

NP, NSC, Saunders

ME Neeps.

Box: 1282

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July 12, 1972

IRAN

Secretary Connally talked with the Shah for about three hours. They apparently covered much of the same ground that you did. Some of the most interesting points which the Shah made were:

--He would not be able to sustain his recent agreement with the oil companies if they caved in to the demands of the Arab producers. He felt that he had taken a reasonable and responsible approach to the oil issue and should not be penalized for doing so.

--He expressed at length his concerns about the entire Persian Gulf area. In particular, he indicated his concern over the lack of social and economic progress in Saudi Arabia, Soviet influence in Iraq and the Kurds.

--He asked again about his request to you for F-15s, "smart" bombs, and training slots. [A separate memo deals with final guidance for following up on your commitments.]

TALKING POINTS

1. Ask the Secretary what he thinks might be the best general approach to take on the oil negotiations with the Arabs. What else, if anything, can be done to encourage both sides to take a responsible approach to these problems? What, if any, should the U.S. official role be in these negotiations?
2. You might elicit the Secretary's thoughts on the role he thinks we should be playing in the Persian Gulf area.

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