Outside System. Sent for action. 4 pages not declassified.]

203. Memorandum From the President's Assistant for National Security Affairs (Kissinger) to President Nixon

Washington, July 30, 1973.

[Source: National Security Council, NSC Intelligence Files, Nixon Administration Files, Subject Files, 40 Committee Meetings (approved). Secret; Exclusively Eyes Only. 2 pages not declassified.]

204. Telegram From the Embassy in Saudi Arabia to the Department of State¹

Jidda, August 26, 1973, 0840Z.

3638. Dept pass CINCEUR; Geneva for Ambassador Crawford. Subject: Saudi Arabia Reaffirms Support for YAR President Iryani. Ref (A) Jidda 3527; (B) State 164692.

Summary: Prince Fahd reaffirmed SAG's full support for President Iryani and its desire that he remain in office. SAG has prompted Consultative Assembly and COS Maswari to write Iryani letter (a) accepting his views on replacement for Mohammed Ali 'Uthman and (b) withdrawing supposedly troublesome Zaydi militia from Taiz and Hodeidah. King Faisal moreover has sent personal letter to Iryani pledging support and asking that plans for resignation be canceled. Fahd added that he had personally cautioned Ambassador Sudairy about statements attributed to him and had even offered to replace him if Yemenis so desired. End summary.

1. During meeting with Minister of Interior Prince Fahd August 25, Ambassador expressed concern of USG over reports that President Iryani was considering resignation. It would be unfortunate, we felt, if President Iryani were in fact to resign since he seemed more able than any other figure to contain Yemen's centrifugal forces within present political framework. Our Ambassador in Yemen has made careful assessment of situation and was convinced of importance Iryani's role as conciliator and figure best qualified to hold country beset by so many divisive forces together. Accordingly we suggested SAG might wish to send message to Iryani in Syria, where we understand he is on vacation, urging him not to resign. As a second step we thought it would be helpful if it were more widely known in Yemen that SAG fully supports Iryani and wished suggest message might be sent to Saudi Ambassador in YAR so that through him Yemenis would understand Iryani enjoyed Saudi Govt's complete support.

¹ Summary: The Embassy reported success in obtaining official Saudi support for embattled YAR President 'Abd al-Rahman al-Iryani, who had contemplated resignation.

Source: National Archives, Nixon Presidential Materials, NSC Files, Box 630, Country Files, Middle East, Saudi Arabia, Volume IV, May-December 1973. Secret; Immediate; Exdis. Repeated to Sana'a, Beirut, Kuwait City, and the U.S. Mission to Geneva. President Iryani threatened to resign, alleging that Riyadh had allowed Saudi Ambassador Sudairy to oppose him. Other events also concerned U.S. Embassy officials, who approached the Saudis on the issue, in particular Princes Sultan and Fahd, reported in telegrams 2198 and 3527 from Jidda, May 29 and August 18, respectively. (Ibid.) The Department approved Thatcher's approach in telegram 164692 to Jidda, August 22. (Ibid., RG 59, Central Foreign Policy File, [no film number]) On Iryani's resignation in 1974, see Document 207.

2. Prince Fahd replied that he could give Ambassador a full report on this matter since it had been discussed at highest levels of SAG and with YAR COS General Maswari and FonMin Nu'man, both of whom had recently transited Saudi Arabia. Prince affirmed that SAG was deeply concerned at reports of Iryani's possible resignation and had looked into its possible causes. These appear to be (a) desire of Zaydi chiefs to replace late Mohammed Ali 'Uthman, a Shafa'i, with one of their own sectarians; and (b) high-handed behavior of some of Zaydi militia among Shafa'i populations of Taiz and Hodeidah. SAG had, therefore, convinced Zaydis in consultative assembly, and also Army COS Maswari, to send letter to Iryani stating their willingness to accept his nominee to succeed Mohammed Ali 'Uthman and adding that troublesome militias were being withdrawn. This letter carried by COS General Maswari to Iryani in Syria about two days ago.

3. Prince Fahd stated that in addition, King Faisal was sending private letter to President Iryani via FonMin Nu'man asking Iryani to withdraw his resignation. Letter supposedly states that such resignation would not be in interests of Yemen or Arab nation, or any responsible elements. Letter affirms King's full confidence in President Iryani and SAG's desire to be helpful in every way possible. Fahd commented to Ambassador that SAG sincerely wanted Iryani to stay in office because if he stepped down ensuing chaos and confusion would certainly be harmful to SAG's interests. Ambassador said again that he hoped message to Iryani might be supplemented by message to Ambassador Sudairy, who was widely known in Yemen, to make it clear also in his contacts that SAG had full faith in Iryani.

4. Speaking most privately, Prince Fahd said that he had also spoken with Ambassador Sudairy to effect that certain statements critical of President Iryani were being attributed to him in Sanaa. Upon analysis, Fahd added, these statements were traceable to various troublemakers who wished to mar harmonious relations between Saudi Arabia and Yemen. Fahd had nevertheless stressed to Ambassador Sudairy need to guard against even certain personal expressions of opinion—since these might be misinterpreted. Fahd also said that as further indication of SAG's desire to cooperate with YARG, FonMin Nu'man had been told Yemenis could, if they wished, even designate some Saudi of their choice as SAG's Ambassador at Sanaa.

5. Ambassador thanked Prince for this frank exchange of views and expressed belief that Saudi *démarche* to President Iryani should have beneficial effect on his future action and that Saudi Govt had reacted most wisely in this case.

6. At beginning of meeting Ambassador gave Prince Fahd summary outline of various types of U.S. assistance that had been and would be

provided to YAR April 1973–June 1974. Prince thanked Ambassador, saying such summary would be useful to him.

7. [1 paragraph (7 lines) not declassified]

Thacher

205. Special National Intelligence Estimate Prepared in the Central Intelligence Agency¹

36–73

Washington, October 1, 1973.

[Omitted here are the title pages and the table of contents.]

THE YEMENS

PRÉCIS

The revolutionary regime in South Yemen (PDRY) would like to bring down the conservative neighboring regimes of Saudi Arabia, Oman, North Yemen (the YAR) and others in the Persian Gulf area. The conservatives, in turn, consider PDRY a threat and would like to eliminate it. But none of these states—on either side—is now able to achieve its aim by military means nor is any likely to become so. Their leaders appreciate the limitations on their capabilities.

We cannot, however, rule out the possibility that Aden's leaders might attack the YAR. Having somewhat stronger forces, they would probably win some initial successes, but do not have the logistic capability to hold gains. The war would quickly become defensive and tribal, and would probably be prolonged and indecisive.

Additional modest programs of arms supplies from friendly states and training in their use would improve the YAR's defensive capabilities, though this would take some time.

¹ Summary: The CIA assessed PDRY efforts to subvert the Yemen Arab Republic and Oman.

Source: Central Intelligence Agency, NIC Files, Job 79R01012A, Box 466, Folder 4. Secret. The following intelligence organizations participated in the preparation of the estimate: the Central Intelligence Agency and the intelligence organizations of the Departments of State and Defense, the NSA, and the Treasury. All USIB members concurred, except for the representative of the FBI, who abstained on the grounds that the subject was outside his jurisdiction.

PDRY's support of subversion and insurgency in the YAR has created problems there, but is not a serious threat.

To the best of our knowledge, PDRY has made no serious efforts at subversion in Saudi Arabia, nor does it have the assets to achieve much success if it tried.

PDRY's backing of the Dhufar rebels in Oman does constitute a threat over time to the Sultan's regime. Our knowledge of the rebels and of their parent group, PFLOAG, is limited, but we judge that there is little PDRY's immediate neighbors can do to compel Aden to reduce its support of the Oman insurgency.

The USSR is PDRY's best foreign friend and its principal arms supplier, though Aden is not a puppet of Moscow. The YAR armed forces are for the most part equipped with Soviet arms, although since the YAR-Saudi rapprochement in 1970, Soviet shipments of arms and spare parts to the YAR have practically ceased. Recent Soviet agreement to supply limited matériel to the YAR, however, indicates that the USSR is attempting to maintain some presence in the YAR rather than to promote open hostilities between the two Yemens.

[Omitted here is the remainder of the estimate.]

**206. Memorandum From the Executive Secretary of the 40
Committee (Ratliff) to Secretary of State Kissinger**

Washington, March 5, 1974.

[Source: National Security Council, NSC Intelligence Files, Nixon Administration Files, Subject Files, Oman, February 23–March 5 1974. Secret; Eyes Only; Outside the System. Sent for action. 1 page not declassified.]

207. Telegram From the Embassy in the Yemen Arab Republic to the Embassy in Saudi Arabia¹

Sana'a, June 13, 1974, 1600Z.

1168. Subj: YARG Political Crisis Flares in Wake of Iraqi Conspiracy Discovery. Ref: Sanaa 1147. Dept pass Baghdad.

1. Summary: YARG President Iryani resigned June 13 as result political confrontation with Consultative Assembly President Shaikh Abdullah bin Hussein al-Ahmar. Latter has assembled his tribal forces north of Sanaa and is threatening to occupy capital. Army is positioning its units to resist. President and other responsible leaders believe Saudi Arabian Ambassador with some support from elements in his own country is behind effort bring about President's removal. Foreign Minister asks that US pass YARG message to SAG (Princes Fahd and Sultan) seeking their qte good offices unqte in preventing anticipated Army-tribal clash. Action requested: Urgent transmittal of YARG message to SAG leadership. End summary.

2. FonMin Asnag asked to see me urgently at home this afternoon. He described flash political crisis which has developed in wake of government's discovery of Iraqi conspiracy against President Iryani and present YARG (reftel). Because of the Byzantine complexity of Yemeni politics I am here greatly simplifying his presentation.

3. Following May visit to Saudi Arabia by PriMin Makki and party, President Iryani had been hopeful that relations with Saudi Arabia were about to enter a more positive period. YARG aware that SAG misgivings about Makki and even President himself not entirely allayed but took comfort from SAG assurances that it would judge Makki's performance by action to come. YARG also hopeful, based on assurances from MinState for Foreign Affairs Saqqaf that troublemaking Saudi Ambassador here, Prince Musaid bin Sudairy, would finally be removed. Unfortunately, it appears that elements within SAG unwaver-

¹ Summary: The Embassy in the Yemen Arab Republic passed to the Embassy in Saudi Arabia a report on Ambassador Crawford's meeting with Yemeni leaders at the beginning of the 1974 political crisis in Sana'a.

Source: National Archives, RG 59, Central Foreign Policy File, D740153-0615. Secret; Niact Immediate. Repeated Niact Immediate to the Department of State. Telegram 1147 from Sana'a, June 11, is *ibid.*, D740149-1158. Sisco recommended to Kissinger that he discuss Yemen with the Saudis before passing on any Yemeni message, discussed in telegram 126786 to Cairo, Sana'a, and Jidda, June 14. (*Ibid.*, D740154-0059) In telegram 3377 from Jidda, June 14, Akins summarized his meeting that day with Saqqaf, who said that Saudi Arabia was "relaxed" about the coup and was "keeping hands off." (*Ibid.*, D740154-1000) Kissinger briefly mentioned the coup in conversation with Saqqaf at Jidda on June 15, but did not bring up the Yemeni request. (Ford Library, National Security Adviser, Memoranda of Conversations, 1973-1977, Box 4, Chronological File)

ing in determination exploit events to unseat both President and PriMin.

4. Despite apparently good atmosphere engendered by candid exchanges during PriMin's visit to Saudi Arabia, Saudi Ambassador continued and intensified his criticisms of President and his contacts with those military and civilian leaders who could be used against him, among others members of family of Hodeida Governor Sinan abu Luhum, several of whom have important military commands, and Chief of Staff Maswari who known to be close to SAG.

5. A little over a week ago, Consultative Assembly President Ahmar stopped in Jidda on return from official visits to PRC and North Korea. Immediately on return, al-Ahmar, who also regarded as responsive to Saudi wishes, began to agitate against President. After YARG's seizure of documents attesting an Iraqi conspiracy aimed at replacing present YARG with a Ba'athi regime, al-Ahmar used President's decision send his political adviser Muhammad Nu'man to Baghdad to confront Iraqi President Bakr with the evidence, rather than immediately severing relations, as basis for criticising President for weak and incompetent leadership—a line identical to that circulated by Saudi Ambassador. Matters were brought to crisis evening June 12 when al-Ahmar used pretext of an alleged slur against tribal leaders and their forces by a regular Army officer in President's entourage to confront President with demand that he and PriMin Makki immediately resign. In this maneuver he was joined behind the scenes by Hodeida Governor Abu Lumum who had returned that day from visiting his brother-in-law former PriMin al-Ayni in London. Governor Abu Luhum's motivation transparently to bring about a major political crisis that would obscure repeated references to al-Ayni in Iraqi conspiracy documents as Iraq's chosen candidate to replace President Iryani.

6. After demanding President's resignation, al-Ahmar decamped to his tribal areas north of Sanaa and summoned tribal forces to him.

7. Morning June 13, as required by constitution, President sent his resignation and that of other Republican Council senior statesman Ahmad Nu'man by envoy to al-Ahmar. Latter informed envoy that his massed tribes intended to occupy capital by force.

8. Military leaders have also been at odds with President for alleged lack of decisiveness in dealing with Iraqi conspiracy issue, on which they only slightly mollified by President's willingness send to Iraqi President Bakr through Muhammad Nu'man a sharply worded personal letter of protest. Nevertheless, Deputy Commander in Chief Hamdi (who is the only one of three senior commanders presently in country) has taken position that he will defend capital at any cost. He has deployed tanks, artillery and regular infantry units on roads leading into capital from north, as well as around radio station and principal

public buildings in Sanaa. All airports have been closed. Unfortunately, a substantial infiltration into capital of al-Ahmar's armed tribesmen apparently took place before Hamdi's forces put in place.

9. President Iryani, meanwhile, has left the capital for Taiz to remove himself as focal point for opposition of tribes and pretext for their threatened seizure of capital.

10. Foreign Minister said every effort will be made to keep channel of discussion with al-Ahmar open to avoid disastrous Army-tribal fight for possession of capital.

11. Noting again that SAG undoubtedly has the capacity [1 line not declassified] immediately to influence al-Ahmar, FonMin asked that USG urgently convey to Prince Fahd, who shows good understanding of Yemen and to Prince Sultan, who shows much less, YARG message as follows: (In situation described above) YAR regular forces intend oppose tribal elements by force. Since this is an internal matter, YARG seeks assurance that in event of a clash Saudi Arabia will not intervene. Alternatively and preferably for all concerned, YARG hopes that SAG will use its good offices by all appropriate means to prevent tribal forces from precipitating armed conflict. Only sure result of such conflict would be a weakening of moderate leadership in Yemen and a concomitant strengthening of those left wing forces which YARG and SAG jointly oppose.

12. Asnag said Muhammad Nu'man, presently in Beirut, would be asked come to Jidda evening June 13 to do whatever he could in support of YARG request that SAG use its influence over al-Ahmar constructively.

13. I pointed out to Asnag that current visit to Saudi Arabia by President Nixon and Secretary Kissinger would make consideration by SAG of any other issue very difficult during coming hours. I promised however relay his message on an urgent basis.

14. FonMin said President Iryani had ordered that his message of resignation specifying threats of Consultative Assembly President and use of force by tribes be broadcast at 8:00 pm this evening. However, following President's departure for Taiz, he and other leaders had ordered Information Ministry differ announcement to allow more time for conciliation efforts.

15. Would seem clearly constructive for the situation here for us to pass Asnag's message as requested. I would appreciate being informed of action taken and SAG reaction.

Crawford

208. Memorandum From the Executive Secretary of the 40 Committee (Ratloff) to the President's Assistant for National Security Affairs (Kissinger)

Washington, June 18, 1974.

[Source: National Security Council, NSC Intelligence Files, Ford Administration Files, Subject Files, Saudi Arabia, October 24, 1974–January 21, 1975. Secret; Sensitive; Outside the System. Sent for action. 1 page not declassified.]

209. Briefing Memorandum From the Ambassador to the Yemen Arab Republic (Crawford) to Secretary of State Kissinger

Washington, July 17, 1974.

[Source: Central Intelligence Agency, Executive Registry Files, Job 80M01048A, Box 4, Folder S–34. Top Secret; *[handling restriction not declassified]*. 4 pages not declassified.]

210. Telegram From the Mission to the United Nations to the Department of State¹

New York, October 1, 1974, 2015Z.

Secto 31. Department pass Cairo, Jidda, Kuwait, London, Sanaa, Tehran. Kuwait pass Muscat. Subject: US–PDRY Relations.

1. USUN Summary: In private breakfast meeting on October 1 with PDRY FonMin and PDRY PermRep, Under Secretary Sisco probed PDRY attitude toward resumption of diplomatic relations with US. Meeting was friendly and PDRY officials welcomed initiation of dia-

¹ Summary: The U.S. Mission reported on a meeting among Under Secretary of State Sisco and PDRY representatives in New York, regarding Aden's desire to renew relations with the United States.

Source: Ford Library, National Security Adviser, Presidential Agency File, Box 19, USUN–DOS to SOS, NODIS, 10/1–10/31/1974. Secret; Nodis.

logue but it clear PDRY not yet ready to reestablish relations. End summary.

2. Under Secretary Sisco, Assistant Secretary Atherton, and ARP Director Dickman held private unpublicized breakfast meeting in Sisco's suite at Waldorf with PDRY FonMin Muti and PDRY PermRep al-Ashtal to sound out PDRY attitude on resuming relations with US. Egyptians had earlier told us, following PDRY President's visit to Cairo, that PDRY wanted to resume relations and urged we take initiative to follow-up. After reviewing US policy in Middle East and US support for cooperation among all countries in peninsula, Sisco said US position remained that we prepared resume relations with PDRY without prior conditions and at a pace that would suit PDRY requirements.

3. PDRY reps noted that meeting with Sisco had become possible because of progress in Middle East but devoted almost all of their discussion to peninsular issues. On several occasions, they referred to the threat they saw from Saudi Arabia and the support the Saudis had given to dissident groups to wage a campaign of sabotage against PDRY. They viewed the insurgency in Dhofar as one of self-determination. They had nothing against Sultan Qabus but felt that his policy of war had only led to an Iranian presence in the peninsula. They stoutly affirmed that PDRY wanted only to live at peace with its neighbors, that it had not let its good relations with Socialist countries dictate its policies, and that it had not become a Soviet base.

4. The PDRY reps referred to the country's meager economic resources, which had been made worse by the departure of the British in 1967 and the closure of the Suez Canal, and their interest in gaining resources for economic development. They also referred to the good relations which the US enjoys with Saudi Arabia and Iran and US ability to influence Saudi and Iranian actions in the peninsula because of the good US relations with these two countries. Sisco gave no encouragement that US economic assistance might be in the offing noting increasing congressional strictures on foreign aid. We hoped PDRY would be able to improve its relations with its neighbors but Sisco noted this basically was something for the PDRY to work out.

5. The PDRY representatives welcomed the initiation of this dialogue. They suggested that future contacts should use PermRep al-Ashtal as the channel qte until the right time comes unqte. They also asked that no publicity be given to this meeting.

6. Prior to meeting with PDRY reps, we informed Foreign Ministers Fahmy and Saqqaf and Oman's Ambassador Makki because we did not want them to learn about it later on. We intend to convey gist of this meeting when Secretary meets with Fahmy and Saqqaf but addressee posts may draw on foregoing in briefing appropriate senior host government officials on hold-closely basis. We do not intend to

give any publicity to meeting. If report on meeting should leak, we intend say that we will not confirm or deny it.

7. Full memcon being pouched.

Kissinger

211. Backchannel Message From the Ambassador to Saudi Arabia (Akins) to the President's Deputy Assistant for National Security Affairs (Scowcroft)

Jidda, October 30, 1974, 1030Z.

[Source: Ford Library, National Security Adviser, Backchannel Messages, 1974–77, Box 4, Mideast/Africa, 10/74—Incoming. Secret; Eyes Only. 2 pages not declassified.]

212. Memorandum From Secretary of State Kissinger to President Ford¹

Washington, January 9, 1975.

SUBJECT

Visit of Oman's Sultan Qaboos Ibn Al-bu Sa'id

I. *Purpose*

Oman is important to US interests because it is in a geographic position (with Iran) to control the Strait of Hormuz, through which two thirds of the world's oil exports pass. Its stability is a matter of prime concern to Iran and Saudi Arabia. Underdeveloped and isolated

¹ Summary: Kissinger provided background information and talking points for President Ford's meeting with Omani Sultan Qaboos ibn Sa'id al 'Bu Sa'id.

Source: Ford Library, National Security Adviser, Presidential Country Files for Middle East and South Asia, Box 26, Oman (2). Secret. Attached but not published are biographic sketches of Qaboos and Sayyid Tarik, and a short paper summarizing the rebellion in Dhofar. For the memorandum of conversation, see Document 214. Helms recommended the visit in backchannel message 38 from Tehran, December 3, 1974. (*Ibid.*, Oman (1))

diplomatically until Qaboos took power in 1970, Oman is the only country in the Arabian Peninsula confronted with a guerrilla insurgency, which has been underway in its southwestern province of Dhofar which borders Marxist South Yemen, the principal supporter of the rebels.

Sultan Qaboos comes at a time of rapid economic development in Oman made possible by increased oil revenues, and continuing but slow success in the war against communist-led guerrillas. He will be here on a nominally private visit, but sees this as an opportunity to strengthen his relationship with American leaders and to burnish his own image as a traditional but progressive monarch both at home and in the Arab world generally. For us, it provides a chance to strengthen our ties with one of the Persian Gulf states, show our interest in Oman's efforts to develop its economy and defend its territory, and indicate our appreciation for the Sultan's own efforts in resisting communist-backed subversion emanating from South Yemen.

Your purpose in this meeting will be:

- to reassure Qaboos that we value our historically friendly relations in Oman;

- to encourage him to continue his struggle against the insurgency in Dhofar, looking to friendly regional states for support;

- to compliment Qaboos on his determination to pursue a policy of rapid economic development and reiterate our willingness to cooperate in providing technical assistance on a reimbursable basis;

- to assure him of your personal commitment to work towards a just and lasting settlement of the Arab-Israel conflict.

II. *Background and Strategy*

A. Background. There are no issues dividing our two governments, and our involvement with Oman has been limited. Oman supports the Arab cause on Israel, but dispassionately. While it complied with the Arab oil boycott, it did not reduce its 300,000 barrel per day production. The Omanis want a Middle East settlement primarily because they feel it will undercut radical influence in the area. Petroleum, produced primarily by a British-led consortium, accounts for almost all of Oman's exports and revenues. Oman is currently earning \$800 million from its oil; however, it is not a member of OPEC and plays a passive role on oil prices.

For over 150 years British interests, both commercial and military, have been paramount in Oman. The British still have an air base there. The Sultan himself studied at Sandhurst. The Commander in Chief of his armed forces is a seconded British Major General. His *de facto* Minister of Finance and Development is an expatriate Australian, and his special personal advisor is an expatriate Canadian and former

Sandhurst classmate. The Omani Army is led by some 300 British officers—about half on contract and half seconded from the regular British army. We support the continuing British involvement in Oman since it: (a) helps to assure the continuation of a moderate and pro-western regime sharing control of the entrance to the Persian Gulf with Iran, and (b) serves as a bulwark against the expansionary revolutionary designs of the Marxist regime in neighboring South Yemen.

The Omani armed forces obtain most of their military equipment from Britain. However, Oman has sought to purchase some US military items, and our policy has been to be as forthcoming as our own supply situation permits in the context of Oman's legitimate needs. However, three months ago we had to turn down an Omani bid to buy 100 TOW anti-tank missiles because we did not have them available.

We do not have an aid program in Oman, other than some 30 Peace Corps volunteers involved in such things as development of agriculture and water resources, nursing and public health. Oman has increasingly asked for technical assistance on a reimbursable basis through the Government-to-Government channel, and in such cases we try to be as helpful as possible. At the present time, for example, we are arranging to send to Oman (at Oman's expense) three air control specialists from FAA and a rural electrification expert. Direct private American business involvement in Oman is growing as well in such diverse fields as food processing, port construction, fisheries development, and legal assistance, and Sun Oil is currently preparing to explore promising areas off Oman's southern coast.

In line with the growth of our relations with Oman, we appointed a resident US ambassador to Muscat for the first time in July of this year. Our relations go all the way back to 1833, when we signed a treaty of friendship and navigation with the Sultanate.

B. *Strategy.* Our basic policy towards Oman has been to support the country's economic development efforts and its fight against foreign-backed insurgency in Dhofar without ourselves becoming directly involved in that conflict. We have successfully followed this policy through support of continued British involvement in Oman and encouragement of regional military assistance (primarily from Iran, but also to a limited degree from Jordan, the United Arab Emirates and Saudi Arabia). The Iranians, at Omani request, have an expeditionary force in Dhofar, currently consisting basically of one infantry brigade with air support. The Jordanians have provided an expert military engineer company.

Sultan Qaboos appreciates our active encouragement of the regional support he has been receiving. He is reassured by the fact that British military involvement in Dhofar has not been affected by the recent Wilson Government Defense Policy Review. He is likely to

be looking for an affirmation from you of our continued support of his government's counterinsurgency efforts in Dhofar through encouraging regional cooperation and direct sale of military equipment needed and not readily available from other countries. I believe our strategy should be to reassure him on this point and on our general desire to be as responsive as possible (on a reimbursable basis) to any Omani request related to the country's economic development.

III. *Talking Points*

General

—We appreciate your dynamic leadership in meeting the threat of subversion emanating from South Yemen; Oman is the front line for peninsula security.

—You are to be complimented on the rapid progress Oman has made since you came to power in 1970 and began to earn substantial oil revenues. Your economic development in the last four years has been very impressive. I applaud your concern that this development serve the well-being of all your countrymen.

—Let me assure you of my personal commitment to a just and lasting Middle East peace. The United States will continue actively to work towards this goal. We appreciate Oman's understanding of our approach, which we believe in the present circumstances must continue to be a step by step one.

US-Omani Relations

—First, I wish to emphasize my Government's basic policy and desire to promote increasingly close relations between our two countries and to foster mutual cooperation, especially in the economic and developmental field. As you know, we have 30 Peace Corps volunteers in Oman.

—Your Government has approached us on several occasions seeking technical assistance, on a reimbursable basis. We will continue to be as helpful as we can and seek to locate personnel with the technical skills you desire.

—We are also very much aware of heartening progress Oman is making in meeting the challenge of externally supported subversion in Dhofar. We see encouragement of regional cooperation as the best way for the United States to support Oman in its courageous response to this threat. Thus, as you know, we have given diplomatic support to the efforts of Iran and the UK, as well as Jordan, Saudi Arabia and other friendly states, in helping Oman to meet this problem.

—If at all possible, the United States is prepared to sell Oman military equipment needed for its defense. We support Oman's strategy

of pacification in Dhofar. We know from our experience in Vietnam that there can be no ultimate “pacification” until the local population is closely integrated with the national government and benefiting from this connection through economic development.

—Britain is a traditional ally of Oman. We have no desire to displace it in Oman or even compete. On the contrary, we will continue to urge the British to keep up their support. We think they are doing a creditable job. Where we can be of supplemental help—with technical assistance and weapons—we will do our best, but we think you can be the best judge of when and where we are needed.

—I would be interested in your views on the possibility of an eventual political settlement of the Dhofar insurgency with South Yemen. We, ourselves, have no influence with the South Yemen regime, and that regime has shown no real signs of interest in improving relations with us despite our receptivity to the idea. But we could help line up international support for you and help you coordinate any initiative with other states in the area, if you so desired.

IV. Participants and Press

A. *Participants.* Sultan Qaboos will be accompanied by Foreign Minister Zawawi, his uncle and personal advisor Sayyid Tarik, and Oman’s Ambassador Macki. I also intend to be present. An interpreter will not be necessary, as all speak fluent English.

B. *Press.* The meeting has been announced; since this is an essentially private visit, there will be no arrival ceremony; there will, however, be a photo session at the start of your meeting.

213. Memorandum of Conversation¹

Washington, January 9, 1975, 2:40 p.m.

SUBJECT

Sultan Qaboos' Call on the President

PARTICIPANTS

His Majesty Qaboos bin Sa'id
 Sayyid Tarik bin Taimur al Sa'id, Personal Advisor on Diplomatic Affairs and
 Senior Ambassador
 Qais Abdul-Munim Al-Zawawi, Minister of State for Foreign Affairs
 Ahmed Macki, Ambassador of Oman
 The President
 The Secretary of State
 Lt. Gen. Scowcroft
 Ambassador Wolle

Responding to the President's expression of welcome and his inquiry about the flight to Washington, His Majesty said the long trip from London earlier in the day had been comfortable and that the sunny weather here was an improvement on the cloudy, nasty conditions in London. The President stated that we are proud of our long, long association with Oman going back to 1833, the time of President Andrew Jackson, who indeed was farsighted to establish such a relationship. He added that we think this long and good foundation of our relations can be expanded upon.

The President asked about the American Peace Corps volunteers in Oman. Sultan Qaboos responded that the volunteers are in such fields as social work, health and agriculture, and that they are doing a good job in their scattered locations around the country. The President expressed pleasure in hearing of their contributions and noted that while the US has had good luck generally with the Peace Corps, there are bound to be exceptions. He spoke of an effort in recent years to upgrade their skills. Originally, some volunteers had felt too strongly that they had primarily a social mission or objective, but over the past ten or twelve years most of these had been eliminated in favor of individuals with specific skills to offer. Also, the Peace Corps has recruited a number of older persons, including retired craftsmen with

¹ Summary: Sultan Qaboos and President Ford discussed U.S.-Omani relations, the Dhofar situation, arms supply, and other topics.

Source: Ford Library, National Security Adviser, Memoranda of Conversations, 1973-1977, Box 8, Ford Administration, January 9, 1975. Confidential. The meeting took place in the Oval Office at the White House. Drafted by Ambassador Wolle. Another record of the conversation, the White House's version, is attached but is not published.

skills in agriculture and construction, for example. Such volunteers wished to contribute their talents to mankind for a few years before final retirement, and their presence has added sound balance to the program.

The President said he would appreciate the Sultan's assessment of the situation in Dhofar, particularly the efforts of the South Yemen Government against Oman. Sultan Qaboos responded that the South Yemenis indeed do support the Dhofar terrorists, which they call revolutionaries, to the extent that recently they have been shelling Omani positions with guns and mortars from their side of the border. They also provide weapons and training to the terrorists. Some 500 young Omanis have been taken across the border into South Yemen for Marxist indoctrination and education in two schools, one bearing the name "Lenin School." The aim is to prepare them for subsequent infiltration and trouble-making in Dhofar. In doing all this, the South Yemenis have Soviet support and advisors, some Cuban advisors, and some support from East Germany and North Korea. Asked by the President if Red China has been involved, the Sultan replied that they were at one stage but have not been helping for the past two years or so. Chinese support tailed off about the time the Soviet support began.

Sultan Qaboos said that his government is trying to put an end to the Dhofar terrorism and guerrilla warfare, and that there has been much progress. He said Oman's Iranian friends are assisting, for which he is very grateful. He stated that most of the territory that had been under terrorist influence has been more or less pacified. Once Omani Government rule is established in a given area, he tries to give his people their due by setting up schools and clinics, making water available and providing job and farming opportunities. The Sultan said he is convinced that the affected persons now realize clearly that the Government really wants to help them. He added that both his own forces and the Iranian troops have suffered some losses in the past month in the course of a campaign against the terrorists, who are situated in difficult terrain and hiding in caves and forests. However, he hoped soon to be able to say that his forces are in control of the entire area. Even then, the situation would remain problematic for a long time to come if the South Yemenis continued on their present course.

The Secretary remarked that the Aden regime is certainly a very cantankerous group, one that has also been giving the Saudis a good deal of trouble.

The President stated that the US supports Oman's efforts to regain its territory and control it. He realized there had been one or two Omani requests to which, for our own supply reasons, we had been unable to accede—in particular, a request for the TOW missile. Nonetheless, it remains our policy to do what we can to help nations that help

themselves, nations such as Oman which have the aim and ambition of improving the lot of their people. The Sultan assured the President that Oman's aim is to build itself up, provide greater educational opportunities, strengthen its own economy and make full use of its resources. One day Oman's oil would disappear, and his people in the meantime must develop their agriculture, fisheries, minerals and so forth. He said he certainly has no intention of getting involved in other peoples' internal affairs, and he does not like it when others interfere in Oman. The President commented on how fortunate we all would be if only this were a universal attitude.

Asked if Oman is trying to increase its oil output, the Sultan referred to the two new offshore concessions now being explored by American and French companies. Both are about to start drilling, and there is great hope for gas as well as oil. The President inquired whether the present oil producing area is located in the regions of guerrilla warfare, and was told that all known oil areas are further to the north and east.

On learning that the Sultan plans to remain in the US only three days, the President encouraged him to come again to have a good look at the country, including the midwestern heartland as well as our more publicized vacation areas such as Florida and California. When the Sultan said he would like to do this sometime, probably crossing the Atlantic by sea, and asked what the best season would be, the President suggested anytime from May to October. While not recommending Washington itself in mid-summer, he noted that His Majesty probably is accustomed to much more heat, if not humidity, than Washington offers even then.

The President commented that the Shah has been travelling this week to Jordan and Egypt. The Secretary, noting that he was aware of the Sultan's acquaintance with the Shah, said the Iranian ruler is indeed an impressive person and stated that we have invited him to visit the US in May.

The Secretary asked how the Iranian troops are doing in Dhofar. Responding, the Sultan said they are doing well, though in this kind of a guerrilla encounter there is no substitute for experience, in knowing where to look and what to do. Asked by the President whether the South Yemenis helping the guerrilla are true Yemenis or are recruited elsewhere, the Sultan described them as mainly Yemeni but with some elements from the Gulf. They also have a local South Yemeni militia that is recruited when they are in trouble.

The President asked if aircraft are useful in the kind of fighting in progress in Dhofar. Sultan Qaboos said that helicopters prove particularly helpful and add mobility to the efforts of his forces. Also, British fixed-wing Strikemaster aircraft are used for low-level attacks when conditions and the terrain permit. The President commented on how

useful the older, slower planes had been in the Korean War for low-level missions. The Secretary said that once in Korea the North Koreans sent an old-fashioned biplane over Seoul and the South Koreans simply couldn't hit it.

Sultan Qaboos presented one request. He said Oman has sought to buy some American-made telescopic sights for rifles in its possession but has been "turned down." He hoped these might be made available. The President asked General Scowcroft to look into the matter, and told the Sultan he was glad the matter had been brought to our attention. He commented that this type of sniper-scope device has become far more sophisticated in recent years, and recalled seeing work being done on such equipment by an Army research team at the University of Michigan about twelve years ago. General Scowcroft added that some modern sight-vision devices actually make use of starlight.

The President asked if there is anything by way of technicians, in any special areas, in which the US might be helpful. The Sultan responded that he could not say there is just now, but perhaps in the future. When the President stated that we feel strongly that if we can we want to be helpful, Sultan Qaboos said Oman is a young country in the midst of a self-development effort, and needs all the assistance it can get.

The President declared that he was pleased to note the British are not going to pull out their support from Oman. In agreeing, the Sultan remarked that at one stage he had been afraid the British might leave. The President said that the US has some very serious problems together with the British in helping enable them to finance some of their important external activities.

On departing, Sultan Qaboos thanked the President very much for the time taken to receive him.

214. Memorandum of Conversation¹

Washington, January 10, 1975, 12:30 p.m.

SUBJECT

Meeting with Sultan Qaboos

PARTICIPANTS

His Majesty Sultan Qaboos bin Sa'id
 H.E. Sayyid Tarik, Personal Advisor to the Sultan
 H.E. Qais Zawawi, Minister of Foreign Affairs
 Ambassador Ahmad Macki

The Secretary
 Deputy Secretary Ingersoll
 Under Secretary Sisco
 Assistant Secretary Atherton
 Ambassador William Wolle
 NEA/ARP Country Director Dickman

The Secretary: Welcome Your Majesty (pointing to a painting on the wall). What do you think of my abstract painting?

The Sultan: It is very nice.

The Secretary: Some people think that it is the organization chart of the State Department (laughter). I apologize for having delayed this meeting. I have been working with the President on a speech he is going to give Sunday night on energy.

The Sultan: I quite understand. I know how busy you must be.

The Secretary: Happily, our relations with Oman are good. There are not too many problems between us that I am aware of that need solution. On the question of scopes for rifles that you raised with the President yesterday, these have been approved. Defense has also said that it would approve the sale of a few TOWs and some military training for Omanis in the United States. You will be hearing this when you visit the Defense Department this afternoon and you should deal with Deputy Secretary Clements about this. I have spoken to Mr. Clements about this and he has agreed in principle.

The Sultan: Thank you. This is something which we really need.

¹ Summary: Sultan Qaboos met with Secretary Kissinger to discuss the state of U.S.-Omani relations, the Arab-Israeli dispute, and other topics of mutual interest.

Source: National Archives, RG 59, Central Foreign Policy File, P820123-1116. Secret; Nodis. Drafted by Dickman. Copies were sent to S, S/S, and Scowcroft. The meeting took place in Kissinger's office. Kissinger and Qaboos met again on January 11 to confirm points regarding the TOW missile and Masirah Island discussed here and in the Sultan's meeting with Schlesinger and Clements. (Ibid., P820123-1127) See Document 215.

The Secretary: One thing we would like to know is whether US aircraft which operate from our carriers when they are in the Indian Ocean could land at Masirah.

The Sultan: There would be no problem, just work it out with the RAF.

The Secretary: When we have carriers in the Indian Ocean, occasionally a reconnaissance plane needs a place to land for emergency reasons or refueling. If some contingency arrangement could be worked out between our two countries, it would link us much more closely.

The Sultan: (nodding his head in approval)

The Secretary: (hearing the chant of a demonstration by the Eritrean Liberation Front outside of the State Department) You hear the noise outside. They are protesting against our policy in Ethiopia. (Turning to Mr. Sisco) Do we have a position on the Eritrean Liberation Front question?

Mr. Sisco: Yes.

The Secretary: At least its not a demonstration against me. Every time there is a demonstration against me, half of my associates in the Department go out and join them. (laughter)

The Sultan: Perhaps they think this will please you?

The Secretary: At least it gets my attention (laughter). I was hearing complaints the other day that a leak concerning American weapons supplied to another country had come from the State Department. I said that as long as the leak was not directed against me, it could not possibly have come from the State Department. (pause)

The Secretary: How did you sleep. Did the building shake from the traffic?

Sayyid Tarik: I had difficulty. I could not adjust to the time frame. I woke up early this morning.

The Sultan: I had no trouble but I did stay up late watching your television.

The Secretary: I thought Your Majesty was going stronger at 11:00 p.m. last night than at 4:00 p.m. yesterday afternoon (laughter). I read in the newspapers that I had asked you to help me in finding a solution to the Middle East war. I do not want to disappoint anyone and if you can help, I would like any assistance you can give. What is your assessment of President Sadat? Do you think he will make a further move?

The Sultan: You know President Sadat better than I do. My own assessment is that Sadat is sincere. He wants to move the situation forward. There is no doubt he will make the effort towards a real settlement but whether he will risk everything with Syria without the

Syrians agreeing to a certain extent to what he is doing is risky. It is a risky thing for a person in his position to act unilaterally.

The Secretary: This is one of the damndest negotiations I have ever been engaged in. The two sides do not want to talk to each other but want me to do the talking for them. Now I have to be a psychiatrist. As I told His Majesty last night, I will write my memoirs only on Arab Chiefs of State and Arab Foreign Ministers. They are all dominant personalities. As I told His Majesty last evening, when Saudi Foreign Minister Saqqaf came to Washington last year on one of his visits, the coffee maker in the aircraft blew up shortly before the plane landed at Dulles. Saqqaf was convinced that it was a Zionist plot and he wanted police protection (laughter).

The Sultan: Did you like Saqqaf?

The Secretary: I liked Saqqaf very much. We were very good friends and got to know each other well. I once told him that I would like to be able to lead the life he led, to look the way he did—slightly dissipated. (laughter) Speaking of Foreign Ministers, I recall another example when after a tour through the Middle East, one Arab Foreign Minister went around to check to see what I had said and drew the conclusion that I had lied because I had told them all the same thing. (laughter) I tell you, these Arab Foreign Ministers are not persons of weak personality. Would you agree Your Majesty?

The Sultan: We come from desert background and that perhaps is the explanation.

The Secretary: Once after I talked to King Faisal, I felt that it had not been the best of conversations and told Saqqaf so. The King had just told me that he was not going to lift the oil embargo. Saqqaf told me that because the King had said this, in fact he was going to lift the embargo. Saqqaf proved to be right. At first, when I would meet with King Faisal, he would not look at me but would pick lint off his robes. Now he looks at me. Does he look at you?

The Sultan: (nodding affirmatively)

The Secretary: I guess I will know I have a real friend in Faisal when he starts picking lint off my coat (laughter). Seriously, however, I am a great admirer of King Faisal. He is shrewd and intelligent. He has seen Saudi Arabia through many great difficulties.

The Sultan: Do you think that your effort in the Middle East will be successful?

The Secretary: Sometimes I wish there was a dispute between Norway and Denmark which I could help mediate, among people who are calm in character. I feel there is some movement in the Middle East. I sense we are moving toward a settlement on the Egyptian side. I am like Faisal—the evidence is the opposite—but my instinct tells me that it is moving at least on this side.

The Sultan: What about the future of Jerusalem?

The Secretary: I hope to pass this problem on to my successor. It is an insoluble problem if handled in isolation, but I believe its future can be worked out as part of a West Bank settlement. If there is a settlement of the West Bank, Jerusalem will follow logically. I have all along felt that given Israel's strong emotional feelings over the issue, it was better to make it a part of the West Bank settlement rather to make it a separate issue. I have explained this to King Faisal. He may or may not agree but he has accepted my explanation.

The Secretary: (moving in his chair with some stiffness)—Your Majesty talked so much about horseback riding last night that I wrenched my back (laughter).

The Sultan: In your approach on Jerusalem, have you considered the city under some kind of a trust with Muslims, Christians, and Jews administering the city on a religious basis?

The Secretary: Are you talking about the whole city or the old city?

The Sultan: The old city. It would not be a political administration but a religious one.

The Secretary: I have always felt that if the Israelis were imaginative, they could contact the Arabs and discuss the possibility of some kind of condominium in the old city. But Your Majesty has presented an interesting thought of a religious rather than political administration—a rather interesting idea.

The Sultan: What do you think of the situation around the Gulf?

The Secretary: Our interest is to keep this region peaceful and stable. We are strongly opposed to the efforts of the radicals, especially South Yemen, to extend their influence. I do not know if the Iraqis are very active. Our relations with Iran are very good. The Shah is a friend and we support his efforts to maintain the integrity of Oman. The Saudis are always rather apprehensive about the Iranians, however.

The Sultan: That is true.

The Secretary: There has been a lot of discussion about my *Business Week* interview. I said we would not use force over the question of oil prices but no one can believe that there would not be consequences in case of a total embargo where there is strangulation of the industrialized world. There are now a lot of cowards in Europe who hope to impress the Arabs but if they are hurt, they will be the first ones to come to us. To portray this as a threat against the Arabs is ridiculous. I have been the greatest advocate for improved relations with the Arab world. In the Persian Gulf, we want to expand our commercial relations and our economic ties. And in the case of Oman, we have a great interest in the progress and independence of your country.

The Sultan: I appreciate this very much. We will always want to work closely with you.

The Secretary: I am sorry that I have not been able to visit Oman. I had planned to do so last May but the negotiations took so long and our security people were nervous—not about Oman—but in other Gulf states because of their Palestinian population.

The Sultan: They were very wise.

The Secretary: Would there be a problem in Oman?

The Sultan: Not in Oman but in the other countries.

The Secretary: (turning to Sayyid Tarik)—Your uncle looks like a man who should be able to take care of security matters.

Sayyid Tarik: Security in some of the Emirates is very lax. Subversives are not under control. Although in Bahrain there is greater concern now, the Bahrainis have yet to take this very seriously.

The Sultan: One or two states in the Gulf which I should have visited, but which I have avoided are Kuwait and Bahrain. My security people feel they are not quite safe.

The Secretary: I was told Kuwait was not safe but I had not heard this was the case for Bahrain.

Sayyid Tarik: The rulers there have not been tightening the screws on subversives because they do not feel strong enough to deal with these groups. This is true in Kuwait and in Bahrain.

The Secretary: King Hussein has told me that he brings his own security when he visits this area. He advised me not to visit Kuwait.

The Sultan: He was right.

The Secretary: Is Iraq active in the Gulf?

Sayyid Tarik: Yes, the Iraqis support some of these subversive groups, they promote their Baath ideology.

The Sultan: Iraqi activities are under the guise of the branches of their commercial bank. In Bahrain the authorities recently captured weapons being smuggled in from Iraq. At first, the Bahrainis thought they were for use against them but were told no, they were in transit for use in Oman. In Dubai, the same thing has happened. There are also activities as far as Pakistan with the support of the Baluch.

The Secretary: Do you know President Bhutto? He is a very interesting man.

The Sultan: Yes, I know Bhutto. I have visited him and he has visited me. When one talks about stability in the Gulf region, it is difficult to do as long as the people are not aware of the threat. Once they are aware, then they know what to do.

The Secretary: In the US, psychiatrists are always trying to operate on the theory of making individuals aware of problems they did not know about before to explain their behavior. My problems are based on the things that I am aware of (laughter). But I agree, awareness of

the essence of countering subversion and how subversives operate is important. An insurgency has to be captured very early, otherwise it becomes difficult to control.

The Sultan: This is what we have told the Iraqis who always try to claim that they are friendly with us while at the same time they are supporting South Yemen. We have told them that as long as they do this, we will not exchange Ambassadors. At one time, the Iraqis tried to force the issue by sending an Ambassador to Muscat, staff and all.

The Secretary: Without an *agreement*? I hope you sent him back.

The Sultan: Exactly. We sent him back.

The Secretary: What about your relations with Syria?

The Sultan: We have not exchanged Ambassadors but we are friends of the Syrians. The Syrians are different than the Iraqis and have to be dealt with in a different way. The Syrians, however, just as the Kuwaitis, have given some support for South Yemen. At the same time, South Yemen is trying to make itself more attractive with other Arab states, particularly in the Gulf, by changing the name of the Popular Front for the Liberation of Oman and the Arab Gulf to simply the Popular Front for the Liberation of Oman. They are getting some money out of the Kuwaitis and as a result of this action, they hope to get more money from the Kuwaitis and from other Gulf states.

The Secretary: Kuwait does this because of its domestic situation.

The Sultan: We do not like this because we think this aid makes the enemy (South Yemen) even stronger. It does not make him change his policy.

The Secretary: I agree it does not work. If they feel so weak that they try to buy them off, it is like blackmail.

The Sultan: The only way to change South Yemeni policy will be if all the refugees who have left—and many have a good, distinguished background—were allowed to return. If they could come back, this would not mean that the communists would fade away but they would offset their position and it would bring about a situation where peace and security could return to the region.

The Secretary: Your Majesty can count on our support and we will continue to keep in close contact through our Ambassador. We believe your visit has brought us an awareness of the reality of Oman. You will always be welcome here.

The Sultan: Thank you. I have seen so much that I want to come back and spend several weeks with my family.

215. Memorandum of Conversation¹

Washington, January 10, 1975, 3–4 p.m.

SUBJECT

Meeting with Sultan Qaboos of Oman

PARTICIPANTS

Oman Side

The Sultan of Oman—His Majesty Qaboos ibn Sa'id Al Bu Sa'id
 Personal Advisor to the Sultan—His Excellency Sayyid Tarik Bin Taimur
 Foreign Policy Advisor—His Excellency Yahya Omar

United States Side

Secretary of Defense—Hon. James R. Schlesinger
 Deputy Secretary of Defense—Hon. William P. Clements, Jr.
 Deputy Assistant Secretary for Near East and South Asia—Hon. James H. Noyes
 Military Assistant to SecDef—Major General John A. Wickham, Jr.
 Director, Near East Region—Major General Gordon Sumner, Jr.
 Military Assistant to DepSecDef—Lieutenant Colonel Peter M. Dawkins
 Protocol Officer—Mr. William Codus
 Country Director, Oman—Commander Gary G. Sick

After opening pleasantries, *Mr. Clements* remarked that he had heard that the discussion with Secretary Kissinger had gone well and wondered if the Sultan would like to address some of the items which had been raised in that conversation. *Sultan Qaboos* replied that he had asked for several items of equipment and training and had been assured that the US was agreeable to providing these. Concerning the navy which Oman planned to establish, there were many details which would have to be worked out with the appropriate officials. The Sultan felt that some people should be sent out to Oman to study the situation and determine Omani needs, then liaison on how to proceed could be worked out with the Omani Embassy in London. He was particularly concerned with developing a program of training. He hoped that a group of Omanis could be trained initially and that these personnel could then provide training to others in Oman. The conversation with Secretary Kissinger had included mention of TOW missiles, telescopic sights, and US use of the base on Masirah Island. The details would have to be worked out.

¹ Summary: Sultan Qaboos of Oman met with Secretary of Defense Schlesinger and Deputy Secretary of Defense Clements to discuss Omani defense needs and U.S. strategy in the region.

Source: Washington National Records Center, OASD/ISA Files: FRC 330-78-0038, Box 22, Oman 000.1, 1975. Secret; Sensitive. Drafted on January 20 by Cmdr. Gary Sick (OSD/ISA/NESA); approved by Noyes. The meeting took place in Secretary Schlesinger's office at the Department of Defense.

Mr. Clements inquired about approaching the British concerning use of Masirah. He assumed that if the Sultan had no objection to its use by the US that the British would have none. *The Sultan* confirmed that he had no objections and foresaw no British objection. *Secretary Schlesinger* inquired whether the USG should approach the UK initially. *Sayyid Tarik* replied that the Sultan's party would take up the matter with the British and then "call on you." *Secretary Schlesinger* noted the present UK role in training the Omani forces and wondered whether the UK would be concerned about US involvement. *The Sultan* foresaw no objection. He noted that the Navy had just been created and that it now included some Pakistanis who had not proved fully satisfactory. The Navy currently had only three or four ships; it was hoped in the future to raise this to a total of eleven vessels. There was certainly "room for another friend to help." The Sultan asked that all defense matters be coordinated with Mr. Omar in London, and that any team going to Oman stop in London for coordination on its way out.

In response to the Secretary's question about the Air Force, *the Sultan* noted that at present it was operating almost exclusively with British assistance. He saw no immediate need for US assistance, perhaps later. "When we get to the point of having our own people doing operations and when there is more money, perhaps we might want to buy your aircraft." However, he was interested in assistance on the Navy immediately. *Secretary Schlesinger* noted that in view of the British presence we would want to insure that our actions were carefully coordinated. *The Sultan* expressed an interest in sending people to the US for flight training. He agreed that it must be handled carefully to avoid bad feelings with the UK. *Sayyid Tarik* stressed that the group which visited Oman should assess Omani needs. They are short of equipment, and the group should produce a list of recommended equipment and confirm their defense needs. *The Sultan* added that they would also need people to come in and show them how to use the TOW. *Mr. Clements* noted that the TOW was very easy to use, but that training would be provided.

Secretary Schlesinger inquired about the tank threat from the PDRY. *Sultan Qaboos* noted that the PDRY now has a lot of tanks, mentioning first 200 then 136. SecDef recalled that the PDRY had had tanks spread out on the YAR border some 18 months ago and inquired whether it would be difficult to move the tanks to the Omani border. *Mr. Clements* noted that it was very difficult and that our latest reports indicated some 12–15 tanks in the Oman border area. *Sultan Qaboos* indicated that South Yemen is trying to move more forces into that sector. At Soviet suggestion, they are rethinking their total force structure and are considering dividing them into three self-sufficient sectors: one force in the east near Dhofar, one on the YAR border, and one for the

Hadramaut or central sector, with security forces in and around Aden. Each of these forces would have its own tanks and air support. Although the USSR does not give much money, it does provide a great deal of equipment, and the PDRY was becoming a real threat militarily. The battle in Dhofar Province was going well, especially with Iranian assistance, but his concern was that as the tide turned against the rebels there would be a move to divert attention to other areas, perhaps to Habarut in the north where tanks can be used. The TOW would be particularly useful to counter such an eventuality. Asked if he was satisfied with the prospects in Dhofar, he replied that he was. The Iranians had never fought a guerrilla-type war before and that they had had to learn some lessons the hard way by taking some initial losses "which shouldn't have occurred." There are very few guerrillas, but they can position themselves to snipe or can operate from concealed positions with mortars or Katyusha rockets. Consequently it is dangerous to operate except in small groups.

In response to a question about helicopter support, *the Sultan* noted that Oman has Augusta-Bell helos which are quite satisfactory. Helo support is absolutely critical given the very difficult terrain. Iran has its own helo support. "We may ask you for them some day." *Sayyid Tarik* mentioned that Bell 205 transport helos were presently on order, with the first deliveries scheduled for August and September. *Yahya Omar* mentioned that the Italian Air Force had made twelve helos available from stock. *SecDef* suggested that the Soviets might be tempted to introduce SA-7 missiles against the helicopters. *Sultan Qaboos* noted that the helos had been fired at with small arms but no missiles to date. He also noted that the PDRY had bombed Omani positions on one occasion using ILYUSHINS. A total of eight bombs were dropped. They could attack overtly in this manner since they could always claim that they disagreed with the border location. However, they had never used close air support against Omani forces. They did have extremely long-range artillery which could fire across the border. (In a side discussion, Generals Sumner and Wickham stated that the reported 30 km. range was compatible with the Soviet 130 mm. gun.) Omani artillery could not reach the PDRY sites in Hauf. The Yemeni artillery was quite accurate, and *General Sumner* concurred noting that our own experiments with this weapon had shocked the US artillery experts with its accuracy at very long range. *The Sultan* noted that the Omanis had tried to convince the Iranians to reply with air strikes but they were unwilling to do it. British aircraft never fly operational missions in Oman due to the political sensitivities in the UK, though he (the Sultan) certainly would not object to direct British air support. He also pointed out that the excellent air defenses on the Yemeni side would make a strike by Omani Strikemasters suicidal.

Asked by SecDef whether the Yemenis were moderating their policies, *the Sultan* replied that it was all appearances. They had cut the “Arab Gulf” off the title of the Popular Front for the Liberation of Oman and the Arab Gulf in order to permit more friendly relations with the gulf states. The Sultan said he could take little comfort in that since it left Oman as the sole target. He believed the current strategy was to bring down Oman first then turn to the gulf. He noted that he had confronted the Kuwaiti Foreign Minister with this at the Algiers Nonaligned Conference and he had discounted it as a rumor. Several months later it happened. “The Kuwaiti policy of trying to buy their enemies is wrong.” *SecDef* noted that our reports indicated that Kuwait was funding a fair amount of subversion in the area, which can be interpreted either as “buying time or a bigger noose.”

The Sultan noted that President Sadat of Egypt was trying to help. Egypt attaches great importance to the Bab el-Mandeb Strait, however, so they must maintain a relationship with the Aden regime. They have worked out an arrangement on Perim Island for a 99-year Egyptian lease which will be financed by a payment of ±50 million sterling to South Yemen (40 million from Saudi Arabia and 10 million from Abu Dhabi). The Sultan considered this “crazy” since it bought time for the Aden regime and permitted it to strengthen itself. Moreover, the island is of no consequence. The North Yemenis hold land overlooking the island which dominates it militarily. They would have been better off giving the money to the YAR and achieving the same objective. This was suggested, but no one paid any attention. *Yahya Omar* noted that the Soviets are waiting to get their hands on the money. *SecDef* joked that we have some islands of our own that we might be willing to rent at that price. More seriously, he found the present situation distressing. The gulf states which finance subversion are courting their own destruction—either from the Soviets moving down to the South or their own downfall from within. *The Sultan* commented that some people seem to enjoy making trouble for others. The Yemenis realize that if they controlled the Strait of Hormuz, they could move to take over the whole area. The Soviets play on this dream of incredible wealth to strengthen their own position.

SecDef noted US concern over the buildup of the Soviet Navy in the Indian Ocean. It had been slow and steady, but we fear and expect further expansion in the area, particularly when the Suez Canal opens. We must balance Soviet power in the area. The problem is convincing the people on the Hill.

Mr. Clements asked the Sultan for his views on the Soviet presence in Somalia. *The Sultan* replied that he was “not at ease” with the situation. He had seen the Somali President in two meetings and was assured in each case that Somalia was an independent nation which did not

want to be a "tail" to anyone. However, they feel the need to strengthen themselves and were forced to turn to the Soviets for assistance when the West failed to provide support. In the Sultan's view, whether or not they are aware of danger, the Soviet presence doesn't "put anyone at ease." The Soviets have Aden and Somalia, and therefore the entrance to the Red Sea and the Suez Canal. In Berbera, the Soviets have "all they want at the moment" in the way of access, though their tactics may be not to ask for too much at any one time. In answer to a question he said he did not know whether Somalia would permit the USSR to conduct unilateral operations from Berbera without Somali permission. *Sultan Qaboos* mentioned that in his recent visit to Somalia and Aden, Soviet Admiral Gorshkov had talked of British naval help in building up the Omani Navy. This was not true. *SecDef* remarked that this sounded like a pretext for expanding the Soviet naval presence and assistance in the area and noted that we should review carefully what Gorshkov had said. He noted that the Soviets were worried about their forces possibly being caught south of the canal in a crisis and that their interest in bases related to this concern, suggesting that this subject deserved more study. He noted that the Soviet presence in Aden could be compared to their previous activities in Cuba where the relationship with the USSR led to the export of subversion to other states in Latin America. A review of the Cuban experience would reveal a blueprint for similar Soviet operations from Aden.

The Sultan asked, in the event of physical intervention by the USSR, could a US reaction be anticipated? *SecDef* replied it would be very quick. The Soviets must be warned off. Soviet domination of the Middle East would be a catastrophe for the industrialized states and the world as a whole. The USSR has gradually reduced its problems with China and in Southeast Asia. As a result, they are increasingly able to focus on the Middle East which they recognize as a fertile area for them over the next decade. In view of the high payoff potential and if they are given the opportunity, it seems reasonable that they will get increasingly involved. We expect a dramatic increase in activity by the Soviets in the Middle East. They consider this compatible with their view of "détente." In fact, the Soviets do not speak of détente; instead they speak of "peaceful coexistence", which is a term coined by Lenin to describe a policy of lulling the West into inattention and inaction. He told a story of two tourists at the Moscow Zoo who are shown a cage in which a Russian bear and a terrified lamb live in "peaceful coexistence." When the tourists find this remarkable, the guide says that indeed it is, but of course they have to put in a new lamb each day. In the Soviet view, détente permits probing in the Middle East. Comparable activity in Europe might be more costly since it would risk galvanizing the Europeans. Nations such as Iraq and Kuwait should

recognize the peril in playing the Soviet game. *The Sultan* noted that there are a number of communists in the Kuwaiti Parliament.

Mr. Clements asked how soon the Sultan would like to receive the group to study Omani defense needs. *The Sultan* suggested “next month.” *SecDef* said we could not promise, but that we would coordinate with the State Department and move as rapidly as possible. *The Sultan* asked how soon he could expect to receive TOW. *SecDef* said we would examine the Army inventory, consider any training lead time, and do our best to give them an answer shortly. He noted that TOW had gone from being unwanted to being so popular that it was a continuous drain on our resources. However, we understood the Sultan’s concern and realized that the sooner we could provide this system, the better it would be.

216. Memorandum From Robert B. Oakley and Clinton E. Granger of the National Security Council Staff to Secretary of State Kissinger¹

Washington, January 29, 1975.

SUBJECT

Evolution of our Policy toward Oman

The visit of Sultan Qaboos has left behind some important questions about our future security policy toward Oman and the Gulf. A memorandum examining aspects of our Omani relationship is at Tab B. Briefly, these questions include:

—The purposes for which US military ships and aircraft need to use facilities in Oman, and the existence or absence of alternative facilities. (The Sultan in principle has agreed to a limited US use of the airfield on Masira Island. The British have asked us what use we might

¹ Summary: The NSC Staff examined for Kissinger the results of Sultan Qaboos’ visit to the United States and recommended an updated study of U.S.-Omani relations.

Source: Ford Library, National Security Adviser, NSC Institutional Files, Box 13, NSSM 217. Secret; Sensitive. Tab A, attached but not published, is a January 24 draft memorandum, entitled “Security Policy Toward Oman.” There is no indication that Kissinger approved an option, but NSSM 217, February 6, 1975, (see Document 217) directed a study of U.S. security policy toward Oman. NSDMs 92 and 186 are in *Foreign Relations, 1969–1976*, vol. XXIV, Middle East Region and Arabian Peninsula, 1969–1972; Jordan, September 1970, Documents 91 and 120.

make of the island, noting the minimal facilities there and the need to supply even water by ship).

—Our interest in directly equipping, training or advising the Sultan's forces. (During the visit of the Sultan we agreed to a study team for his forces which are, at present, almost entirely non-Omani in nationality. They are equipped, trained and advised by those states directly engaged in helping the Sultan defeat the rebellion.)

—The role of other states in Omani security and their attitudes toward more direct US involvement. (The Iranians, the British, the Jordanians and the Saudis are now deeply involved in supporting Oman, assuming the primary military role with our approval and encouragement in the context of our policy of maximum regional self-reliance. The USSR, with the help of Iraq and South Yemen, is supporting the Omani opposition.)

—The strategic and political importance of Oman for the Gulf and South Arabia. (The Sultan, who is reasonably well in control after two years of power when oil prices were rising, blocks certain radical and Soviet interests. Oman is, however, more of a dependent state than one which exercises influence of its own in the region. Oman also produces a small amount of oil for export.)

—The negative aspects of a deepened US commitment to Oman and the implications of a growing US military presence in South Arabia and the Indian Ocean.

The bases for US security policy and force deployment in the Gulf and Oman are NSDM 92 of July 30, 1970 and NSDM 186 of April 24, 1972 (Government Arms Sales to Oman), which directs that the primary responsibility for the security of the region should fall upon the states of the region, and that a continuing British role should be encouraged. *An up-date is needed.*

We believe that before we send the DOD study team for a survey of either the Masira facilities or the Sultan's forces there should be a careful review of our present policy. To date, this has been remarkably successful in drawing others into cooperative security efforts in the Gulf as well as Dhofar. There are, however, signs of strain.

We may decide that we will want to proceed no further in deepening our presence in Oman—or, alternately, that we have fewer qualms now about replacing the British there. We may even want to seek a major role ourselves in preserving Gulf security and positioning ourselves for other contingencies. However, we do not now want to move in either direction without considering how small steps relate to our overall strategic interests, without a review of other options for protecting these interests, and without considering what action we can take to minimize any unfavorable repercussions of a change in our present policy. The study is needed in the first instance to define the terms of reference of the DOD teams which go to Oman.

We should ask the USC to carefully review existing studies and the subsequent NSDMs, as they apply to Oman, taking into account the questions raised above. Because of widening publicity—both here and

in the Arab world—about a military role for the US in the Gulf area, this study should be conducted on a very close hold basis.

At Tab A is a memorandum to the Chairman of the Under Secretaries Committee requesting that the study mentioned above be submitted for the review of the President in no more than three weeks. The memo directs that in the Department of Defense arrange the despatch of its teams to Oman so that they will follow the completion of the study.

RECOMMENDATION: That you approve the memo at Tab A.

Approve _____

Disapprove _____

Other (I want the study done, but the DOD teams can proceed to Oman without waiting for the conclusion of the study.) _____

Tab B

Paper Prepared in the Department of State

Washington, undated.

US/OMANI RELATIONS: RESULTS OF THE QABOOS VISIT

It appears that as a result of the visit of Sultan Qaboos to Washington, and of the US Navy's interest in obtaining aircraft support facilities on Masira Island, the strategic positions of both the US and the UK in Oman are being altered, and the US may be undertaking—at least implicitly—a more direct military commitment in South Arabia in general.

What Qaboos Got

During his visit last week, Sultan Qaboos received US commitments for an immediate delivery of TOW anti-tank missiles (which he originally requested in July of last year), infrared night-vision equipment (which had been agreed to prior to his arrival), Claymore mines, and the possibility of pilot training in both fixed-wing aircraft and helicopters. The latter question was discussed between Qaboos and Secretary Schlesinger, but was not pinned down in detail. In addition, DOD agreed to send a team of three officers to Oman to study the improvement of the Omani Navy, and possibly of Omani ground forces as well.

What Qaboos Thinks He Gave

In return, Qaboos consented to the use of Masira Island's landing facilities (presently run by the RAF) by US reconnaissance aircraft in

need of refueling or emergency assistance. As far as can be determined Qaboos did not ask, and was not informed during any of his meetings in Washington, about the types of US military aircraft which might avail themselves of Masira or the purpose and frequency of use, although the impression was given that this would be only occasional. He only asked that the USG make the necessary arrangements with the RAF.

What DOD thinks Qaboos Gave

Certainly, the US Navy is interested in Masira as a convenient emergency stop and a sometime refueling facility for aircraft in transit to other Indian Ocean facilities. It is also apparently interested in Masira as a possible regular-use airport for Lockheed P-3 Orion reconnaissance aircraft now stationed at Bandar Abbas, some 450 miles further north, and as a transit/refueling stop for CV support aircraft, such as the Grumman C-1, operating in the area. This question has taken on greater currency with the arrival of the Enterprise in the Indian Ocean, but the Navy's interest is undoubtedly of longer duration than the Enterprise's cruise.

A related factor is the interest of the US Air Force in using Masira as a landing point for F-111's. In 1971 or early 1972, shortly after Qaboos took power, the British were sounded out about the possibility of a small group of F-111's flying from Europe to Masira to demonstrate the US Air force's ability to deploy into the Indian Ocean if necessary. The British deferred to Qaboos, who declined permission but did not shut the door completely. It is likely that this request will now be renewed by the USAF.

The Implications for the UK

Heretofore, our interests in Oman have been well served by our strategy of backing the continued military presence of the UK and encouraging Iran and Saudi Arabia (and to a degree Jordan and Egypt) to combat radical elements in the Gulf and support Oman's military in its struggle with the South Yemen-backed rebellion.

The British have assumed the primary responsibility of advising Qaboos on both foreign policy and military affairs and have exerted strong influence over the direction of the Dhofar war. Although they have had a payback in prestige and money from military sales to Oman, late last year it took our strong urging to convince them not to abandon Masira as a British base.

The weakened position of the UK at home and abroad is undoubtedly not lost on Qaboos, who must certainly realize that before too long the British could well withdraw permanently their military presence from South Arabia. Reservations in his own mind about the desirability of maintaining the intimacy of his relationship with the British

may already exist; there have certainly been costly errors of judgment committed by his military advisor, Major General Creasey, in the conduct of Qaboos's forces against the Dhofari rebels; and Yahya Omar, the Libyan loyalist advisor to Qaboos, who accompanied the Sultan to Washington and is involved in all military matters, makes no secret of his intense personal dislike of the British.

If the Sultan is considering the possibility of eventually replacing the UK, his visit to Washington came at an opportune time. His perception of the willingness of the US to work with Oman must certainly have been reinforced by his conversations here, by the eagerness of DOD for access to Masira, by our immediate supply of hitherto unavailable TOWs and by our decision to send a military evaluation team to Oman in the next few weeks.

The British may also see the US as a possible replacement in Oman, given Labor policy of progressively phasing out military presence East of Suez. Turning the base and the burden for helping Oman control its rebellion over to the US could have a certain attraction, although there are also elements of jealousy and national pride which push the UK to stay. In regard to our use of the Masira airfield the British have asked several specific questions about the extent to which it will be used, as well as about our military supply relationship. They state that they are unable to logistically support more than occasional aircraft. They imply that anything greater would require US assistance and, very possibly, personnel.

Policy Implications for the US

The reasons behind keen DOD interest in access to military facilities on Masira are understandable, given our strategic interest in the Indian Ocean and the Middle East. Masira has an excellent location for surveillance and possible interdiction of hostile shipping, not only in the Indian Ocean but also the Persian Gulf and Straits of Hormuz (critical for oil shipments) and the Red Sea and Bab al-Mandeb (of importance vis-à-vis Israel and of even greater importance, particularly vis-à-vis the USSR, should the Suez Canal reopen). It provides an excellent link between Diego Garcia and facilities available to the US in Iran, Turkey and Greece. It is in a good position to support US Navy operations in the Gulf, Red Sea or South Arabia. It provides a good site for area familiarization and training and it would be a valuable staging area in event of a conflict involving US forces.

On the other side of the coin, however, US interest in Masira will in all probability generate pressures for an even closer US-Omani relationship, and requests from the Omanis for US assistance in weaponry and military advice which may require positive responses if the use of Masira, once gained, is not to be lost. In sum, the Island could

become a static Omani *quid* for escalating US *quos*. More important, any reduction of British presence in Oman will place greater onus on the US to be the Sultan's strategic ally.

At the moment, US involvement is still slight. The TOWs require only two US trainers on a non-government basis, and the *occasional* use of Masira by aircraft may not require US support personnel. Greater involvement, particularly that which may follow the visit of a DOD team, could well result in a semi-permanent US military presence in Oman.

The primary question that needs to be answered is whether the military reasons moving the US toward a deeper relationship with Oman are counterbalanced by an interest in staying out. Unless clearer guidelines are developed on the basis of such a policy examination, we risk slipping gradually and naturally into a relationship which will be seen by Oman, Saudi Arabia, Iran, Iraq, South Yemen, the USSR, the UK and others as being deeper than now foreseen.

217. National Security Study Memorandum 217¹

Washington, February 6, 1975.

TO

The Secretary of Defense
The Deputy Secretary of State
The Chairman, Joint Chiefs of Staff
The Director of Central Intelligence

SUBJECT

Security Policy Toward Oman

The President has directed that a review and updating of past studies be carried out regarding United States Government security and strategic interests in Oman.

The study should:

¹ Summary: President Ford directed a study of U.S. strategic policy toward Oman. Source: Ford Library, National Security Adviser, NSC Institutional Files, Box 13, NSSM 217. Secret; Sensitive. NSDMs 92 and 186 are in *Foreign Relations*, 1969–1976, vol. XXIV, Middle East Region and Arabian Peninsula, 1969–1972; Jordan, September 1970, Documents 91 and 120.

—examine the political and strategic importance of Oman for the Persian Gulf and South Arabia, including the importance to the United States of Omani oil;

—review the continued viability of the US policy of regional cooperation in Oman and the Gulf, as set forth in NSDM 92 and 186, as the basis for maintaining security in the area;

—assess the need for the United States Government to expand its role in the training or equipping of Omani forces;

—assess the need for access to facilities on Masira or elsewhere in Oman to support possible US force deployments or for other military purposes in the Indian Ocean, the Persian Gulf and the Red Sea;

—determine the probable impact of an increased US military presence in Oman and the Gulf on those other states most directly concerned (Iran, Saudi Arabia, Iraq, South Yemen, Jordan, India, the UK and the USSR).

Pending completion of this study, there should be no official or informal United States Government survey of facilities which might be used or needed by US aircraft on Masira Island, or of additional Omani military needs which might be met by US assistance.

The study, which should include recommendations where appropriate for changes in US policy toward Oman, should be carried out by the NSC Interdepartmental Group for the Near East and South Asia and submitted not later than February 24, 1975. This study should be conducted on a close-hold basis.

Henry A. Kissinger

218. Memorandum From Robert B. Oakley and Clinton E. Granger of the National Security Council Staff to Secretary of State Kissinger¹

Washington, May 14, 1975.

SUBJECT

NSSM 217: Security Policy Toward Oman

The NSC Interdepartmental Group (IG) for the Near East and South Asia has reviewed our Security Policy toward Oman as requested in February (Tab B).

The review came shortly after the visit to the US of Sultan Qaboos, when it appeared that the Omanis were strongly interested in establishing a new relationship with the US, envisioning inter alia a military relationship involving US arms supply and use of Masirah Island airbase, with the possible thought that over the long term the US might replace Great Britain as Oman's great-power sponsor. As a result of Qaboos's visit, the US agreed to send TOW missiles to Oman and to dispatch a DOD team to look into Omani Navy needs, while Qaboos agreed in principle to our use of the airfield on Masirah Island.

The new direction which Oman appeared to be seeking in its relationship with the US diverged from earlier NSC policy directives (NSDM 92 and 186). These stated that the security of the states of the lower Persian Gulf should be primarily a regional responsibility, although in the case of Oman we intended also to encourage the British also to maintain their advisory role. Because of the need to reassess the implications of existing policy for our role in Oman, you directed National Security Study 217.

¹ Summary: Oakley and Granger provided Kissinger a summary of the response to NSSM 217 prepared by the Interdepartmental Working Group for the Near East and South Asia. They also concurred with the group's recommended policy option for the limited use of Masirah Island by U.S. aircraft.

Source: Ford Library, NSC Institutional Files (H-Files), Box 34, NSSM 217 (2). Secret. Sent for action. Janka concurred. Tabs A and C were not found. Tab A appears neither to have been signed by Kissinger nor sent to Ford, as there is no corresponding NSDM on Oman Security. Tab B, attached but not published, is the study for NSSM 217. Atherton forwarded the IG's study to Kissinger under a March 5 covering memorandum. (Ibid. National Security Adviser, NSC Institutional Files, Box 13, NSSM 217). A September 9 note to Scowcroft from Oakley explained the delay in action and asked that the NSSM be cancelled. Oakley stated: "There is general agreement—thanks to the work on the NSSM—that we should strictly minimize our defense-related involvement and let others take the lead." At the bottom of the note, Scowcroft wrote: "O.k.—unless any of the issues come up again." (Ibid.)

Mr. Atherton, the Chairman of the NEA/IG, has now forwarded the NSSM 217 response, a Study approved by the Secretary of Defense and the Director of the CIA. The Study describes four options for possible US decision, ranging in descending order from a major commitment of US forces to Masirah and a very deep relationship with the Sultan, to a minimal involvement option which would see only the very occasional and sporadic use of Masirah by US aircraft at intervals of not more than once every two or three months. The Study essentially endorses the validity of the earlier policy directives and finds that while our forces in the Indian Ocean area can usefully employ Masirah Island's landing facilities for occasional landings by US aircraft, the potential liabilities of a large US presence in Oman outweigh the advantages such a presence might give.

The IG recommends unanimously the adoption of the third option, which provides for occasional access to Masirah by US aircraft, but which does not require the stationing of any US military personnel in Oman. This option would continue our existing, self-imposed limits on our military sales to Oman, looking to the British to supply most if not all arms and to the British, Iranians, Jordanians and Saudis for training and other military services and aid. However, this option would let us respond to special requests like the Sultan's desire for the despatch of a DOD team to look into Omani Naval needs. The team in this case would be instructed not to discuss equipment availability. This option is satisfactory to the Department of Defense as meeting our present minimal military needs while giving us an option for future expansion, as well as to State in foreign policy terms.

It would probably be acceptable to Congress—which is taking a specific interest in our use of Masirah—if they were properly and thoroughly briefed, particularly about the maximum limits this option would place on our involvement. The higher level options are believed unlikely to overcome Congressional resistance, are not essential in military terms, and would tend to complicate rather than improve our relations in the Gulf.

The NSC Staff concurs in the IG recommendation.

A memorandum to the President describing the Study's conclusions, options and recommendations and Congressional aspects is attached at Tab A. It recommends the approval of Option 3, but provides Option 4 as an alternative. NSDM's appropriate to each option are attached. The memorandum also attaches the Study.

Concurring memoranda from the various Agencies involved in the Study, including a discussion by Defense of some of the Congressional aspects are attached at Tab C. In his memorandum, Director Colby raises the tactical question of considering a possible delay in implementing Option 3 until changes in Indian Ocean activity as a result of the

opening of the Suez Canal can be observed. This is noted in your memorandum to the President. Rather than incorporate it formally into the NSDM, we believe this aspect can be handled after the President has made a decision on which course US policy should take.

RECOMMENDATION: That you sign the memorandum to the President attached at Tab A.

219. Intelligence Memorandum Prepared in the Central Intelligence Agency¹

OCI 0830/75

Washington, July 3, 1975.

SUBJECT

Subversion in the Arab Gulf

Evidence of attempts by outside powers to gain influence and shape events in the Arab Gulf raises some fears about middle- and long-term security of the small, but energy-important states that ring the eastern periphery of the Arabian peninsula. The tactics of Iraq, the Soviet Union, extremists in the Palestinians community, South Yemen, and Libya may vary, but all have been involved in clandestine operations and subversive action in the Gulf.

Although there are occasional indications of conflict between these external forces—Iraq and South Yemen have disputed whether Baghdad or Aden should have the leading role in exporting revolution to the Gulf—more often there is a cooperation based on a commonality of interest. For example, there is evidence that Soviets and some fedayeen organizations have cooperated in clandestine activity in Kuwait, and that South Yemen, the USSR, Iraq, and Libya have jointly supported the Dhofar rebels. To the extent that radical Arabs and the Soviets act in concert in their effort to subvert the moderate rulers in the Gulf, another dimension is added to the job facing local security forces in devising effective countermeasures.

In the following memorandum, we examine the subversive role being played in the region by non-indigenous radical Arabs and the

¹ Summary: The CIA discussed the current state of PDRY clandestine activity in the Gulf and northern Africa.

Source: Central Intelligence Agency, DI/OCI Files, Job 85T00353R, Box 1, Folder 19. Secret.

Soviets Union and we speculate on future developments. The current dossier on subversive action in the Gulf underlines a number of intelligence gaps and strongly suggests that the activities of the outside forces under review would bear close monitoring in the future.

[Omitted here are sections unrelated to the People's Democratic Republic of Yemen.]

South Yemen

Aden has adopted a two-pronged approach to subversion in the Gulf using its own agents as well as those of the Popular Front for the Liberation of Oman. [7 lines not declassified]

[2 paragraphs (12 lines) not declassified]

South Yemeni foreign minister Muhammad Salih Muti has made a number of trips to the Gulf in an effort to persuade governments of Qatar, the United Arab Emirates and Bahrain to establish diplomatic relations with Aden. Any South Yemeni embassies opened as a result of Muti's efforts are likely to be used not only by South Yemeni intelligence but by the Aden supported Popular Front for the Liberation of Oman.

The PFLO is another major vehicle for South Yemeni subversive activities in the Gulf. Although the organization has dropped "Arab Gulf" from its name, it still maintains cells and conducts operations in various Gulf states. Aden feared its campaign to gain diplomatic recognition from Gulf states would be hampered if the then "Popular Front for the Liberation of Oman and the Arab Gulf" continued to advocate the overthrow of present Gulf governments.

[Omitted here are sections unrelated to the People's Democratic Republic of Yemen.]

220. Telegram From the Department of State to the Embassies in the Yemen Arab Republic and Egypt¹

Washington, July 5, 1975, 1553Z.

158879. Subject: YARG Intention to Accept Soviet Military Assistance. Ref: Sana 1755. Beirut pass Baghdad. For Ambassador from Sisco and Atherton.

1. Department has carefully considered your account of Asnag's remarks and your recommendations of what we should do re YARG's stated intention to accept substantial new military aid from Soviets. We share concern over adverse effect on prospects for stability in South Arabian/Lower Red Sea area from reintroduction of significant Soviet influence in North Yemen; also, over potential serious damage to North Yemen's relations with Saudi Arabia. We agree that urgent effort should be made to deter YARG from this step. Believe there are substantial reasons why YARG should itself be first to inform SAG of its intentions. We have discussed this with Ambassador Akins, who agrees that Saudis would be resentful and probably react adversely if they first learned of YARG intentions from us. We are prepared to back up YARG démarche to SAG and to reinforce our many efforts to get SAG to act positively and promptly on proposed collaboration under which SAG would finance purchase of US weapons for North Yemen, including an "impact package" for early delivery.

2. You should seek early meeting with Asnag and say you have been instructed to give USG reaction as follows to Asnag's account to you on July 3 of YARG's intention to announce on July 9 that President Hamdi has accepted invitation to visit Moscow and that this announcement will trigger immediate Soviet supply of key military equipment. USG has read your account with great care and wishes frankly to share with YARG its concern over effect of YARG's intended action. We appreciate YARG's frustration over delays and difficulty in obtaining

¹ Summary: The Department provided guidance for Ambassador Scotese regarding YAR Foreign Minister Abdallah al-Asnaj's recent revelation that President Hamdi would soon accept Soviet military aid due to U.S. and Saudi tardiness in providing similar aid.

Source: National Archives, RG 59, Central Foreign Policy File, D750233-0210. Secret; Niact Immediate. Drafted by Sober; cleared in NEA; approved by Sisco. Repeated Immediate to Jidda, Abu Dhabi, Amman, Beirut, Doha, Kuwait City, London, Moscow, Muscat, Manama, Tehran, USCINCEUR, and COMIDEASTFOR. Ambassador Scotese' original report on his conversation with al-Asnaj is in telegram 1755 from Sana'a, July 3. (Ibid., D750231-0642) In a telegram to DIA, January 17, 1976, Defense Attaché Alfred Prados reported on his meeting with Deputy Commander in Chief of the Yemeni Armed Forces Lt. Col. Ahmed al-Gashmi, in which al-Gashmi provided details of incoming Soviet aid. (National Archives, RG 84, Sana'a Embassy Files: Lot 79F206, DEF 19, Military Assistance/YAR Arms)

positive SAG response to concrete proposals which have been made by USG regarding collaboration among our three governments in supplying arms to North Yemen. We have placed substantial importance on those proposals (and continue to do so) on following grounds: (a) need to bolster North Yemen's defensive capability and support YARG's efforts to devise and support well-balanced overall program for the country's development; (b) stimulus it would provide to enhanced cooperation between North Yemen and Saudi Arabia, in conviction that good relations between them are essential to security of both countries and to broader outlook for peace and progressive development in the South Arabian region; and (c) desirability of limiting the opportunities available to the Soviet Union to increase its presence and influence in the region, a view which we have believed to be fully consistent with YARG's own concerns over the implications of continued Soviet strength in PDRY and elsewhere in the region.

3. You should go on that, despite our understanding of YARG's frustration over SAC's dilatoriness in acting on our pending proposals, we were greatly disappointed to learn that it now planning to renew major military relationship with USSR. Such step will inevitably, in our belief, result in sharp adverse reaction in Saudi Arabia, tending probably to confirm in Saudi minds the lingering suspicions which some Saudi leaders have continued to have over YARG intentions. Saudis will be rightly concerned over renewal and expansion of Soviet military involvement in North Yemen. We wonder how this might affect Saudi economic assistance to North Yemen. We also wonder how other friendly Arab states now providing financial help to North Yemen may react. Has YARG taken this adequately into consideration?

4. You should refer to Asnag's statement to you that he is certain no one in Washington will criticize YARG for accepting Soviet offer of arms. So far as USG is concerned, we fully accept that what it does on this matter is a decision for the YARG to make. We do not question that at all. But decisions like this also entail a concurrent responsibility for the effects of the decision, and such a major policy shift cannot fail to have effects despite best wishes and efforts of all concerned to avoid them. You have been instructed to convey to YARG that USG would regret a decision to bring Soviets back in force in military sphere in North Yemen. YARG should be in no doubt about that.

5. We do appreciate Asnag's informing us in advance. In spirit of the very friendly relationship between our two governments, we wish to take this opportunity to urge YARG to inform SAG urgently and fully, if it has not already done so, concerning its proposed new military relationship with USSR. If YARG's intention is not conveyed directly to Saudis before it becomes a fact, they are likely to react even more sharply than otherwise and we believe they would have legitimate

reason to do so. We have read into Asnag's remarks to you a suggestion that USG take the lead in informing SAG of dilemma facing YARG and what YARG plans to do by its announcement on July 9. We believe strongly that it preferable for YARG to convey the message to SAG in first instance. You should add that, once SAG has heard story directly from YARG, we will be prepared to follow up as appropriate with SAG concerning our pending proposals for three-way collaboration in arms supply, including prompt delivery of an initial package to provide early evidence of effectiveness of such collaboration.

6. If Asnag responds that failure to get SAG agreement on dates of high-level visits by YARG officials stands in way of informing SAG before July 9, you should convey our belief that (a) YARG can find some way to communicate the necessary message to SAG, and that (b) in any event, proposed July 9 announcement should not repeat not be made before YARG has adequate opportunity to discuss matter with SAG. Seems to us that what is at stake is sufficiently important for YARG not to be bound by short and arbitrary deadline.

7. At your discretion, especially if you believe it important to emphasize import of your instructions as contained herein, you are authorized to (a) inform Asnag that you would like very early opportunity to discuss this matter also with President Hamdi, or (b) to seek appointment directly with Hamdi.

8. Begin FYI: We are puzzled by some aspects of Asnag's *démarche* to you. It is inconsistent with pattern of recent YARG actions and statements to you, including (a) DepCINC's Cairo interview, (b) Asnag's broad plan to influence SAG, as reported in Sana 1487, and (c) Hamdi's apparently cordial reception in Saudi Arabia in May and in his tour of other anti-Communist Gulf states late in June. We therefore wonder if Asnag's approach may not be power play to force action by us, but agree we cannot take chance he is bluffing and simply ignore it.

9. We continue to see substantial reasons for not entering into directly USG-financed arms supply relationship of any size with YARG. There is at present no MAP funding available for such purpose. We believe there would be substantial congressional opposition to introduction of a new MAP equipment program for YARG—given, among other things, potential availability of funds from YARG's oil-rich Arab neighbors. We do not, in these circumstances, consider it feasible to try to preempt Soviets through US-funded program. We continue strongly to support three-way collaborative program relying on Saudi funding as the way to do what is needed in this situation. End FYI.

10. For Cairo: It occurs to us that Egypt (perhaps through Ashraf Marwan-Kamal Adham channel) might be of some help to YARG in Riyadh in this matter, and that Scotese might suggest to Asnag that YARG quickly inform GOE of its intentions re Soviet arms. If you

agree, please so advise Scotes with any thoughts you may have on how he might suggest to YARG that it approach GOE.

Kissinger

221. Memorandum for the 40 Committee

Washington, January 24, 1976.

[Source: National Security Council, NSC Intelligence Files, Ford Administration Files, Subject Files, [*text not declassified*]. Secret; Sensitive; Eyes Only. 2 pages not declassified.]

222. Telegram From the Embassy in the Yemen Arab Republic to the Department of State¹

Sana'a, February 2, 1976.

339. Subject: Soviet Arms to Yemen. Ref: Sanaa 293.

Summary: Contrary to reftel, there may have been no MIG–21's delivered to YAR over last weekend.

1. Reftel was written after Soviet ship with deck cargo of six MIG–21 crates was seen docked in Hodeida by Emboff on 29 January. We assumed these were aircraft which Ghashmi had twice told us were enroute and which intelligence reports led us to expect.

¹ Summary: The Embassy attempted to clarify for the Department what Soviet equipment had been delivered in Hodeida for Yemen after initial reports indicated that a substantial Soviet arms shipment, including MiG–21 aircraft, had been delivered.

Source: National Archives, RG 84, Sana'a Embassy Files: Lot 79F206, DEF 19, Military Assistance/YAR Arms. Secret. No time of transmission indicated. Repeated to Jidda, Amman, Cairo, Muscat, Tehran, and Kuwait City. Drafted by DCM Ransom; cleared by DATT Prados. Telegram 293 from Sana'a, January 31, reported an extensive shipment of Soviet arms, including jet fighters and T–55 tanks, debarked from ships at Hodeida. (Ibid.) Telegram 411 from Sana'a, February 8, confirmed that no new Soviet equipment had been shipped to Yemen; Saudi sources contacted by Prados indicated that the heavy equipment seen on the ships was destined for the People's Democratic Republic of Yemen. (Ibid.)

2. Emboff able monitor unloading of ship much but not all of the time it in port and on his return to Sanaa 31 January he reported that he saw ship depart Hodeida will all six crates on board. He spotted one tracked vehicle being unloaded, apparently some type of artillery tractor or tank recovery vehicle. Subsequently another Emboff, who also in Hodeida on other business, counted five of apparently same type of tracked vehicle. From guides available at post Emboffs cannot positively identify vehicle, but its crane and truck type cabin windows suggest it is tracted, armored engineering, or tank recovery vehicle, not fighting vehicle.

2. We could conceivably have missed unloading of MIG-21's during first day ship in Hodeida, before Emboff saw it. If so, however, aircraft boxes not rpt not at Hodeida airport.

3. Other crates being unloaded were small, suggesting spare parts and maybe engines and ammo. Volume was not great.

4. Emboff sighted some light towed guns, apparently 45mm or 57mm anti-tank type.

5. Ship was met by Chief of Staff Ahmed al-Ghashmi and Soviet military delegation which in country for occasion.

Comment: So far as we can tell at the moment, the one shipment to date looks like limited one which Hamdi has been describing to us, Brits, Jordanians, and some Saudis. It certainly too early to close the door on advanced Soviet aircraft and tanks for YAR however. A disgruntled air force officer insists that there is a deal for 12 MIG-17's, 12 MIG-21's, 4 MI-8 helos and 4 AN-26 transports. He says trainees have left YAR for eight month MIG-21 conversion course in Soviet Union. We will pursue these matters through other sources in coming days.

Ransom

223. Telegram From the Embassy in the Yemen Arab Republic to the Department of State¹

Sana'a, February 14, 1976.

540. Subject: YAR Arms. Ref: Sana 477.

Summary: Asnaj provides more background on YARG attitudes re arms.

1. In conversation on February 12 with YARG FonMin Abdallah al-Asnaj Chargé went over, in general way as in reftel, present stage of arms efforts by USG for YARG. Provided no details, but said I pleased we getting into details of purchases and training. Said Saudi plan was impressive evidence Saudi military professionalism and good will toward YARG.

2. Asnaj said this was good news, which paralleled news from Saudis. He said he was very pleased. He said he had heard Saudis were expediting residence of military mission here. He said Saudi policy had undergone dramatic change, from "search for weak and divided Yemen" to "support for strong and friendly government in Sanaa". Yemenis expected no less, but were grateful and pleased. They would reciprocate.

3. Then, Asnaj said he wanted to warn USG about possibility of "setbacks".

4. He said that Yemeni had been in present stage of discussions re arms from Saudis at least twice before, and would have "doubts about anything materializing" until new shipments began actually to arrive. Saudis, he said, moved slowly. Asnaj pointed to modern 105 mm Howitzers which now Saudis have shipped him. Asnaj nodded and said they came without ammo.

5. He also said that Hamdi, on his visit to Sudan, had been impressed with Soviet military equipment of most modern sort which is there, apparently without objection from Saudis. Hamdi, he said, would see same thing in Egypt later this month on official visit there.

6. He then spoke at some length, at first elliptically and then more bluntly, about what he regards as frailties of USG foreign policy. He

¹ Summary: Yemeni Foreign Minister al-Asnaj met with Chargé Ransom and explained the Soviet arms shipments of the previous month. They also discussed Saudi policy toward the Yemen Arab Republic and the future of the U.S.–YAR relationship.

Source: National Archives, RG 84, Sana'a Embassy Files: Lot 79F206, DEF 19, Military Assistance/YAR Arms. Secret. No time of transmission indicated. Drafted by DCM Ransom. Repeated to Amman, Cairo, Jidda, Kuwait City, and Muscat. Telegram 477 from Sana'a, February 11, is in the National Archives, RG 59, Central Foreign Policy File, D760051–1144.

said Congress seemed to be able to check the President, and seemed want to move to alter whole posture of US foreign policy of last two decades. Congressional effort seemed to be supported by national mood in US. Soviets, by contrast, seemed to be willing fill resulting void with redoubled efforts. What was happening in Angola, said Asnaj, was likely to happen shortly in Djibouti, after French left. Then Somali forces, well armed and claiming revolutionary and racial motives, would take over with a lot of help from Cubans, North Koreans, North Vietnamese. Cubans and Soviets were strengthening PDRY, had potential for creating trouble in YAR.

7. I said situation in Arabian Peninsula was different. USG had proved many times to be dependable friend of YARG. USG also has leading role in Middle East which has made extraordinary successes possible in last several years. Arab friend should not be deceived about debate in US. Our interests in Middle East were clear and would be prosecuted forcefully. Moreover, Saudis had, as Asnaj himself said, adopted new policy toward Yemen and were now pursuing it with great good will, tenacity and in my view all possible speed. Said that, finally, I assumed no rpt no need tell Asnaj, after his experience in South Yemen, that road to changing and improving situation there was by setting tough conditions and insisting on implementation. Any other kind of accommodation with South, or with its Soviet-supporters did not seem to me to promise anything good for YARG security.

8. Asnaj said he understood this, accepted it. What USG had to realize, he said, was that Yemen was a "liability" to us and Saudis, and would be until it could finance itself. It needed a lot of support. In meantime, it was "not a client".

9. Asnaj then said he wanted to state once again what he had earlier told Ambassador Scotese about Soviet arms deliveries. To make sure he had not rpt not mislead Ambassador, or been mislead himself, he had "checked matter". There was no rpt no new arms agreement with Soviets, he said firmly. Nothing had been signed. When Abdal Alim went to Moscow Marshall Grechko staged a dinner at which he, Grechko, produced an arms request which had been previously prepared by Muhsin al-Ayni. Al-Ayni, said Asnaj, was always too clever by half. He had sold YARG on idea of very long and sophisticated equipment request on grounds that Soviets would surely reject it. Grechko, however, told Abdal Alim that list was approved. There was condition: Shipments of most new equipment would begin after Hamdi visited Moscow, even for two days. Meanwhile shipments of old and some new rpt and some new equipment would begin at once.

10. When first ship arrived last month from USSR, said Asnaj, Soviets wanted to make a "big exhibition" of unloading it. YARG refused and Soviets tried get reversal. Ghashmi went down to Hodeida

and told Soviets either to unload it or move it, as it blocking port. Finally, after things unloaded, Soviets moved ship.

11. According to UK Ambassador, who saw Asnaj immediately after me, Asnaj story was slightly different. Ship contained two cargoes, one for Yemen with old stuff and one other cargo which eventually went elsewhere but which Soviets wanted to show Yemenis (Mig–21s, T–54's) and somehow suggested they would unload in port if Yemenis wanted. Ghashmi said unload it or move the ship. Soviets moved the ship, Asnaj thought to Aden.

12. I probably didn't get this story because I did not rpt not inquire about MIG–21's or other new equipment, per instructions. I did say, however, such items had double importance. First, they were symbols of Soviet role and military prowess of YARG. Friends of Yemen were interested in both. In addition, they were litmus test of YARG credibility. We had been told clearly and repeatedly that these items not rpt not now coming. If they arrived, question of confidence would be created. We hoped to be told in advance if YARG expectations changed. As potential arms supplier, we needed and wanted completely frank and clear relationship.

13. Asnaj did not demur, and said only he was reporting facts as he knew them.

14. Comment: Although talk touched frankly on some sensitive issues—"frailities" of USG policy and credibility of YARG—Asnaj was in reflective mood and was as warm and self-possessed as ever. I think he is telling us truth as he knows it.

15. However, we now have four stories about the Soviet arms deal.

16. First, as Asnaj tells it, there is no deal, and the only things coming are old things. Second, as Ghashmi tells it, the Soviets sent MIG–21's and tanks but at last minute they refused deliver them because of suspicion and anger re Saudi military mission. Third, as Hamdi telling Saudis, (according to UK embassy here, which asked to check story) the new equipment arrived but Hamdi told them to carry it away. (UK Embassy has given Saudis very qualified indication that latter may be true.) Fourth, we have unilateral USG reports that agreements for massive shipments are signed, the equipment is on its way or scheduled for delivery, the first ship brought no more and no less than expected.

17. I have held this report in hopes that in last four days, we could come up with more or better information which would allow us make informed guess about the four stories above. So far, that still remains only a hope. I think we should ask for Saudi views.

18. In any case, Soviets are I think at least as unsure of their footing and the facts here as we are, and I am convinced that we can turn off

or reduce flow of military equipment from them if rpt if we can mount a credible alternative.

Ransom

224. Intelligence Report Prepared in the Bureau of Intelligence and Research, Department of State¹

No. 356

Washington, March 15, 1976.

SAUDI ARABIA-PDRY RAPPROCHEMENT

Saudi Arabia and the People's Democratic Republic of Yemen, in a joint statement on March 10, announced agreement to "normalize" relations. The brief communiqué accompanying the announcement declared that the two countries would refrain from intervening in one another's internal affairs and called for an end to "foreign interference" in the Arabian Peninsula.

Under secret conditions of the PDRY-Saudi agreement, PDRY will:

- reduce PDRY forces in the Sixth Governorate (see map) and halt all artillery bombardment of Dhufar;
- move all Dhufari rebels away from the Oman-PDRY border and begin to limit gradually their use of PDRY bases; and
- begin to scale down propaganda attacks against its neighbors.

In return, Saudi Arabia has offered to give PDRY financial assistance geared to the pace of PDRY's fulfillment of its commitments. In addition, the Saudis appear to have told Aden that the Omanis will stop reconnaissance flights over PDRY and eventually will ask for the withdrawal of Iranian troops from Dhufar.

The Egyptian Overture. For nearly two years, the Egyptians have been pressing both parties to end their hostility. Secret negotiations between the two feuding states began in Cairo in May 1975 and have continued intermittently over the past nine months. Besides demon-

¹ Summary: The report discussed the significance of the March 10, 1976, joint announcement by Saudi and PDRY officials of the "normalization" of mutual relations.

Source: National Archives, RG 84, Manama Embassy Files: Lot 78F118, POL 15, Government (Saudi Arabia), Classified. Secret; Noform; Nocontract; Orcon. Drafted by M. Graeme Bannerman (INR/DDR/RNA/NE); approved by Special Assistant George S. Harris (INR/DDR/RNA).

strating that Egypt could assist its benefactor, Saudi Arabia, Egyptian efforts were designed to:

[Omitted here is a map of the southern Arabian Peninsula.]

—moderate PDRY's radical policies and reduce PDRY's export of revolution to conservative Arab states;

—end PDRY's support for the Dhufar rebellion in neighboring Oman;

—strengthen President Ali against more ideologically committed leftists in the PDRY Government; and

—reduce Soviet influence. The Egyptians are concerned over growing Soviet dominance in the Horn of Africa and neighboring regions.

The Saudi Response. While Riyadh has now taken the lead from the Egyptians, the Saudi Royal Family is not united in its approach. Prince Fahd leads those Saudis who believe that the current PDRY leadership can be won over with Saudi goodwill and financial assistance. At the very least, they assert that the prospect of eliminating PDRY subversion merits the limited risks. With King Khalid's concurrence, this faction has won out.

Other important Saudis, however, regard the current Marxist regime in Aden as hopelessly hostile. Prince Sultan, a dominant force in Saudi-Yemeni relations, has opposed any approach to PDRY on the grounds that the Aden regime is on the point of collapse because of its own economic and political ineptitude. Hence, a Saudi hand in friendship will only keep in power an essentially dangerous regime that will never moderate its radical views. Sultan and his colleagues argue, therefore, that confrontation is the only sensible policy toward Communist PDRY.

PDRY's Attitude. Leaders in Aden have also been divided on the question of moderating policies and improving relations with Saudi Arabia. To many, including National Front Secretary General Isma'il, Saudi Arabia remains the core of reactionary forces in the Arabian Peninsula. In 1969, PDRY's revolutionary zeal led to a border conflict with the Saudis, who continue to maintain a PDRY exile army on Aden's northern border. Under such circumstances, the PDRY hardliners have opposed any rapprochement with the Saudis.

President Ali, who is the leading "moderate" on the issue, has overcome opposition and convinced a majority of the government that the survival of the regime depends upon accommodation with the Saudis. President Ali asserts that:

—without improved relations, Saudi influence and money might eventually succeed in overthrowing the PDRY Government;

—PDRY's diplomatic isolation prevents Aden from receiving needed economic aid from the oil-producing Arab states;

—only Saudi economic assistance can breathe new life into PDRY's stagnant economy.

Serious Problems Remain. Although the March 10 announcement was a significant first step toward the "normalization" of relations, difficult problems remain. It will not be easy to overcome deeply ingrained mutual suspicions. Moreover, it is possible that hardliners, especially in PDRY, could gain the upper hand and cancel further negotiations. Isma'il has used his position to put his supporters in important positions throughout the PDRY power structure. They can be counted on to fight a continuing rearguard action.

The greatest problem, however, is that each state has implicitly committed others whom they do not control. Although the Adenis have ended support for the Omani rebels, controlling them will be more difficult. Furthermore, the rebels' international supporters may not be prepared to see all raids into Oman stopped. Convincing the Soviet Union, Iraq, and Libya that the Adenis are not selling out the rebels for Saudi money will be difficult. Similarly, any attempt by PDRY to reduce Soviet or other Communist presence will be met with stiff resistance.

The Saudis were even more generous than the Adenis in speaking for others. The Saudis committed the Sultan of Oman to curtail further reconnaissance flights over PDRY's Sixth Governorate in exchange for the end of PDRY shelling of Omani territory. In addition, the Saudis implicitly agreed to the eventual withdrawal of Iranian soldiers from Oman. Neither the Omanis nor the Iranians have made any such commitments.

In the past, Sultan Qabus has complained of not having been consulted by the Saudis. Aware of Omani concerns, Prince Saud, the Saudi Foreign Minister, visited Muscat to brief the Sultan on the Saudi-PDRY agreement. Qabus is unlikely to be pleased with the meager results, but he will not oppose the agreement. PDRY, however, will have to make serious efforts to reduce the Soviet and Cuban presence and to moderate its policies before the Omanis will ask the Shah to withdraw his troops.

Prospects. Saudi-PDRY rapprochement, when and if achieved, will end the last major rivalry on the Arabian Peninsula. Much remains to be accomplished, however. Serious local issues, such as the disposition of Yemeni exile armies, have yet to be addressed. If rapprochement is to evolve out of the initial efforts, PDRY must change its political orientation. Even if the current leaders in Aden are willing to make this change, the process will be slow. The result, however, would be to expand Saudi influence at the expense of the Soviets and the radical Arab regimes now supporting PDRY.

225. Telegram From the Department of State to the Embassy in the United Kingdom¹

Washington, April 8, 1976, 0257Z.

84477. London for Kinsolving. Subject: Initial Informal US–UK Discussion of Masirah Island. Ref: London 4978.

1. Given urgency of question of U.S. interest in Masirah generated by British intention to inform Sultan Qaboos by mid-April of HMG intention to withdraw RAF from Masirah airbase not later than end of 1976 (reftel), interagency meeting chaired by NSC was held April 6. Participants agreed USG could not approach Masirah question in isolation from other security factors being considered in current study of Persian Gulf policy. Upshot was decision to attempt to persuade HMG to delay approach to Sultan for few more weeks. It was also agreed that drawing out HMG on several specifics pertaining to decision to withdraw, including HMG plans for future of facilities on Masirah other than RAF base, would be helpful as we sought to crystalize our options.

2. At NSC meeting it was noted that current state of policy review indicated several possible U.S. uses of Masirah [2 lines not declassified]. There are alternative possibilities for servicing these additional requirements, but even in absence of possible future continuous U.S. uses of Masirah, it desirable from USG point of view that airfield be kept operational for contingencies. A permanent U.S. military presence on Masirah, at any level, would encounter serious congressional concern. DOD preliminarily estimates cost of maintaining existing RAF facilities and services at upwards of ten million dollars per year, with approximately 200 personnel required. Meeting also noted as alternatives possible U.S. access to Omani facilities at Salallah or, assuming USG remained interested in Masirah, participants agreed it would be desirable for our use of island to be made under aegis of continued British presence, with possible USG cost-sharing, should this be of interest to HMG.

¹ Summary: The Department directed the Embassy to persuade the U.K. Government to delay informing Sultan Qaboos of its intention to withdraw from Masirah Island, so as to give the United States more time to weigh options for the possible use of its airfield.

Source: National Archives, RG 59, Central Foreign Policy File, D760132–0291. Secret; Immediate; Exdis. Repeated to Jidda, Muscat, and Tehran. Drafted by Molineaux; cleared in PM/ISO and NEA, and by Oakley and Sick; approved by Palmer. Telegram 4978 from London, March 31, is *ibid.*, D760121–0254. In telegram 5586 from London, April 9, the Embassy reported that U.K. officials requested the United States to negotiate directly with Sultan Qaboos, as they did not wish to delay notifying him of their intention to depart. (Ford Library, National Security Adviser, NSC Staff for Middle East and South Asian Affairs, Convenience Files, Box 19, Oman, Folder 1)

3. On April 7, UK Embassy Representatives Richard Muir and Joseph Millington met with State representatives Palmer (NEA/RA), Churchill (PM/ISO), and Molineaux (NEA/ARP) for informal exploratory discussion. Palmer reviewed background of US-UK considerations concerning Masirah. We appreciate HMG's forbearance over past year. HMG's intention to inform Sultan Qaboos soon of HMG decision to withdraw RAF from Masirah by end of 1976 impacts on a broad security policy study of Gulf area now in progress. We find ourselves in somewhat of a chicken-and-egg situation: Our "requirements" for Masirah will in part depend on whether other locations are available for certain activities; the suitability of Masirah, as compared with alternative locations, will depend in part on the nature of the British presence remaining on the island. We had thus far identified two specific US security interests: (a) the occasional use of Masirah airfield by US logistical and maritime patrol aircraft for refueling, with perhaps one or two landings a month, and no US personnel stationed on the island; (b) [3½ lines not declassified].

4. In response to question about who would maintain airstrip if RAF withdrawn, Muir thought that the Omanis themselves would take over the operation, probably with technical assistance of British contract civilians. HMG plans to turn over all "non-warlike surplus" matériel to Omani Government. In ensuing discussion Palmer asked to what extent the cost factor was a determinant in HMG's consideration of withdrawal. Muir said reasons for "decision" to withdraw were (a) consonance with 1975 defense review conclusions, and (b) end of Dhofar war which made withdrawal possible in terms of UK-Omani relations.

5. Palmer said in light of our current study USG could not definitively state its interest in Masirah at this time. Therefore we wondered if HMG could delay approach to Qaboos for a few weeks. By end of May, hopefully before, USG would have official position on Masirah to discuss with HMG. Meanwhile, the time had obviously come to begin to "think out loud together." Palmer indicated that USG might be interested, [2 lines not declassified]. Muir stressed HMG intent is to take down British flag on Masirah. He opined HMG would still want to talk this month to Qaboos about "decision" to withdraw. UK Embassy would, of course, convey our request to London. In this context Muir noted that annual US-UK "Gulf talks" were being scheduled in Washington late April.

6. To query about future of BBC facilities on island, Millington said HMG has problem with Malaysia, [8½ lines not declassified].

7. Churchill asked about reports that British were expanding water desalinization and power facilities on Masirah. Muir said he had no direct information, but was under impression that such projects were strictly within context of technical assistance to Oman.

8. UK EmbOffs did not know whether HMG had definitive plans re withdrawal of RAF presence from Salallah this year.

9. Molineaux sought British views on possibility of Iranian or Jordanian involvement on Masirah, and how Omani Government might view this. Muir said he would seek HMG's thoughts on this, and noted that HMG was considering when to tell the Shah about withdrawal from Masirah.

10. Muir asked how strong a USG request for a delay (before the British talked with the Sultan) we would like the Embassy to convey. Palmer said we "strongly hoped" HMG would find it possible to delay a while, for informing Qaboos at this time could complicate our now-urgent policy approach to Masirah and related matters. In response to Muir's "hypothetical" questions about U.S. replacing HMG on Masirah, on USG's seeking to persuade UK to retain RAF presence, Palmer indicated that at this juncture we wanted to keep all reasonable options open. When Palmer again evinced interest in relevance of cost factor, Muir deemed it not very significant. Muir stressed that withdrawal decision had been made at Ministerial level, and reaction to our request for delay probably would have to be considered at that level. He asked if we would have clearer view of our interest in Masirah to discuss with Weir at forthcoming Gulf talks. Palmer deemed it unlikely that review and discussion process on the related policy study would have been completed by then, but we should have a better fix on the Masirah-related aspects.

Kissinger

226. Memorandum From Clinton E. Granger of the National Security Council Staff to the President's Assistant for National Security Affairs (Scowcroft)¹

Washington, April 15, 1976.

SUBJECT

FMS Sale to Yemen

DOD is prepared to notify Congress of our intention to sell to the Yemen Arab Republic the following military equipment:

—74 Vulcan anti-aircraft guns—value \$66 million.

—1800 military vehicles (jeeps and trucks)—value \$60 million.

This equipment constitutes the bulk of U.S.-supplied equipment for the modernization of six YAR brigades which is being financed by Saudi Arabia. The sale represents a policy change for the Yemenis, who have previously relied on Soviet-supplied equipment. Substantial delay in consummating this sale was caused by Saudi procrastination on firming up financing details. Now that the Saudis are committed, we believe we should move forward without undue delay.

Although Yemen is an Arab country, it is an unlikely participant in any future conflict with Israel. We anticipate no serious Congressional objection to this sale.

Recommendation

That you authorize us to transmit to the Department of State NSC concurrence in notification to Congress of this proposed sale.

¹ Summary: Granger recommended that Scowcroft notify Congress of the sale of military equipment to the Yemen Arab Republic.

Source: Ford Library, National Security Adviser, Presidential Country Files for the Middle East and South Asia, Box 35, Yemen. Secret. Janka and Oakley concurred. Scowcroft initialed his approval. Attached but not published are the notification to Congress and a breakdown of the sale. Discussion of the details of the sale was reported in telegram 2247 from Jidda, March 28. (National Archives, RG 84, Sana'a Embassy Files: Lot 79F206, DEF 19, Military Assistance/YAR Arms) Jordan, the head of the U.S. negotiating team, also reported on the meeting to Clements. (Washington National Records Center, OASD/ISA Files: FRC 330-79-0037, Yemen 000.1-472, 1976)

227. Memorandum From Robert B. Oakley of the National Security Council Staff to the President's Assistant for National Security Affairs (Scowcroft)¹

Washington, April 21, 1976.

SUBJECT

Masirah Island

Since no decision was taken on NSSM 217 concerning Oman, we explicitly folded the Masirah question into NSSM 238 on Persian Gulf security issues. It is moving along but too slowly to meet the UK intent to notify the Omanis by mid-April of their intention to withdraw from Masirah (Tab A). Therefore, I chaired a meeting with DOD (JCS and ISA), State and CIA representatives on April 6. The results are summarized in the message at Tab B to our Embassy in London, with the key facilities of interest to the USG being the airbase [*less than 1 line not declassified*] at Masirah. We asked the UK here and in London to hold off with the notification until we could complete our study. They told us that the decision had been taken at the Ministerial level but agreed to wait until after our annual talks with the UK on the Gulf (April 22 and 23), although holding out little hope of a change of mind or a long delay (Tab C) and suggesting that we negotiate directly with Oman on any future USG use, as was the pattern with Bahrain after the UK withdrew there.

At the meeting I chaired on April 6 there was full agreement that the USG should find a means of preserving its option of using Masirah occasionally, particularly for P-3 flights. This can be done in one of several ways, ranging from the UK continuing to operate the base as in the past (virtually precluded), through our aiding the UK financially (doubtful the UK would agree to stay, even on this basis) to other arrangements which need to be clarified (e.g. having the airfield remain open under Omani Government control, presumably with some sort of contract service; Iranian and/or Jordanian or Saudi participation along with Oman in running the airfield; USG participation in running the airfield; using Salalah airfield in Oman—still run by the RAF—as an alternative to Masirah). State and DOD will explore all possible

¹ Summary: Given the U.K. abandonment of its Masirah Island facility, Oakley provided Scowcroft with a summary of U.S. options, pointing out the island's importance for [*text not declassified*] flights.

Source: Ford Library, NSC Institutional Files (H-Files), Box 41, NSSM 238. Secret. Sent for information. Scowcroft wrote "Thanks" at the top of the memorandum. Tabs A and C were not found. Tab B is published as Document 225. NSSMs 217 and 238 are Documents 217 and 25, respectively.

alternatives with the UK team tomorrow and Friday. The British have come fully prepared on this subject so we should have a reasonably clear idea of what is possible by the end of the talks.

Finally, State has before the Secretary a memo—which I cleared for NSC—explaining the problem of the UK notification of Oman and recommending that he either send a message to Prime Minister Callaghan or take up with Foreign Minister Crossland a request that the UK wait another few weeks until the USG has developed a definitive position on Masirah. This would strengthen our position for the talks with the UK tomorrow and Friday.

No matter which alternative we may reach—assuming we do wish to have the option of using occasionally an airfield on Oman—we are going to be faced with the need to negotiate an agreement with Oman and will probably have to consult Congress on what we are doing. Neither of these is an insurmountable problem, but both will make our life more difficult in reaching the desired outcome. [3 lines not declassified] Vis-à-vis Congress, we shall get the usual hue and cry about expansionism and Indian Ocean arms race, etc., although the mood seems to have improved considerably in recent weeks.

228. Telegram From the Embassy in the Yemen Arab Republic to the Departments of State and Defense¹

Sana'a, April 21, 1976, 1330Z.

1371. Subject: Results of Prince Sultan Visit.

1. Begin summary. Deputy CINC/Chief of Staff, LTC Ahmad al-Ghashmi advised Ambassador and DATT 21 April that visit of Saudi MinDef Prince Sultan had gone extremely well, had resulted in cancellation of "agreements" with USSR, and had opened new page in YAR relations with Saudi Arabia and by extension with the US. End summary.

¹ Summary: Ambassador Scotese and DATT Prados reported on their meeting with Ahmad al-Ghashmi to discuss the results of Saudi Prince Sultan's visit to Yemen.

Source: National Archives, RG 59, Central Foreign Policy File, D760152-0498. Secret. Repeated to Jidda, CINCEUR, and DIA. This report was meant to clarify contradictory information reported by the Embassy in telegram 1313 from Sana'a April 19, and telegram 1366 from Sana'a, April 20. (National Archives, RG 84, Sana'a Embassy Files: Lot 79F206, POL 7, Visits, Prince Sultan)

2. During week that followed departure of Prince Sultan rumors began to proliferate in Sana that discussions had bogged down and visit had yielded no tangible results in military assistance field. Additional reports circulated to effect that large number of YAR military personnel including paratroopers had begun new training cycle in USSR and that local Soviet mission had been very active following Sultan visit. Usually well informed civilian and military officials at mid to upper levels expressed pessimism in talks with US Ambassador and DATT and one highly placed YARG source predicted that Soviet-YAR ties would continue on expanded basis.

3. In contest of these rumors Ambassador and DATT visited YAR Deputy CINC/Chief of Staff LTC Ahmad al-Ghashmi on 21 April and asked for his assessment of Sultan visit. Latter responded immediately and positively that full agreement had been reached on all major questions of military assistance. He went on to say that the Saudis had reconfirmed their intention to finance Western military equipment largely of US manufacture though in some cases from France. The Ambassador mentioned that we had sent letters of offer for military equipment by special courier to Riyadh for Saudi review prior to Sultan's visit to YAR and asked if these had been presented to Yemenis. Ghashmi answered that he himself would travel to Riyadh within the next month to sign these letters.

4. In the meantime, Ghashmi said, Saudis and Yemenis had agreed on formation of joint military committee—headed by Ghashmi himself on YAR side and on Saudi side by Colonel Falih al-Dhahiri, G–3 Action Officer for Saudi programs in YAR. Ghashmi noted that Dhahiri had arrived on previous day April 20 at head of Saudi follow-up team which would begin process of implementing reorganization plans previously developed by Saudi Ministry of Defense and Aviation.

5. Ambassador explained that we had heard rumors in Sana of difficulties or misunderstandings during the Sultan talks together with stories of large-scale Soviet offers of equipment and training. Ghashmi dismissed these rumors as lies and attributed them to “party factionalists” (hazibiyiin) seeking to sow doubt and discord. He confirmed that the Soviet Ambassador had been to see him on three successive days with offers of military hardware including T–55 tanks and 1,300 training spaces in the Soviet Union but assured his listeners that he had refused these proposals. He went on to say that YARG had cancelled “agreements” with USSR and was hoping to terminate the entire relationship.

6. By way of further clarification, Ghashmi explained that the preceding information was extremely closely held. Agreements and decisions during the Sultan visit had been reached behind closed doors at meetings restricted to President Hamdi and himself on the YAR side.

He assured the Ambassador that Hamdi would reiterate the above information during the Ambassador's next call on the YAR President.

7. In closing, Ghashmi agreed with the Ambassador that this was truly the dawn of a new era in Yemeni international relations. He did say, however, that the next four months would be crucial. He considered it vitally important that some major and eye-catching items of military equipment arrive in Yemen before the end of the summer. He concluded by saying he now believed that the Saudis were sincere in their desire to move forward with a military assistance program for Yemen.

Comment: 1. Ghashmi's comments had ring of truth throughout. Reasons for the nose-hold which he and President have placed on military agreements allegedly reached with Saudis are obscure. Possibility exists that despite his remark concerning cancellation of "agreements" with USSR he is not ready to burn bridges openly with Moscow until he has significant quantities of Western equipment in hand. Additional possibility exists that Saudis for reasons of their own have imposed black-out on military assistance decisions until appropriate later date, perhaps when Ghashmi visits Riyadh to sign letters of offer. Would appreciate any light which Embassy Jidda may be able to shed on this matter.

2. Ghashmi's allusion to "agreements" with the USSR implies that some type of written understanding was reached between the two countries at an earlier date. It was not clear, however, whether he was referring to a specific undertaking (such as the alleged agreement signed, initialed, or negotiated by Abdul Alim last November) or whether he was using the word as a generic term to denote the historic military relationship between the USSR and YAR. On balance latter seems more likely in context of his hopes (so often expressed before) that the Soviet connection would come to an early end.

Scotes

229. Letter From the Deputy Secretary of Defense (Ellsworth) to the Under Secretary of State for Political Affairs (Sisco)¹

Washington, May 18, 1976.

Dear Joe:

(S) The British have agreed to postpone notifying the Sultan of Oman of their intention to withdraw from the RAF facility on Masirah Island until after the NATO Foreign Ministers Conference in Oslo. In preparation for the discussions in Oslo, I would like to reiterate the interest of the Department of Defense in retaining access to the facilities on Masirah Island [*less than 1 line not declassified*].

(S) The DOD interest is to assure access to air facilities for maritime surveillance aircraft operating in the northwest Indian Ocean. This is a primary area of Soviet naval activity, and it is too far from Diego Garcia to permit effective search operations to be conducted from there. Our use of alternative facilities, e.g., Bandar Abbas or Karachi, is restricted due to political constraints, and the potential availability of an airfield on Masirah would considerably enhance the flexibility of air operations in this important region.

(S) [*1 paragraph (7 lines) not declassified*]

(S) The most desirable solution from the viewpoint of the Department of Defense would be for the British to continue to operate the RAF facility on the island, even if only on a “bare bones” basis. We would be prepared to discuss with the British financial or other arrangements which might assist them in maintaining their presence at reduced levels of expenditure. However, talks with British representatives below the Cabinet level have revealed little interest in a cost-sharing formula, since the decision to withdraw is based primarily on a political desire to terminate their defense commitments East of Suez.

(S) The USSR is in the process of completing the naval and air support facilities at Berbera. The availability of the airfield there in particular may lead to a change in the nature and overall capabilities of Soviet military operations in the northwest Indian Ocean. We believe

¹ Summary: Ellsworth informed Sisco of the Department of Defense’s view that Masirah Island was valuable to the United States as a counterweight to the new Soviet facility at Berbera, Somalia, and as an adjunct to the joint U.S.–U.K. base at Diego Garcia.

Source: Ford Library, National Security Adviser, Presidential Country Files for Middle East and South Asia, Box 32, Trucial States (3). Secret. Published from a copy that indicates Ellsworth signed the original. On May 7, British Foreign Secretary Crosland sent a letter to Kissinger informing him of his government’s decision to postpone notifying Sultan Qaboos until after the 1976 Oslo NATO meeting. The letter was transmitted in telegram 122786 to London, May 19. (National Archives, RG 59, Central Foreign Policy File, D760193–0612)

this would be the wrong time for the British to relinquish the air [*less than 1 line not declassified*] facilities on Masirah, and I recommend that they be urged to postpone their withdrawal for at least two years.

(S) If the British cannot be persuaded to reverse their decision, we would require at a minimum that an operational facility of some form continue to be available on Masirah. It is our understanding that the Sultan has indicated his interest in establishing a flying school at the airfield—probably with British contract assistance—[*2 lines not declassified*]. Although operation of the airfield under Omani auspices would be much less satisfactory than a continued RAF presence, it is in our interests to insure that any British negotiations with the Sultan be conducted with at least the minimum objective of preserving the operational capability of the airfield, with the understanding that we would wish to undertake direct discussions with the Sultan of Oman concerning future U.S. access rights.

Sincerely,

Robert Ellsworth

230. Letter From the Deputy Secretary of Defense (Clements) to Secretary of State Kissinger¹

Washington, December 10, 1976.

Dear Henry:

While in Sana during my recent trip to the Middle East, I met with the Yemen Arab Republic Prime Minister, Abd al-Ghani, and the Chief of Staff of the Yemeni Armed Forces, Lieutenant Colonel Ahmad al-Ghashmi. Our discussions, which covered a broad range of subjects, indicated a strong Yemeni desire for expanded U.S. bilateral assistance

¹ Summary: Clements reported on his recent meeting with Ahmad al-Ghashmi while visiting the Middle East.

Source: National Archives, RG 84, Sana'a Embassy Files: Lot 70F206, DEF 19, Military Assistance/YAR Arms. Confidential. Scotes asked Clements in a November 2 letter to support increased MAP funding. (Washington National Records Center, OASD/ISA Files: FRC 330-79-0037, Yemen 0001.-472) Clements and Scotes met with Yemeni Prime Minister Abdal Aziz Abd al-Ghani on October 25, discussing training and other issues, as reported in telegram 3797 from Sana'a, October 30. (National Archives, RG 59, Central Foreign Policy File, D760405-0434) The training of Yemeni officers is discussed in telegram 33 from Sana'a, February 15. (Ibid., RG 84, Sana'a Embassy Files: Lot 79F206, DEF 19, Military Assistance/YAR Arms)

programs and, in particular, for an increase in CONUS training and education for military and civilian students.

In my opinion, the Yemeni desire for closer alignment with the West is genuine, and they do wish to capitalize on our superior technology and management capability in developing their country. Additional International Military Education and Training Program funds and expanded Stateside degree programs would provide them a potential counterbalance to significant numbers of Yemenis already trained in the USSR as well as an alternative to current, lavish offers of Soviet training.

I fully support the Yemeni requests for increased training and education as reasonable and worthy of your personal attention. In this regard, we are taking action to determine the appropriate level of military training which will be required for the Yemenis to assimilate recent purchases of U.S. equipment and to reorient the Yemeni Armed Forces to Western doctrine and concepts.

Sincerely,

Bill Clements

231. Telegram From the Embassy in the Yemen Arab Republic to the Embassy in Saudi Arabia¹

Sana'a, December 28, 1976, 1200Z.

4523. Subject: Economic Assistance to Yemen. Ref: (1) Jidda 6934; (2) Sana A–35.

Summary: Following summarizes information requested by Korean Embassy Jidda re aid to YAR from various donors. Also provides background on foreign investment in YAR.

1. A. Best way to characterize level of economic assistance from USSR to YAR is: slowly diminishing and no follow-through. Best estimate of total Soviet aid 1956–1976 is \$104 million. In addition, Bulgari-

¹ Summary: The Embassy provided a comprehensive evaluation of outside economic and military influence on the Yemen Arab Republic, in response to an ROK request.

Source: National Archives, RG 59, Central Foreign Policy File, D760473–1178. Confidential. Repeated to the Department and Seoul. Telegrams 6934 from Jidda, December 8, and A–35 from Sana'a, October 30, are *ibid.*, D760454–0406 and P760173–2071, respectively.

ans, Czechs, Hungarians and East Germans were moved to provide about \$13 million in same period. Number of Soviet experts at present is 150–200. Only important new agreement signed in 1976 was promise to expand cement plant from [garble] ton capacity. Single large on-going project is Wadi Sardud Agricultural Program. Russian advisors also present at Hodeidah Port. Doctors and medical technicians at work in Sana, Hodeidah and Taiz hospitals—with unflattering results.

B. Trade figures with USSR for FY 1975 (July to June) are mixed: (Figures in millions)

	FY 74	FY 75	Percent of Market
Exports to USSR	\$.27	\$.22	2.5
Imports from USSR	\$4.7	11.3	5 (same as FY 74)

C. Greatest jolt to Soviet aspirations in Yemen was probably June 1976 commitment from Saudis to supply \$139 million in arms to YAR. Until then, USSR was principal armorer for Yemenis.

2. A. Chinese (PRC)—Yemeni economic relations are warm—reflecting those of political realm. Chinese believed to have about 400 workers in country, although many are semi-skilled. Post has no good estimate of total PRC aid; no agreements were announced during past year. Major current programs on which Chinese at work are:

- (A) 230-kilometer Sana-Sa'ada highway; three quarters complete.
- (B) 86-kilometer Amran-Hajja road.
- (C) Construction of new textile factory at Hodeidah.
- (D) Final steps in 400-bed Taiz hospital.

B. China's trade with Yemen grew considerably in FY 1975: (figures in millions)

	FY 74	FY 75	Percent of Market
Exports to PRC	\$.7	\$4.9	43
Imports from PRC	\$6.8	\$25.0	—

(Chinese purchases mostly cotton and seeds.)

3. North Korea-Yemen relations are not strong in any sphere, despite Chinese encouragement. Small amount of economic assistance limited to health clinic at Dammar and vehicle repair facility at Hodiedah.

A \$700,000 gift wheat shipment has arrived. PRK believed to have very few aid personnel in Yemen. They also sent some tractors, which don't work well, and a musical instructor, who is terrible.

4. A. U.S. aid grant to Yemen for 1976 will reach \$16 million. USAID and Peace Corps have about 80 experts and volunteers in country. (UN has 200.) The expansion of the Taiz water and sewage project is USAID's major present effort.

B. U.S. trade with Yemen is one-sided:

(Figures in millions)

	FY 76	FY 76
Exports to U.S.	\$2	\$1
Imports from U.S.	\$4.0	\$10.0

5. West Germany has had the largest Western aid effort in the Yemen. Two of most visible and well-received projects are Sana International Airport—opened in 1973, and the Sana-Taiz highway built under a loan agreement for ultimate cost of dm 90 million. FRG is also funding an experimental farm at Sana, a telephone improvement effort, a small medical clinic in Sana and a geological survey team.

6. In 1974/75 economic assistance from Great Britain to YAR amounted to 500,000 pounds sterling, this sum supported twelve members of the British volunteer program, an economic survey team, and a small group of veterinarians.

7. France has a minimal assistance effort, consisting of a few scholarships, some French language teachers, and a small number of religious volunteers.

8. Yemen currently receives a total of bilateral and multilateral foreign assistance of \$150 million/year. YARG is attempting to capitalize on the help in a number of ways, not all of which are successful—as of yet. Industry still accounts for only 2–3 per cent of the total GDP. Foreign investors have not rushed in despite passage of a liberal foreign investment law (details of law number 18 are found in Sanaa A–35 of October 30, 1976).

9. The figures for the Yemeni foreign debt are anomalous. External public debt for FY 76 is estimated to be \$280 million, but Yemenis are refusing to pay any of Soviet and East Bloc debt. Balance of trade will be minus \$360 million. But balance of payments (current accounts and transfers) will show a favorable balance of \$80 million. The answer, of course, is \$600 million in remittances from Yemenis working in the Gulf, Saudi Arabia, and the United States. This asset constitutes the country's chief prop and one of the government's greatest challenges—since little of this money reaches the public coffers.

10. Question of what aid ROK might provide should probably start from Oct. 75 ROK commitment to buy 50,000 tons of rock salt in each of next three years. At same time (Oct. 75) ROK offered to provide 100 sewing machines and help in setting up small clothing factory. They have also offered seven vocational training scholarships. We also understand that ROK and YAR have long since agreed to opening of embassies, and YAR expected this move in spring of this year (1976). Joint ventures, in which YAR also interested, have also been discussed

by previous ROK missions to Sana, and no further exploration is needed in this field. To cover their investment instill idle rock salt facility in Salif, YARG is talking about salt processing plant there. They want also to develop Port of Salif. If Koreans want to move ahead here, they should come with projects and detailed proposals in hand. There have been too many exploratory missions.

11. Laws written recently in YAR are designed to attract and protect foreign investment and reflect highly favorable view of market system. In addition to tax and customs exemptions for initial years of a factory, there are no rpt no exchange controls, no agent requirements, no strikes permitted and no real problems with residence or entry visas for foreign management.

Scotes