

RS/R FILES

Attention Mrs. Mullett  
Keep this study together.  
*KMB*



DEPARTMENT OF STATE  
Washington, D.C. 20520

S/S-703

January 30, 1969

Copies To:  
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RF

MEMORANDUM FOR MR. HENRY A. KISSINGER  
THE WHITE HOUSE

Subject: Your Meeting with Iranian Ambassador Ansary,  
Friday, January 31, 1969, at 3:00 p.m.:  
BRIEFING MEMORANDUM

Ambassador Ansary is calling on you prior to his departing on February 4 to consult with the Shah who is now vacationing in Switzerland. Enclosed are a biography of the Ambassador and a summary statement of our relations with Iran.

Ambassador Ansary's primary purpose in calling on you is undoubtedly to get an indication of the new Administration's attitude toward Iran which he can report to the Shah. Before he departs for Switzerland, he is also calling on Secretary Rogers and Under Secretary Richardson and on Secretary of Interior Hickel.

In the event that the Ambassador raises with you specific bilateral matters, we suggest that you respond by saying that you will look into them. He may raise the matter of our military credit program for Iran; following receipt of necessary economic data from the Government of Iran, we expect to be in a position to make policy recommendations in March. He may also raise Iran's desire to export additional oil to the United States, a subject he will undoubtedly raise with Secretary Hickel and which involves our import quota policy.

We suggest that you tell the Ambassador that you know of the President's admiration for the progress Iran has made under the Shah's leadership and of the President's desire to strengthen our close ties with Iran. You might refer with pleasure to

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your brief meeting with Prime Minister Hoveyda in December. If the Ambassador raises the Shah's desire, expressed in his letter of January 22 to the President, to meet soon with the President, you might say we are giving the matter serious attention and that the President hopes to reply soon.

*W*  
Benjamin H. Read  
Executive Secretary

Enclosures:

1. Biography of the Ambassador of Iran
2. Summary Statement of Our Relations with Iran

*AK*  
NEA/IRN: TLEliot, Jr.: psw  
Ext. 5840, 1/29/69

Clearance: NEA - Mr. Rockwell *AK*

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## U.S. RELATIONS WITH IRAN

### I. U.S. Interests in Iran

The principal United States interest in Iran derives from Iran's strategic location on the Soviet border and athwart the air and communications routes from Europe to South Asia and the Far East. We have an interest in keeping this strategic territory out of Soviet hands and in using it for our own strategic purposes. We also have an interest in maintaining close ties with an increasingly powerful Iran so as to influence Iranian policies in the direction of promoting stability in the Middle East. We also have specific commercial interests, primarily in petroleum, but also increasingly in other fields as well as Iran's economy grows.

### II. Current State of U.S.-Iranian Relations

Our relations with Iran have been for many years and remain today close and intimate. We have maintained this relationship through a transitional period in recent years during which we have ended grant economic assistance to Iran and shifted our military aid from grant to credit sales and during which Iran had adopted a more independent foreign policy of its own, demonstrated especially by improved relations and economic and military deals with the Soviet Union. Iran's basic orientation remains with the West, and Iran continues to rely on

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the United States for its fundamental security. (Our bilateral agreement with Iran of 1959 states that we will take appropriate action, including the use of armed forces, in accordance with our Constitution, and as may be mutually agreed upon, to assist Iran against aggression.)

### III. Iran's Foreign and Domestic Situation

Iran has in recent years played an increasingly active role in regional affairs. The Shah has become concerned about possible radical Arab penetration, perhaps with Soviet collusion into the Persian Gulf following the withdrawal of British forces in 1971. He has therefore moved to protect Iran's Gulf lifeline and rich southern oil resources through a carrot-and-stick policy toward Saudi Arabia and the Gulf Sheikhdoms. Iran's relations with Turkey and Pakistan are good, and relations with Afghanistan have been improving. While, as a Moslem country, Iran's public stance on Arab-Israeli matters is generally pro-Arab, Iran's distaste for radical Arabism as sponsored by Nasser has led to the development of close, <sup>although</sup> ~~altho~~ informal, relations with Israel.

Iran's internal political situation is stable, with the Shah in firm control and with any potential opposition quieted by the success of the regime's economic development and social

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reform programs and by the appeal of the Shah's nationalistic foreign policy. Economic growth, based primarily on burgeoning oil revenues but also on better use of Iran's well-trained younger generation, has been proceeding rapidly, with annual rates of GNP growth approximating 9 per cent in recent years.

#### IV. U.S. Objectives

The objectives of our Iranian policy are:

- To support an independent, self-reliant Iran.
- To maintain our close ties with Iran, especially with the Shah.
- To assure Iranian vigilance against Soviet long-term aims.
- To maintain our communications and intelligence facilities and overflight privileges in Iran.
- To influence Iran to promote stability in the Middle East.
- To maintain western access to Iranian oil, protect and promote American investment in Iran, and obtain for the U.S. the largest possible share of the growing Iranian market.

#### V. U.S. Strategy

To achieve our objectives, we have devised a political, military and economic strategy.

##### a. Political

In our dealings with Iran we respect Iran's independence and welcome its self-reliance while seeking to maintain our

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special security relationship. We use all possible opportunities, for example in connection with our military credit program, to urge upon the Shah and Iranian government leaders the importance of concentrating financial and manpower resources on economic development. We encourage good relations with Saudi Arabia and the Gulf Sheikhdoms in the interest of maintaining stability and of keeping out forces bent on making trouble. While expressing understanding of the economic benefits Iran reaps from its improved relations with the USSR, we remind the Iranians of long-term Soviet objectives and encourage vigilance. Of special importance since the ending of our AID program in order to promote close ties between us are programs involving exchanges of persons between our two countries, whether under public (Peace Corps, Fulbright program) or private auspices, and programs of cooperation in scientific and other areas where Iran is in need of advanced technological or management assistance.

b. Military

The key to our relations with the Shah and his regime is our assistance for the modernization of Iran's armed forces. Beginning in FY 1970, except for training and MAAG support, all of this assistance will be in the form of credits. The Shah's demands for military equipment from us are insistent

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and large, and have increased since the announcement of the British withdrawal from the Gulf. We have to examine these requests carefully, from the standpoint of their effect on area stability and on Iran's economic development, but it is also clear that unless we remain Iran's principal military supplier our interests in Iran, including our ability to maintain our own strategic interests there and to influence the Shah in the direction of constructive foreign and domestic policies, will be seriously weakened.

c. Economic

Although our grant economic aid has ended, we continue to do all we can to encourage Iran's economic growth and a balanced allocation of resources between military and economic. Our military credit program gives us our best opportunity to pursue these goals, but others also exist, including private American resources. Of vital importance to Iran's development is the maintenance of constructive relations between Iran and the major oil companies operating there. Our diplomatic efforts are aimed at preserving the good relations that now exist. Finally, our own commercial interests are promoted through the Export-Import Bank, private American investment, trade fairs and the like which assist the export of American products to Iran.

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