

NP, NSC, Box 481
Pres. Trip Files,
Iran visit.

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

ACTION

3892-X

THE PRESIDENT HAS SEEN.....

May 18, 1972

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MEMORANDUM FOR: THE PRESIDENT
FROM: HENRY A. KISSINGER *HK*
SUBJECT: Your Talks with the Shah of Iran--May 30-31

Setting and Purpose

The two main purposes of your talks with the Shah will be (a) to assure his understanding of your global strategy and (b) to encourage him in his efforts to knit tighter regional cooperation among those who want to resist Soviet pressures in the Middle East.

You will find the mood in Iran a mixture of pride and confidence on the one hand and anxiety on the other.

The pride stems from Iran's achievements over the past decade, particularly the progress of the Shah's "white revolution" and Iran's increasing economic independence with a growth rate above 10% yearly over the past five years. With this has gone an enhanced international status, which the Shah symbolized in the 2500th Anniversary celebrations last fall. Iran is a country to be reckoned with in the regional context.

At the same time there is recognition that these rapid changes are producing increasing internal dislocations and pressures against a background of changes in the areas around Iran. This leads to anxiety on two fronts: (a) The Shah is concerned that the USSR may find ways to facilitate the overflow into Iran of the instability that has developed in Pakistan, Iraq and Turkey. (b) Coupled with this is concern that Iran's stability and progress are too exclusively dependent on the Shah's firm personal leadership and that institutions and leaders are not evolving that could make an orderly transition if he were to pass from the scene. The Shah himself has voiced concern on this point from time to time.

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

The Shah's Specific Concerns

In the Shah's view, the situation in the Middle East, South Asia and the Indian Ocean has changed markedly over the last year. For this reason, he has been eager to talk with you and to have the demonstration of US support which will come from a visit. His specific concerns are these:

1. He sees the Soviet pacts with Egypt, India and Iraq as evidence of serious changes which have occurred to Soviet advantage in the overall balance of forces in the Middle East and South Asia since a year ago. He has said a number of times that, while he does not oppose East-West detente in Europe this detente will pose dangers for Iran in tempting the Soviets to expand into the Middle East and South Asia. The recent Soviet treaty with Iraq and the quick Soviet move to establish diplomatic relations with the new Union of Arab Emirates were most disturbing to him as evidence that the Soviets now plan to pursue their interests in the Persian Gulf actively. He was deeply shaken by what happened to Pakistan in December.

2. Going hand and hand with this Soviet thrust, he sees the increasing threat posed by situations on both sides of Iran. He is expanding his air defense system so that it will completely ring his borders.

--The Shah saw December's events in South Asia not only in terms of the Soviets improving their position but with the fear that further disintegration in Pakistan could spill over into Iranian Baluchistan. He is worried about substantial Soviet capabilities in Afghanistan, which is vulnerable to the same kind of disintegration. The Shah has been impressed with President Bhutto's efforts to hold Pakistan together, and he will probably see Bhutto after your visit. Nevertheless, the situation on his eastern borders is a cause of concern as never in the recent past.

-- While Iraq is inherently unstable, the Shah is concerned about the subversive efforts of which Iraq is capable, especially in Kuwait, in the Persian Gulf sheikdoms in Saudi Arabia and in Jordan. These conditions lead him to the conclusion that Iran must be as strong as possible militarily to serve as a deterrent at least to the regional manifestations of Soviet encroachment.

3. In this connection, he may mention his plans for further modernizing his air force or possibly his new scheme to develop a combination air and naval base at Chah Bahar on the southern coast of Iran outside the Persian Gulf. His most recent requests boil down to a request to purchase three squadrons of F-15 aircraft when they are operational, laser-guided bombs and two additional squadrons each of F-4E and F-5E aircraft. Detailed responses are in your talking points, and I shall be prepared to speak to these issues. Generally, our response is to be helpful within the practical limits of weapons production. On the part, a Defense Department survey team has just submitted a report to the Shah. He is seeking financing through private American banks and contractors, and Robert Elsworth at Lazard Freres has been involved in trying to put together a consortium for this purpose.

4. In addition to providing for Iran's own military strength, the Shah in recent years has worked hard to build a close association with like-minded governments around him. He has, of course, sought to provide for the security of Iran through his country's development and through his participation in international organizations like CENTO and the Organization for Regional Cooperation and Development. But his principal vehicle has been a series of informal and clandestine relationships with Israel and Turkey on the one hand and with Saudi Arabia and Jordan on the other. You will want to read Mr. Helms' memo at Tab B describing these relationships in detail. In short, however, the Shah has made a substantial effort in a quiet way to build a strong relationship with like-minded governments around him. One of the principal channels for maintaining

these relationships is Kamal Adham, King Faisal's brother-in-law and chief of Saudi intelligence. He has made a series of stops in Cairo, Amman and Tehran in recent weeks, and it is he who has talked with King Hussein about Jordan's role in the Persian Gulf.

5. The Shah in connection with building his regional associations has made a move since the death of Nasser to build a closer relationship with Egypt. Although he has been disappointed by President Sadat's actions in the past few months and is concerned about his relationship with the USSR, he has been generally impressed by Sadat. Along with Saudi Arabia, he has viewed Sadat as perhaps even a potential defector from the Soviet camp. His interest in promoting such a development has led him over the past year to become increasingly critical of Israel's strategy of stonewalling all efforts at diplomatic movement. Israel has long shared an interest with Iran in cutting Iraq and Egypt down to size, and Iran has provided a reliable source of Israeli oil despite Arab objections. Mrs. Meir's concern at the shift in the Shah's attitude toward Egypt has caused her to try to mend her fences with the Shah on the eve of your arrival.

6. The Shah recognizes the changes that are taking place in the economic organization of the world. He sees major economic blocs emerging and he feels that the Middle East should organize itself to deal more effectively with the principal world power blocs. He sees the need for regional development in the Middle East and believes that he probably has as good credentials as anyone for asserting some leadership in the region.

7. The Shah has been deeply concerned about Turkey. He feels that Turkey has lost its sense of direction in world affairs, and this is exasperated by its domestic political stresses.

What We Want from the Visit

1. You will be describing to the Shah the strategy lying behind your trips to Peking and to Moscow and the purpose behind your recent decisions on Southeast Asia. The Shah will understand your efforts to establish a framework of relationships between the nuclear powers that will permit regional powers like Iran to play the principal role in contributing to stability in their areas. The Shah has long understood the principles of

the Nixon Doctrine--the necessity for great-power relationships that will permit countries like Iran, as the world changes, to develop the capacity to do what the US can no longer do around the world in providing the principal ingredients of regional security and stability.

2. Within this framework we want the Shah to understand that we are alert to the attention that the Soviet Union is giving to the area from Egypt through India and we want to encourage the Shah's efforts to knit a close regional association with those nations in his area that want to resist the Soviet pressures. We want to encourage the Shah in his special associations with Israel and Turkey, with Kings Faisal and Hussein and even with Sadat. In your private conversations with the Shah you can let him know that we are aware of the special relationship which he has developed through his own private channels and that we shall support it. You can tell him that you discussed Jordan's role in the regional context when King Hussein last visited Washington and encouraged King Hussein in this direction as well. You might even wish to comment on the special effectiveness of the kind of special channels which the Shah is using to build this relationship since those channels save the partners the political embarrassment of publicity.

3. Since an important issue in the Shah's mind now is how he will bring President Sadat into this association and away from the Soviet camp, you may wish to talk in some detail with the Shah about his views on those prospects. The answer, of course, will revolve around an Arab-Israeli settlement. We do not envision a specific role for the Shah at this point, but it might be well to ask the Shah how he feels he might play a role, giving his relationship both with Sadat and with Israel. Given Iran's position as Israel's main oil supplier and close communication with Israel, it has been suggested that the Israelis would pay particular attention to any role the Shah might play in participating in a guarantee of the security of the water routes from the Mediterranean into the Persian Gulf. We have no specific idea in this connection, but you might wish to explore it with him tentatively and lay the ground work for later possible involvement.

4. The question of oil relationships will probably come up. The context, of course, is that the US as well as Western Europe will become increasingly dependent on Middle East oil over the coming decade. In the shorter term, the Shah has pressed the oil companies hard for an increasing share of the revenues. You may want to tell the Shah that, while you recognize his concern to maximize oil earnings, you know you can count on him to

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preserve the stability of energy relationships . You will recall Mr. Flanigan's memo to you urging that you not encourage the Shah to expect special access to the US market for Iranian oil. It is possible that the Shah will put less emphasis on access to the US market than he has in the past because Iran will probably have little difficulty in marketing its oil elsewhere given the expanding world needs. Nevertheless, any remarks you might make on this subject could be put in the context of our need once again to look at our whole situation and to relate suppliers to it.

5. It may be worth mentioning your attack on the narcotics problem. In some ways, Iran shares our part of the problem. Iran had stopped production in the middle 1950s but then was the victim of imports from Afghanistan and Turkey. At that point, Iran tried to close its borders and began producing enough opium again to meet the needs of its own addict population. It has been proposed that we try to move toward an opium free zone which would include not only Turkey and Iran but Pakistan and Afghanistan as well. We are not at the point of being able to carry this through yet, but you might want to mention your concern about the problem to the Shah and your desire to cooperate with him on it. We are proposing a general paragraph in the communique on cooperation in this area.

Backup Papers

Further material is at the following tabs:

--At Tab A are talking points.

--At Tab B is an important memo from Mr. Helms on the Shah's role as a regional leader and his clandestine relationships with Turkey, Israel, Jordan and Saudi Arabia.

--At Tab C is Secretary Rogers' memorandum.

--At Tab D is a copy of the schedule.

In connection with the schedule, it is worth noting that the Shah plans a substantive talk after his dinner for you. Your proposed remarks have been drafted with an eye toward your making a statement on the essential principles of your global strategy. Too often, we feel that this has not

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been clearly understood, and there would be no better platform for restating your views than Tehran. What you have to say could not be offensive either to your earlier Soviet hosts or to anyone in the Middle East, and yet it is a highly important subject.

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May 19, 1972

TALKING POINTS

1. Iran's strength, vitality, bold leadership, and willingness to assume regional responsibility, are a classic example of what the United States under the Nixon Doctrine values highly in an ally. Indeed, the Shah was one of the earliest proponents of the new global approach you have been pursuing. Iran has earned -- and will have -- our firm support over the long term, because:

-- Our support will be effective because of Iran's own national strength and effective regional leadership.

-- This kind of supportive role is a role the U.S. will sustain over the long term.

-- The US-Iranian partnership is a crucial pillar of the global structure of peace the US is seeking to build. Your trips to Peking and Moscow exemplify your effort to develop a secure balance among the great powers. Great-power restraint -- which we are seeking to build into the system -- devolves more responsibility onto regional powers. The US is counting on Iran to make a major contribution to regional and Third World stability, in the Persian Gulf and indeed in the Middle East and the whole non-aligned world.

2. We fully recognize -- and view with concern -- the attention which the Soviet Union is giving to the area from Egypt through India.

-- The Soviets have continued to deliver increasingly sophisticated weaponry to Egypt and on the eve of your trip to Moscow there was a show of new weapons systems in Egypt. [There was some indication that the Egyptians are now being trained on the TU-16 bomber with air to surface missiles. The T-62 tank appeared in Egypt for the first time. Soviet TU-22 bombers, the BLINDERS, appeared on a visit to Egypt.]

-- The Soviets seem to have opened a new chapter in their long-standing cultivation of Iraq with the recent signing of their Friendship Treaty. This is cause for concern even though Iran would seem to be an inherently unstable base for Soviet operations.

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-- Stability in the Persian Gulf is far from assured, though the transition following the change in the British status was smoother than we might have anticipated -- largely due to the Shah's skillful leadership. We recognize that the Soviets have also moved quickly to establish their relationship with the Union of Arab Emirates and that the Soviets could be moving toward a naval presence with facilities in Iraq.

-- As the Shah knows, we were deeply concerned by last December's crisis in South Asia. We very much valued his support. We saw the crisis as an example of Indian and Soviet violations of just the principles which we feel need to be established for a more orderly world. The US is doing all it can to help President Bhutto get on his feet, but in his relationships with India there is not a great deal we can do. We will, however, support his economic program fully. We face a difficult situation in renewing the supply of arms because our Congress is set against it and could destroy a substantial portion of our other military assistance programs over this issue. [Bear in mind that, while the Shah wants to see Bhutto succeed, he has always been suspicious of him.]

3. The US will do what it can to support the efforts of nations in the broader Middle East to hold their own against Soviet pressures, but the keystone of our strategy will be a strong association among those nations of the region that wish to resist Soviet pressures.

-- You are aware of the private relationships which the Shah has built with Turkey and Israel on the one hand and with Kings Faisal and Hussein on the other. While the US wishes to leave this a regional initiative, you want the Shah to know that we encourage it and support it wholeheartedly.

-- You fully understand the private manner in which the Shah has conducted these relationships. It permits the partners to relate to each other as their real interests dictate without the inhibitions that publicity poses.

-- When King Hussein was in Washington, you discussed Jordan's role in this regional context. You gave him your encouragement. In this case as well, we want this to be essentially a program in which the regional countries take the lead.

-- In the Persian Gulf, the US does not have any aspirations to assume the British role. This is an area where a new kind of US presence must evolve; in substantial part it will be provided by American business, technological, educational and diplomatic relationships. We mean this to be a serious and coherent US presence for a long-term constructive relationship with the Islamic world.

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-- For the moment we are keeping our small naval force in the Gulf. The Shah has some reservations about this, and you may wish him to discuss them frankly with you. [He has recently said he fears that the present US force of three ships is too small to do any good and yet just large enough to provoke the Soviets to seek a presence of their own. He has suggested that perhaps the US should either withdraw or increase its force.] We have maintained what we have there on the grounds that our withdrawal now would give the wrong kind of signals. It is a tangible symbol of the US's interest in the area's security and stability. We plan to beef it up qualitatively. Iran's strength and this visible US support are the best guarantee of regional deterrence.

4. The Arab-Israeli issue has been on dead center for some months now. The Israelis have been increasingly outspoken publicly about their desires for basic territorial changes to enhance their security. Sadat has become increasingly frustrated by this evidence that Israel does not plan to withdraw to anything like pre-war borders. The Soviets have not shown much give. But it is in the interests of the US and its friends to try to remove this impasse, which is a menace to world peace.

-- You would welcome the Shah's views from his contacts with the Israelis and Egyptians.

-- Does he see any role for himself?

5. The Shah can be assured of continuing US cooperation with Iran. There are some limitations on our resources, but the Shah should rest assured that the US will do its best to help. On his weapons requests if he raises them:

--Two additional squadrons each of F-4Es and F-5Es: We will approve the sale of these aircraft. The Defense Department is drawing together data on price and availability.

--F-15/F-14 aircraft: These will not become operational with our forces, by present schedule, until late 1974. We anticipate selling them to Iran, but we want to be sure we have a good product before we commit ourselves. We had a bad experience selling the F-III before testing it operationally. But we will stay in close touch with the Shah.

--Laser-guided bombs: We would prefer not to supply these [because they represent our most advanced technology and are in heavy demand in Southeast Asia where our forces have just begun using them]. We are able to supply other guided bombs such as the Walleye and the Hobo.

--If he mentions his concern that the FOXBAT will turn up in Iraq, you can say that we believe that the model of the Phantom (F-4E) that is scheduled for delivery to Iran next year is capable of defending against the FOXBAT.

6. You may wish to describe the major efforts you have made to resolve the narcotics problem in the US. You could put this in the context of how many of the important relationships that will help to build the structure of world peace will be in fields like cooperation in resolving basic human and environmental problems. You are aware that Iran has many of the same problems in the narcotics field that the US has. We would like to move toward fuller cooperation in this area. One of the ideas that has been proposed is having a regionally initiated opium free zone among Turkey, Iran, Afghanistan and Pakistan. We are not pushing a particular proposal now, but we would welcome the Shah's interest and initiative with his neighbors in this important area.

7. In the petroleum field, we will welcome the Shah's help in preserving the stability of energy supply.

--If he mentions access to US markets, you could explain the political difficulties of our import program, while saying we will look sympathetically at any proposal.

One final point is a small one in a similar field. We have invested a great deal in making the INTELSAT system operative worldwide, and we hope that Iran will be able to ratify the convention before the close of the year. It may be touch-and-go to get the necessary 54 ratifications by December 22.