

VIP VISITS
BOX 920
SHAH, DC, 10/21-23/69 1635

DECLASSIFIED
Authority WV0978042
By EW NARA Date 5-14-02

THE SECRETARY OF STATE
WASHINGTON

S/S 15845

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October 17, 1969

MEMORANDUM FOR THE PRESIDENT

Subject: Suggested Positions to Take with
the Shah of Iran during His
Forthcoming Visit

Our relations with Iran are excellent. The Shah values his connections with American Presidents and will be alert to gauge whether this Administration will continue the support for him and his country which he considers that its predecessor showed. He will have the following two questions uppermost in his mind.

1. Need for additional U.S. military equipment

In preparation for the day when the British will leave the Persian Gulf in 1971, and in light of his concern over the Soviet arms build-up of certain Arab states, particularly Iraq, the Shah will state his strong desire to purchase substantial amounts of new heavy military equipment on favorable credit terms. Our traditional position has been to try to contain the Shah's military appetite, without creating a negative impression, since the need for so much additional equipment is questionable in our view and its purchase diverts resources from development. We suggest you tell the Shah that we believe most of Iran's essential military needs can be met under the present arrangement we have with Iran, whereby we have said we will attempt to provide \$600 million

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Group 3

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E.O. 12958, Sect. 3.6

POS ltr. 200002558 MR. NLN 98-55/5
By SLB NARA, Date 2/6/01

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PA/HO Department of State
E.O. 12958, as amended
June 21, 2006

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in credit for military purchases in \$100 million tranches over the period 1968-1973. You could say that if the \$100 million annual ceiling poses problems in placing orders for certain items with long lead-times, or inhibits ability to take advantage of the most advantageous prices, we will examine alternative possibilities with the Shah's economic and military advisers.

2. Increase in oil imports from Iran

The Shah will ask for special arrangements which would permit the import into the U.S. of substantial amounts of Iranian oil above the established import quota arrangements. He will offer an undertaking that the proceeds from these exports will be spent on U.S. products. As the extremely complicated matter of imports of oil into the U.S. is now being studied by the special committee you have set up under Secretary Shultz, and as this committee is not scheduled to finish its work for several weeks, we suggest that you tell the Shah that the whole question of oil imports is under careful study and that the Shah's proposals will be taken into consideration. In these circumstances it is not possible for you to give a definitive reply at this time.

We suggest you make the following points to the Shah:

1. Appreciation of Shah and gratitude for Iran's role

We have a high regard for the Shah as a world statesman and a wise national leader who is leading his country to stability and economic well-being. We deeply appreciate the valuable international role of Iran, which is a stable entity in a highly neuralgic

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part of the world. We are also grateful for valuable intelligence, communication and overflight facilities which Iran provides the U.S. We hope that we may continue to work as closely in the future as we have in the past toward our common goal.

2. Iran's role in the Persian Gulf

When the Shah brings up the changing situation and Iran's role in the Persian Gulf, we suggest you emphasize our belief that stability and security in the Gulf is best safeguarded by cooperation among the states most immediately concerned. You could say that we are encouraged by the Shah's forthcoming attitude on Iran's claim to Bahrain, i.e., that Iran would accept any arrangement worked out by the Secretary General of the United Nations to determine the will of the people of Bahrain. We hope that negotiations and accommodation will be used to deal with other questions which may arise between states of the Persian Gulf, such as Iran's claim to the Tunb Islands and the Island of Abu Musa, in dispute with the Shaikhdoms of Ras al Khaimah and Sharja respectively. We hope, too, the Shah will do everything possible to develop and improve his relations with Saudi Arabia and examine what he can do to restore relations with Lebanon, a break having occurred as a result of Lebanon's refusing to extradite to Iran a prominent Iranian anti-regime political figure, General Teimour Bakhtiar.

The Shah may reflect disappointment that we are not prepared to make substantial new commitments to him at this time, although our attitude will be essentially what we believe he expects to hear. It will be essential to portray it to him in the most

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constructive light in view of our valuable relationship with Iran and the key role in that relationship played by the Shah personally.


William P. Rogers

Enclosures:

1. Scope and Objectives
Paper
2. Talking Points

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