

# Persian Gulf States

## 72. Memorandum of Conversation<sup>1</sup>

Washington, March 11, 1969.

### SUBJECT

US-UK Talks—Persian Gulf

### PARTICIPANTS (Morning Session)

#### UK

John Freeman—British Ambassador  
Geoffrey Arthur—Asst. Under Secretary,  
Foreign Office  
Sir Leslie Glass—Ambassador, Deputy  
Permanent Rep., UKUN  
Edward Tomkins—Minister, UK Embassy  
John Thomson—Counselor, Foreign  
Office  
Michael Wilford—Counselor, UK  
Embassy  
Alan Urwick—First Secretary, UK  
Embassy  
Stephen Egerton—First Secretary,  
UK Embassy

#### US

Joseph J. Sisco—Asst. Secretary,  
NEA  
Richard Pedersen—Counselor  
Ambassador William Buffum—  
USUN  
Rodger P. Davies—Deputy Asst.  
Secretary, NEA  
Harold Saunders—White House  
Elizabeth Brown—IO/UNP  
William Brewer—NEA/ARP  
Theodore Eliot—NEA/IRN  
Arthur Day—IO/UNP  
John Gatch—NEA/ARP

Mr. Arthur said that there was such a short time left during the morning session to discuss the Persian Gulf that he was prepared to come back in the afternoon with whomever was interested and consider the rest of the agenda. Mr. Sisco said he was extremely sorry that he could not come back in the afternoon but asked Mr. Arthur to give him a succinct statement on the Persian Gulf, which Mr. Arthur could expand on in the afternoon session. Mr. Arthur said he would be glad to do this, noting that the UK had only three specific questions it wanted to have answers to. These concerned:

- 1) US plans for MIDEASTFOR;
- 2) US views on Saudi policy; and
- 3) US plans for diplomatic representation in the Gulf.

Mr. Arthur then said that the important thing to remember about the Persian Gulf is that it is the dividing line between the Persians and

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<sup>1</sup> Source: National Archives, RG 59, Central Files 1967-69, POL UK-US. Secret; No-forn. Drafted by Gatch on March 17. Sisco provided Rogers a brief account of this conversation in a March 17 memorandum. (Ibid.)

the Arabs. The British have been there in some force for 100 years and have, in effect, frozen the situation at minimum cost. By the end of 1971 the British will have gone and there will be a serious danger of a confrontation between the Arabs and the Iranians. The main problem lies not on the mainlands of either side but is represented by the islands in the Gulf—Bahrain and the other smaller islands. Mr. Arthur said that if we can settle the problem of Bahrain, we can avoid a confrontation between the Arabs and the Iranians that could prove disastrous. Also, if we can settle the Bahrain question, the question of the other islands would be much easier to dispose of. The main British aim is to do what we can to avoid an Arab/Persian confrontation. The British believe the Soviets will not be able to penetrate the Gulf effectively if the Bahrain question is solved, because such a solution would foster Iranian cooperation with the Arab side and this cooperation would be an effective block to Soviet efforts. Otherwise, the Soviets would be able to play both sides of the Gulf and undoubtedly would be able to establish a position of some influence on the Arab side.

Mr. Sisco asked what the British can do to ensure that a settlement of Bahrain is reached prior to 1972. Mr. Arthur replied that the UK could not “produce” either side. He noted the Shah’s previous insistence on a plebiscite<sup>2</sup> and British and Bahraini views of the dangers of a plebiscite. Mr. Sisco asked how a plebiscite would come out. Mr. Arthur said that perhaps a bit of background was necessary here. He said that the Shah does not really want Bahrain—it has a stagnant economy with small and diminishing oil resources. But the Shah regards Bahrain as a “jewel in his crown,” and he doesn’t feel he can give it up unless a way is found to save Iranian face. His first thought had been a plebiscite in which Bahrainis were simply asked whether they wanted to be a part of Iran or not. The British had discussed this with the Bahrainis who rejected it, as indeed had the Kuwaitis<sup>3</sup> and as indeed would all Arabs. This rejection is based on both formal and practical grounds. The formal grounds are that, for the Ruler of Bahrain to allow a plebiscite, would be to admit that the Iranian claim had some validity. The practical grounds are that the social fabric of Bahrain is very fragile, made up as it is of about half Sunni and half Shia Moslems, between whom feeling often runs high. To hold a plebiscite would undoubtedly cause serious intercommunal disturbances in Bahrain. Moreover, Bahrain has never had any representative body in its history. A

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<sup>2</sup> Apparently a reference to a statement by the Shah at a January 4 press conference in New Delhi.

<sup>3</sup> In airgram A-047 from Kuwait, March 18, Ambassador Cottam stated that the Amir of Kuwait, Sheikh Sabah, believed a plebiscite was not a good alternative and that perhaps the UN was a better one. (National Archives, RG 59, Central Files 1967-69, POL KUW-US)

serious security situation could arise if a plebiscite were held. Added to this is the fact that the al-Khalifa ruling family is not basically strong.

Mr. Arthur went on to say that the Shah had backed away from his insistence on a plebiscite, and efforts involving the UK, Kuwait, Bahrain and Iran but *not* Saudi Arabia have been going on to find some other solution. One thing that has been suggested is to involve the UN, through the SYG, and appoint a representative to ascertain the wishes of the people of Bahrain. The real crunch, according to Mr. Arthur, is that the manner in which this representative would ascertain such wishes would have to be acceptable both to the Shah and to Shaikh 'Isa, the Ruler of Bahrain. Mr. Arthur said that, before the Shah went on his skiing vacation, this approach (through the SYG) had appeared to be pretty much on the rails but, during the Shah's absence, both Afshar in Tehran and Vakil<sup>4</sup> in the UN had taken some backward steps, at least in the UK view. They both had talked about taking the Bahrain issue directly to the Security Council, a procedure which the British opposed. Mr. Arthur noted the British were very gratified for the line taken by Secretary Rogers and Deputy Assistant Secretary Rockwell with Iranian Ambassador Ansary when the latter had raised this possibility here.<sup>5</sup>

Mr. Arthur said that the British had not seen the Shah since his return from Switzerland on March 6 and had hoped that the Bahrain issue could be discussed before the Oil Consortium issue. The British are afraid of interaction between these two problems. Mr. Arthur characterized the position at present as not too bad, with the "crunch" not yet reached. The UK realizes that it is going to have to exert pressure on Shaikh 'Isa, even to persuade him to accept a representative from the SYG to ascertain Bahraini wishes.

Mr. Sisco asked whether a conference of all groups on Bahrain could not be convened to express such wishes. Mr. Arthur said that such a conference would be accused by unfriendly elements as being an instrument either for the Bahrain ruling family or for the British and would not be regarded as representative.

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<sup>4</sup> Amir Aslan Afshar, Iranian Representative to the International Atomic Energy Agency, Vienna (and future Iranian Ambassador to the United States), and Mehdi Vakil, Iranian Representative to the UN General Assembly.

<sup>5</sup> Telegram 28291 to Tehran, February 22, relayed the information that Iran might take the Bahrain issue to the UN. Iranian Ambassador Ansary also asked for U.S. support in whatever steps Iran might take to solve the dispute. (National Archives, RG 59, Central Files 1967–69, POL 33 PERSIAN GULF) The State Department informed Middle Eastern posts: "Now that Iran has involved us directly by reason Ansary's approach (State 28291), we informed UK we believed time had come put our principal officers in field more fully in picture." (Telegram 29573 to Jidda, February 25; *ibid.*)

Mr. Eliot asked Mr. Arthur to elaborate on the relationship between the Bahrain problem and the problem of the other islands—i.e. the Tunbs and Abu Musa. Mr. Arthur said these islands had historically been pirate islands used by the Qawassim. The Qawassim still are in control in Ras al-Khaimah and Sharjah. As far as he knew, Iranians have had nothing on the islands, at least in recent times. Nonetheless, the UK presently regarded Iranian claims to these islands as having more validity than the Iranian claim to Bahrain, although of course they could not admit this to the Iranians. In fact, last summer the British, as we knew, had been trying to arrange a package deal under which the Iranians would give up their claim to Bahrain in return for the Tunbs Islands, as part of a median line settlement. Iran had finally said no. Iran had subsequently been negotiating with Ras al-Khaimah about the Tunbs. SAVAK had become involved, heavy-handedly, on the Iranian side. Originally the UK had hoped that Ras al-Khaimah would acquiesce to the stationing of Iranian troops on the islands in return for some monetary contribution, with the issue of sovereignty left in abeyance. These negotiations had broken down in December.

It had been the Shah's view that these smaller islands represented a separate issue from Bahrain, but recently there had been a retrogression in this Iranian position and now the Iranians have hinted that the settlement of the Tunbs and Abu Musa was a prerequisite to the solution of Bahrain. The British were nevertheless very much aware of the importance of their own relations with Iran and would go a long way to expedite a settlement of these smaller islands issues.

Mr. Sisco asked whether there was any possibility of having a third party come in to help settle the Bahrain question, noting this device had been used in Indonesia. Mr. Arthur said there had been some discussion about a "regional approach," an idea which originally had been the Shah's. The British now like this idea but the Iranians have turned against it. Mr. Sisco wondered whether there could not be a variant where there would be three representatives, perhaps from Turkey, Scandinavia and some Southeast Asian country who would go to Bahrain and try to ascertain the wishes of the people. Mr. Arthur said that he thought the Bahrainis would accept this kind of approach, but reminded the group that the main problem always remained—i.e. that whatever means were used to ascertain the wishes of the Bahrain people would have to be acceptable both to the Shah and the Ruler of Bahrain.

Mr. Sisco thanked Mr. Arthur for his clear presentation and reiterated his extreme regret that he could not attend the afternoon session. He said he hoped the meetings of the last two days represented the first of many such meetings and that he looked forward to the closest of cooperation with the UK on these matters in future.

## PARTICIPANTS (Afternoon Session)

*UK*

Geoffrey Arthur—Asst. Under  
Secretary, Foreign Office  
Michael Wilford—Counselor,  
UK Embassy

*US*

William Brewer—NEA/ARP  
Theodore Eliot—NEA/IRN  
William Hallman—NEA/IRN  
John Gatch—NEA/ARP  
Thomas Carolan—IO/UNP

Mr. Arthur said that he wanted to fill the group in on the latest developments in the effort to settle the Bahrain issue. He said Sir Denis Wright in Tehran had been instructed to see the Shah as soon as possible and to point out to him that, in his absence, the Iranian position appeared to have gone backwards. Wright was told to point out that the UK does not like the Security Council approach because it believes this would be an uncontrollable exercise. The British do not believe that Iran could get sufficient support in the UN to help its case. The UK wondered whether Iran was really serious in proposing this step. The Shah was to be told that the UK simply could not get Bahrain to agree to a direct approach to the Security Council. Sir Denis was also instructed to propose again either a pre-agreed approach to the SYG, or the regional approach. Sir Denis was instructed to say that a variant of the latter could be considered: once the regional committee had made its findings on Bahrain, these findings could be given some form of UN endorsement. Mr. Arthur said that Sir Denis has not yet seen the Shah.

Mr. Arthur said that the British might have to take another look at the question of the Tunbs and Abu Musa in light of recent developments, particularly since the Iranians had now taken the position the settlement of these smaller islands was a prerequisite to the settlement of Bahrain.

In this connection, the British felt it was extremely important that the Bahrain issue be settled because of the future of the FAA.<sup>6</sup> He believed the Shah could break up the FAA very easily and reported that the Kuwaiti Foreign Minister, Sabah al-Ahmad, had expressed his astonishment to Mr. Arthur last fall at the extent of Iranian influence on the Trucial Coast. This ability of the Shah to influence developments in the area is one reason why the British wanted to take quick action to get the Bahrain question settled. The British feel that it might be feasible and desirable to postpone action on the Bahrain issue for a little

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<sup>6</sup> The potential members of the proposed Federation of Arab Emirates (FAA) were Bahrain, Qatar, and the seven Trucial States of Abu Dhabi, Dubai, Sharjah, Ajman, Umm al-Qaiwain, Ras al-Khaimah, and Fujairah. According to airgram A-008 from Dhahran, January 19, 1972, after 1968 the British referred to the United or Union of Arab Emirates or UAE, in contrast to the American usage of Federation of Arab Emirates or FAA. (Ibid., Central Files 1970-73, POL 16 UAE)

while except that the Oil Consortium negotiations were an added complication. The Shah might become so disturbed at the outcome of the Consortium negotiations that he would be unreasonable on Bahrain. On the other hand, if the British let consideration of Bahrain drag on too long, the Shah might accuse the British of shilly-shallying and put it directly to the Security Council. It would have to be a nice judgment on the part of Sir Denis Wright as to how he approached the Shah on these two matters.

Mr. Arthur said there was another possibility which had not yet been put to either side. Iran might renounce its claim to Bahrain but simultaneously conclude a close treaty of friendship with Bahrain under the terms of which Iran would be in a very favorable position in Bahrain. He did not contemplate that Iran would have military bases in Bahrain but would have almost any other concession that it wanted. Under this scheme the act of renouncement and the treaty of friendship could be presented to the Iranian Majlis at the same time.

Mr. Brewer asked how this would affect the rest of the FAA. Mr. Arthur said he did not think they would mind particularly and, in any case, the importance of a Bahrain settlement transcends the importance of the FAA at the moment. If the Bahrain issue could be solved at a cost of not having any FAA, it would be a risk worth taking. Finding a solution to the Bahrain problem was overriding.

Mr. Brewer asked Mr. Arthur for his assessment of what the Shah expects in the Gulf. Mr. Arthur said that the Shah wants to be "boss" of the Gulf and also wants the question of the lower median line settled on as favorable terms as was the median line between Iran and Saudi Arabia. He is also interested in increasing his influence around the Musandam Peninsula and down into Muscat and Oman.

Mr. Arthur then furnished details on the latest meetings in Geneva between the Bahrainis, Iranians and Kuwaitis (along lines previously provided by Mr. Urwick). He said the UK had a commitment to Bahrain and would never try to force the Ruler to accept a plebiscite. Aside from the moral aspects of the commitment, he pointed out that the British want to go to any length to avoid using the UK troops on Bahrain to quell the disturbances that would inevitably arise if a plebiscite were held.

He then discussed the other islands again. He said he had not mentioned the island of Sirri, which the British recognized de facto as belonging to Iran. Actually the British position was that Sirri, the Tunbs and Abu Musa all belong to the Qawassim, but the British felt that, if a satisfactory solution to the Bahrain issue could be found, the Arabs would not be too upset if the Tunbs or, for that matter, Abu Musa went to Iran. He had been assured along these lines by Badr al-Khalid of Kuwait. Realistically, the British expect that, when they go, the small

islands will go to Iran. He then quoted a legal appraisal prepared in the Foreign Office regarding the Tunbs and Abu Musa: "We consider any international adjudication of the question of the Tunbs would have a 60–40 chance being decided in favor of Ras al-Khaimah. Likewise, we believe that the same odds would prevail in regard to Sharjah and Abu Musa." Nonetheless he reflected a pragmatic view of the small islands issue, and said the UK might even withdraw protection over the Tunbs if Ras al-Khaimah were to prove unreasonable in failing to accept an Iranian offer with which HMG might concur. He implied as much with respect to Abu Musa.

Mr. Arthur said, of course, the UK does not want to go to law on these matters because this would have a very bad effect on UK-Iranian relations which the British value highly. He added that, since Iran wants to extend its influence around the Peninsula into Muscat and Oman, it would be bad for the Iranian position if the smaller islands were settled in favor of Iran without a Bahrain settlement. If this happened, the Arabs could say that the whole thing was an Anglo-Iranian plot to substitute Iranian influence for British influence on the Arabian side of the Gulf. This is why the UK wants to get Bahrain out of the way first and then get the other islands question settled. Curiously enough, there have been no negotiations between Sharjah and Iran over Abu Musa. The UK is not quite clear why, but Arthur noted that the Iranian Ambassador in London, Mr. Aram, had told him that the Abu Musa question was "easier." Mr. Brewer noted that Afshar had told Sir Denis Wright that the Iranians had recently developed some new evidence that strengthened their claim to Abu Musa.

Mr. Arthur then turned to Saudi Arabia. He said the UK was puzzled by Saudi policy. The Saudis support the FAA but have taken no positive action. They have given the impression regarding the Buraimi dispute<sup>7</sup> that they have temporarily inactivated their claim, but on all other fronts they have been passive in their relations with the Gulf. The UK Ambassador in Saudi Arabia had tried to persuade King Faisal to send Prince Fahd or someone on a mission to the Gulf to encourage the Shaikhdoms in their efforts to form the FAA, but Faisal had not responded to this suggestion. Mr. Arthur did note that Saudi inaction

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<sup>7</sup> The Buraimi oasis had been an area of contention for various tribal groups in the eastern portion of the Arabian Peninsula for centuries. Most recently, Saudi Arabia claimed the oasis in 1952, sending troops through Abu Dhabi to capture it. The Saudis withdrew under international pressure, a blockade, and military action by regional expeditionary forces. Arbitration resulted in the establishment of a Saudi police post in the oasis, but by 1955 Abu Dhabi and Oman, with British military and political support, expelled the Saudi police. Abu Dhabi and Saudi Arabia continued to claim Buraimi.

was perhaps helpful in a negative way. At least they were not causing problems.<sup>8</sup>

Mr. Arthur read a telegram that had just been received from London concerning the Saudi Ambassador to Lebanon Rumaih (Amb. Rumaih is the Saudi Government's "expert" on Gulf matters. He was previously Saudi Ambassador in Kuwait.) According to this telegram, Rumaih had been in Abu Dhabi and had spoken quite sharply to Zayid on the Buraimi issue. Shaikh 'Isa had urged Rumaih to talk to Faisal about further Saudi support for the FAA, and 'Isa had also recommended that the British talk to Faisal again along these lines. Mr. Arthur said the British were not too sure of what Rumaih had been up to in the Gulf.

Mr. Arthur said that perhaps the UK had been too optimistic about Faisal's position on Buraimi—i.e. that he was tacitly dropping the issue. He noted that Sir Stewart Crawford thought that there were several things involved in Faisal's current attitude towards Buraimi. He was preoccupied with events on his own southwestern border, and might over-rate the Saudi potential to prosecute its claim to Buraimi later. Sir Stewart pointed out that Saudi Arabia lacked troop strength to take positive action to support its claim, and furthermore no longer had the financial potential to outbid Zayid in bribing the tribes.

Mr. Arthur asked what the US views were on the reasons for Saudi inattention to Gulf matters. Mr. Brewer said that we were not at all certain of all of the reasons; but thought perhaps that the Saudi attitude could be explained by a combination of slothfulness, statesmanship and preoccupation with other matters. Mr. Brewer recalled that Faisal had appointed Prince Nawwaf to keep a watching brief on the Gulf, but Nawwaf had not been active and lacked prestige. We did believe that Faisal had taken a statesmanlike attitude on Buraimi and that this had, in effect, helped the FAA. Mr. Brewer also noted that Faisal was extremely preoccupied with the Arab-Israeli issue—particularly the Jerusalem aspects of it, and was also paying large amounts of money to the UAR and Jordan. All of the foregoing added up to the fact that the Saudis were in fact playing an inactive role. We had, however, done what we could to encourage Saudi interest. Mr. Arthur replied that too much encouragement might be bad, since the Buraimi claim might be reactivated at the wrong time.

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<sup>8</sup> In telegram 1120 from Jidda, April 3, Eilts wrote that Saqqaf described Saudi policy in the Gulf as "conscious self-restraint" to allow the Shah time to find a solution to the Bahrain problem and to cement Saudi-Iranian relations. Saqqaf also noted that Saudi Arabia was concerned about the activities of Sheikh Zayid of Abu Dhabi and possible NLF subversion. He also recognized that Saudi Arabia suffered from limitations such as Faisal's reluctance to delegate authority, a shortage of qualified personnel, and an unprogressive image. (National Archives, RG 59, Central Files 1967-69, POL 1 NEAR E-SAUD)



Mr. Arthur said the Saudis were critical of the role Kuwait had played and felt that the Kuwaitis had interfered too much in Gulf matters. Mr. Arthur said he had responded rather sharply to Faisal on this matter last fall, and had defended the Kuwaiti role which he said had been a very helpful one.

In summing up this particular aspect of the picture in the Gulf, Mr. Arthur felt that we still must encourage Iran, Saudi Arabia and Kuwait to cooperate before any real progress can be made.

The discussion then turned to the FAA. Mr. Brewer asked Mr. Arthur what his assessment was of the chances of success of the FAA, putting the Bahrain question aside for a moment. Mr. Arthur said that everything really depends on Iran's attitude. If Iran is against the FAA, it won't work. Although the converse is not necessarily true, he believes that, if Iran does not oppose the FAA, it has a reasonable chance of success. He said that Zayid is the main worry. The British believe that Zayid wants an FAA if this means that he won't be exposed on the Buraimi issue. The British believe Zayid thinks he can dominate the FAA and has been trying to moderate his ambitions. In sum, the British believe that things in relation to the FAA are much better than they possibly could have thought a year ago but they are still not overly confident that it will become a going organization. The two main stumbling blocks are Bahrain and Zayid. Zayid has to be persuaded to cooperate and not to dominate. The UK is in a difficult position because it is equally obligated to each member of the FAA. The British have a special responsibility to Abu Dhabi because of Buraimi.

Mr. Arthur then gave a state-by-state assessment of the Trucial States, Bahrain and Qatar.

### *Bahrain*

There is a softness about the situation in Bahrain that is worrisome. There are many disparate elements in Bahrain including a growing number of semi-literate youths without jobs. The situation is potentially unstable and there are several subversive groups, including the NLF, present on the island, although there is a very good Special Branch on Bahrain which has countered these groups quite successfully. One point to remember is that potential subversives assume that the UK troops on Bahrain would be used to put down disturbances, although the British want to avoid this at all costs. The British believe that, left to itself, Bahrain has only a fair chance of surviving in its present form. The British feel, and the Kuwaitis agree, that the Khalifas are a poor ruling family and have not yet demonstrated their ability to stay on top of the situation. Naturally the most important thing to consider in relation to Bahrain's future is whether Iran's claim is settled.

*Qatar*

The regime in Qatar is safe enough, and the British do not anticipate too much trouble there. This state of affairs is not necessarily because the Qatar rulers are more capable than the Bahraini ones, but simply because there is less inherent difficulty in the Qatar situation. Mr. Arthur noted that the Egyptian advisor, Hasan Kamel, apparently was providing the ruling family in Qatar with good service.

*Abu Dhabi*

Shaikh Zayid enjoys widespread popularity because of his great wealth. Abu Dhabi will shortly be equal to Kuwait in terms of per capita wealth and potential for development. The British believe Zayid's position is stable and that Abu Dhabi will remain intact as long as he lives. The relationship between Zayid and Rashid of Dubai is important, and the British are encouraged by recent indications that the two are settling their difficulties.

*Dubai*

Rashid is in a strong position since he has built up a relatively prosperous country without oil income which is now in prospect. There are some subversives in Dubai but Rashid looks capable of controlling the situation. The most pressing need is for the modernization of Dubai's administration, and some steps in this direction are being taken.

*Sharjah*

Sharjah has real problems and the future is uncertain. The danger to the ruling family lies more from its relatives than from any subversive forces.

*Ras al-Khaimah*

The ruling family has recently had serious trouble with one of the tribes. The Ruler's unpopularity is not for anything he has done, but because he has been unable to placate the tribes with any kind of financial support. Abu Dhabi has not been helpful in this regard but here again there have recently been some helpful signs of reconciliation between Abu Dhabi and Ras al-Khaimah.

The British fear that Abu Dhabi will far outweigh the other FAA members, particularly in the military field, and this may make it difficult for it to succeed. Abu Dhabi has tried to attain a position of great superiority. The British have tried to moderate Zayid's ambitions but his army stands at 2,000 now and he has plans to increase it to 3,500 which will make it twice as big as the Trucial Oman Scouts. Abu Dhabi already has a navy of seven fast patrol boats, and has ordered twelve Hawker Hunter aircraft. The army is officered by Jordanian, Pakistani,

and UK seconded officers. The British Commander of the Abu Dhabi defense force, Colonel Wilson has recently retired and has gone to live in Buraimi. Mr. Arthur reported that the Abu Dhabians claim that they had received the approval of the other rulers for the acquisition of the Hawker Hunters.

Mr. Arthur then gave a rundown on other local military forces in the area. The Trucial Oman Scouts have a strength of 1,700. Bahrain has a national guard of two battalions, largely Jordanian-officered. Qatar has a police force of 1,850 under Maj. Cochran, a Moslem convert known as Mohammad Mahdi. Dubai planned a defense force of about 500 but is not pressing too hard to achieve this figure. Ras al-Khaimah has a police force of 220 to 300 now trained by the Trucial Oman Scouts. The Sultanate of Muscat has three infantry battalions of approximately 750 men each, mostly Baluchis. The Sultan has five Provost prop aircraft and has ordered six BAC-167s and four Beaver aircraft.

Mr. Gatch asked Mr. Arthur as to the extent of influence Nadhim Pachachi<sup>9</sup> had over Zayid. Mr. Arthur said that Zayid took Pachachi's advice on oil matters but doubted that Pachachi's influence extended to the political field. Mr. Arthur said that Zayid does not really feel that he needs much advice in the political field, since he apparently is following successful policies of his own making.

Mr. Arthur then turned to the British military presence in the Gulf. He said there were now about 7,000 men and three naval frigates, one of which is always in Gulf waters. Mr. Arthur said that the military withdrawal schedule currently is as follows:

- 1) *In mid-1969*, the Gulf frigates will become a part of the Far East-ern Command, although they will stay in the Gulf area.
- 2) *On April 1, 1970*, thinning out of troops will start in Sharjah.
- 3) *On January 1, 1971*, thinning out of troops will start in Bahrain.
- 4) *On May 13, 1971*, the Kuwait commitment will cease.
- 5) *On June 30, 1971*, all contingency plans will lapse which call for the use of British forces in the Gulf outside the Gulf area. The forces will have no further mission except to protect the Arab states of the lower Gulf.
- 6) *On October 1, 1971*, UK forces will be reduced to the minimum necessary for their own protection.
- 7) *On January 1, 1972*, the withdrawal will be completed.
- 8) The Navy will be the last service to leave.
- 9) The troops on Bahrain will probably be the last to go—i.e. the troops on Sharjah will leave first.
- 10) Fixed assets of a military nature will be turned over to Bahrain and Sharjah after the British leave.

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<sup>9</sup> Iraqi adviser to Shaikh Zayid, representative to OPEC for Abu Dhabi, and Secretary General of OPEC, January 1971.

11) The Trucial Oman Scouts (TOS) will remain in being. By that time arrangements should be in hand to make them self-supporting, the future of the TOS is very much bound up by the evolution of the FAA.

Mr. Brewer asked whether the British Government would help the TOS after 1971. Mr. Arthur said it depends on what kind of help was meant. He recalled that HMG had strongly opposed a suggestion that the British military presence remain in the Gulf but be paid for by the local states. The British would not want to have a direct financial or command relationship with the Trucial Oman Scouts after 1971. Mr. Arthur then turned to the subject of the UK diplomatic position after 1971. Subject to the way the situation develops, the British contemplate putting an Embassy in the capital of the FAA and a consul in each of the other member states where they now have political agents. He noted that the British Consulate General in Muscat is to be raised to Embassy status.

Mr. Brewer then raised, on behalf of Mr. Sisco, a question regarding future US representation in the Gulf. He said the US would appreciate UK views on when US planning to open an office could start. Mr. Arthur mentioned the difficulties that were inherent in the confused situation in the Gulf and said that it would not be advisable for us to put an office in until we knew where the capital of the FAA was going to be. All things considered, he felt we might start planning within a year. He added, however, that the UK was ready to review this question with us at any time and to facilitate the opening of a US office whenever we felt this to be an urgent requirement. It is clearly important that the US be as widely represented as soon as possible in the Gulf, but the only question was putting an office in the wrong place. Mr. Brewer said that we were, of course, awaiting clarification as to how the FAA might turn out. Mr. Arthur said that the UK would like to see a US resident representative in Muscat right now. He also said that the Rulers in Bahrain and Kuwait have both asked him to find out what the US position would be in the Gulf when the UK goes. They are both anxious to find out. He asked Mr. Brewer how he foresaw the US position after 1971. Would it be simply a modest diplomatic presence and MIDEASTFOR? He said for numerous reasons the British would like to find out what US intentions are regarding MIDEASTFOR. The British still want to give the US first refusal on the facilities on Bahrain and the sooner they could get an answer from us the better.

Mr. Brewer said that, as the situation in the area evolves, we will be looking at several possibilities for US representation. As of now, we feel that the FAA has a higher priority for our interests than Muscat. Regarding MIDEASTFOR, Mr. Brewer said that our current position is the same as it was last fall—i.e. we have no present plans either to augment or decrease MIDEASTFOR, and have no present plans to remove it

from Bahrain after the British withdrawal. We are not yet, however, at a stage where we can determine what British facilities we might need. Time will be needed to consider this matter. Mr. Arthur thought that we could wait at least two or three months before the British have to say anything to the Bahrainis about the future of the facilities.

Mr. Arthur said the UK hopes to retain facilities at Masirah Island, including the airport and the BBC medium wave relay station. The British expect that the Sultan will want them to continue providing UK officers for his forces as part return for permission to keep these facilities. The British also hope to keep some minimum facilities at Muharraq airport on Bahrain, and to continue to enjoy landing and overflight rights. He suggested that, when the USG is ready to discuss MIDEASTFOR with the Bahrainis, we should then seek landing and overflight rights at the same time. In general, said Mr. Arthur, the British hoped the US would be in the Persian Gulf in as widely a representative way as possible, both militarily and diplomatically.

Mr. Arthur said he wanted to add one point which was embarrassing but he felt it necessary. The present COMIDEASTFOR had been quoted by Bahrainis as saying that the MIDEASTFOR presence on Bahrain was not only permanent but might increase. If this were in fact true the UK had no objection, but the UK was afraid COMIDEASTFOR might be creating a false impression among the Bahrainis.

Mr. Arthur then turned to a discussion of Muscat and Oman. He said that he knew the Sultan would welcome permanent US and Iranian representatives in Muscat. He said that the Iranians were currently trying to work something out but there had been a hitch because of Iranian reluctance to address the Sultan as Sultan of Muscat and Oman, rather than just of Muscat. Mr. Arthur noted that the Saudis have been taking a more reasonable position in their relations with the Sultan and had stopped supplying arms to the Omani and Dhofari dissidents. Mr. Brewer noted that one of our troubles in dealing with the Sultan was that he still remained in Sallalah.

In conclusion, Mr. Arthur said he wished to express a note of caution about the Persian Gulf. He said that the tentacles of the Palestinian problem reached far down into the Gulf and whatever happens in Palestine would have a profound effect on the Western position in the Gulf. The only exception to this would be Muscat and Oman under present management.

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**73. National Security Study Memorandum 66<sup>1</sup>**

Washington, July 12, 1969.

TO

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

SUBJECT

Policy Toward the Persian Gulf

The President has directed a study of U.S. policy in the Persian Gulf which would include the following:

1. Discussion of the problems created by withdrawal from the Gulf of the British presence in its present form, including the possibility of an Arab-Iranian confrontation in the region.

2. Discussion of our choices in setting a general U.S. posture toward the various political entities in the Gulf area—our political relationships, diplomatic representation, arms aid policy.

3. Description of the specific decision to be made regarding continued U.S. naval activity in the region after the British withdrawal and a discussion of the merits of each of the significant courses of action open to us.

The President has directed that this study be prepared by the NSC Interdepartmental Group for Near East and South Asia and be forwarded to the NSC Review Group by September 30.

**Henry A. Kissinger**

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<sup>1</sup> Source: National Archives, Nixon Presidential Materials, NSC Files, Box 365, Subject Files, National Security Study Memoranda (NSSM's), NSSMs No. 43–103. Secret. A copy was sent to the Chairman of the Joint Chiefs of Staff. In an undated covering memorandum to Nixon, Kissinger wrote that the Persian Gulf "will become increasingly difficult to cope with over the next two years," and the British departure would require both difficult readjustments of local relationships and a clearer definition of the U.S. role in the area. (Ibid., NSC Institutional Files (H-Files), Box H-156, National Security Study Memoranda, NSSM 66)

## 74. Editorial Note

In October 1969, Mohammed Reza Pahlevi, the Shah of Iran, visited the United States. He met privately with President Nixon on October 21 in an off-the-record conversation, and with Secretary of State Rogers on October 22. The Shah told Rogers that the Persian Gulf was unstable. He felt Gulf security should be guaranteed by an alliance between Iran and Saudi Arabia, but that Saudi Arabia was unreliable due to its limited military ability and weak internal situation. The Shah also stated that, despite Iran's legitimate claim to Bahrain, he would accept UN mediation to determine the will of the Bahraini people. (Memorandum of conversation, October 22; National Archives, Nixon Presidential Materials, NSC Files, Box 1245, Saunders Files, Visit of Shah of Iran Oct 21–23, 1969)

In January 1970, Iran again broached the idea of a regional security arrangement including Iran, Saudi Arabia, and Kuwait. Ambassador to Iran Douglas MacArthur approved of the idea, finding it "very much in our national interest" and in keeping with the Nixon Doctrine. (Telegram 36 from Tehran, January 5; *ibid.*, RG 59, Central Files 1970–73, DEF 1 NEAR E) Ambassador to Saudi Arabia Hermann Eilts agreed, but warned that Iran should not push the idea too fast. (Telegram 54 from Jidda, January 7; *ibid.*) CINCSTRIKE also supported a regional security arrangement, stating that combined contingency planning "would provide the least costly and the most practical and credible approach to regional security." (Telegram STRJ5–ME 287 from CINCSTRIKE, January 13; *ibid.*)

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## 75. Memorandum Prepared in the Central Intelligence Agency<sup>1</sup>

Washington, December 12, 1969.

[Omitted here are a cover page and a map. See Appendix A.]

SUBJECT

The Persian Gulf: Groping Toward a New Power Balance<sup>2</sup>

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<sup>1</sup> Source: National Archives, Nixon Presidential Materials, NSC Files, NSC Institutional Files (H-Files), Box H-044, Senior Review Group Meetings, Review Group NSSM 90 5/21/70. Secret.

<sup>2</sup> This memorandum was produced solely by CIA. It was prepared by the Office of National Estimates and was coordinated with the Office of Current Intelligence, the Office of Economic Research, and the Clandestine Services. [Footnote is in the original.]

## SUMMARY

British guardianship of the Persian Gulf kept the peace but froze the political makeup of the area for a century. The prospective withdrawal of British forces in 1971 promises to change this situation.

For the US, the principal concerns for the next several years are whether weakness and turmoil in the small Gulf states might lead to interference by the larger regional powers, intervention by a revolutionary Arab state, or threats to the American commercial involvement in oil production in the Gulf.

On the whole, we think the chances favor the situation in the Gulf rocking along without serious disruption for at least a year or two after the British pull out in 1971. Virtually all the riparian Gulf states—the Arab Emirates which are trying to federate as well as Iran and Saudi Arabia—have a stake in avoiding turmoil. Other Arab states ideologically inclined to make trouble for the conservative sheiks are likely to be distracted by domestic concerns and by their confrontation with Israel. Moreover, the proposed Federation of Arab Emirates need only carry out a few of the functions of a state in order to serve its essentially passive purpose of preventing trouble among its members.

Yet a number of troublesome contingencies can be identified. For example, cooperation between Iran and Saudi Arabia—important to the Federation—could easily degenerate into competitive interference in the lesser states. Again, revolutionaries may try to take advantage of the UK departure to overthrow sheikly rule—a development most likely to occur on Bahrain. In these contingencies, at least some of the contending parties would turn to the US for diplomatic support. American oil interests however, are not likely to be seriously damaged, though the commercial position of the major international oil companies in the Gulf—as elsewhere—will probably be eroded over time.

[Omitted here is an 18-page Discussion section.]



**76. Memorandum From Peter Rodman of the National Security Council Staff to the President's Assistant for National Security Affairs (Kissinger)<sup>1</sup>**

Washington, December 31, 1969.

## SUBJECT

IG Paper on U.S. Policy in the Persian Gulf

A summary of the IG paper on the Gulf is attached.

The IG paper itself—actually a draft by State—is not worth reading.<sup>2</sup> Hal Saunders and Dick Kennedy agree that it is a disaster. It devotes one paragraph to analysis of Soviet policy, while it spends a full page on the need for advance planning in setting up a Foreign Service post in Dubai. It presents three options:

- (1) Do Nothing (which it concludes would be “an abdication of responsibility”),
- (2) Encourage the UK to Stay On (which would be “unworkable”), and
- (3) Manifestation of Greater U.S. Interest (i.e., “we can do a good deal in small ways . . .”).

The first two options are discussed and are dismissed in one paragraph each, and the rest of the paper is devoted to spelling out the operational details of the third (e.g., setting up a Foreign Service post in Dubai). The paper is also about a year out of date.

Saunders is lighting a fire under the IG to try to get a better paper. The Review Group is tentatively scheduled to meet February 16. With Saunders' assistance, I plan to work on an Issues Paper.<sup>3</sup> I will try to get something to you by mid-January.

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<sup>1</sup> Source: National Archives, Nixon Presidential Materials, NSC Files, NSC Institutional Files (H-Files), Box H-156, National Security Study Memoranda, NSSM 66. Secret. Sent for information. Rodman wrote his summary of the Interdepartmental Group paper after consulting with Saunders. (Memorandum from Rodman to Saunders, October 23; *ibid.*)

<sup>2</sup> “Future U.S. Policy in the Persian Gulf,” undated, was drafted by the NSC Interdepartmental Group for Near East and South Asia. (*Ibid.*) The revised version was eventually discussed at the June 5, 1970, Review Group meeting. See Documents 82 and 83.

<sup>3</sup> A draft of the paper, “Outline of Persian Gulf Issues Paper,” January 21, 1970, is in the National Archives, Nixon Presidential Materials, NSC Files, Kissinger Office Files, Box 16, HAK Administrative and Staff Files, Persian Gulf: Drafts.

## Attachment

### SUMMARY OF DRAFT OF IG PAPER ON U.S. POLICY IN THE PERSIAN GULF

*Foreword (pp. 1–2)*

Policy guidance will be needed on the following key issues: USG attitude to UK withdrawal; role of and home-porting arrangements for MIDEASTFOR after 1971; USG policy toward federation arrangements; USG attitude to FAA (Federation of Arab Emirates) and/or Bahrain application for UN membership; USG arms policy to Kuwait and small states;<sup>4</sup> feasibility of future Foreign Service posts, especially on Trucial Coast.

There should also be consideration of: Iranian intentions; Saudi-Iranian relations; Median line issues; Arab suspicion of Iran; and increasing Soviet attention to Gulf.<sup>5</sup>

#### *I Policy Considerations*

##### *A. U.S. Interests (pp. 2–3)*

U.S. interest is in access and influence. Important military interests, including communications and intelligence facilities in Iran, overflight privileges across Iran and Saudi Arabia. General U.S. interest in stability, to minimize radical or Soviet gains.

U.S. citizens live there (15,000). Balance of payments surplus (\$1.5 billion). Oil is crucial to West Europe, Japan, and U.S. forces in SE Asia.

##### *B. UK Withdrawal (pp. 3–6)*

UK military presence today not directly linked with oil situation (i.e., is not in the UK's main oil-source states.)

In any case, UK withdrawal is now fact of life in the area. Gulf states have already started adjusting to UK absence, and this process is irreversible.

##### *C. Current U.S. Policy (p. 6)*

We can't replace UK presence, and therefore urge greater cooperation among Gulf states themselves, especially Saudi Arabia and Iran. But we must avoid giving impression of "backing out," or else we weaken our friends, undermine stability, and encourage USSR.

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<sup>4</sup> A handwritten notation reads: "What's that?" These are Kissinger's comments, relayed from San Clemente by Anthony Lake and written into the margins by William Watts. (Memorandum from Watts to Rodman, January 7, 1970; *ibid.*, NSC Institutional Files (H-Files), Box H-156, National Security Study Memoranda, NSSM 66)

<sup>5</sup> A handwritten notation in the left margin reads: "Absolutely." Another handwritten notation at the end of the paragraph, reads: "Iraq."

D. *Increasing Soviet Attention to Gulf* (pp. 6–7)<sup>6</sup>

1. *Soviet Policy* (p. 6): Russian ambitions there since Czarist days. Ultimately they hope to supplant Western presence.

2. *Recent Soviet Actions* (p. 6): Naval visits.

E. *Conflicting Iranian-Arab Interests* (pp. 8–9)

Iran has disputes with Iraq and Saudi Arabia.

F. *Conflicts Among and Instability in Arab Gulf States* (pp. 9–10)

Manifold feuds and internal rumblings.

G. *Effects of Arab/Israel Issue in the Gulf* (pp. 10–11)

Many Palestinians living in the Gulf States. Shaykhs raise money for fedayeen. “Palestine question” is irritant in our relations with moderate Gulf Arabs; if that conflict remains unsettled, outlook is for “steady erosion” of U.S. position in the Gulf. Arab-Israeli tension also affects Arab-Iranian relations, since Iran has ties with Israel.

II *Overall Policy Options*A. *Do Nothing* (pp. 11–12)

Given “tremendous importance of the area to us,” increasing Soviet interest, and local instabilities, “a do-nothing course” would represent an abdication of responsibility from which our interests would surely suffer.<sup>7</sup>

B. *Encourage UK to Stay On* (p. 12)

Unacceptable in London and unworkable in the Gulf.

C. *Manifestation of Greater U.S. Interest* (p. 13)

“To have influence in the Gulf, we must be seen to be there and to be interested.<sup>8</sup> We can do a good deal in small ways to provide reassurances that we are not abandoning our stake in the region.”<sup>9</sup>

III *Specific Issues*A. *Areas for U.S. Action*

1. *MIDEASTFOR* (pp. 14–15): Talks with Bahrain, to keep our port there, must await resolution of Iran’s claim to Bahrain.

2. *Foreign Service Posts* (pp. 15–16): Start planning now, because it takes a long time to set up a post.

3. *U.S. Arms Policy* (p. 16): Shaykhdoms should rely on UK arms, but we might want to supply some to FAA.

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<sup>6</sup> A handwritten notation in the margin next to paragraphs D and E reads: “You must give me more detail or I won’t understand.”

<sup>7</sup> A handwritten notation reads: “Agree—option’s silly.”

<sup>8</sup> A handwritten notation reads: “This is the question. Must be many options.”

<sup>9</sup> A handwritten notation pointing to the first part of this sentence reads: “Like what?”

4. *Cultural Affairs* (pp. 16–17): Cultural exchange with Shaykhdoms.
5. *Economic Aid* (p. 17): Technical, not capital, assistance is needed.
6. *Visits* (pp. 17–18): Arab rulers want to visit us. They want better protocol treatment than they've been getting.

B. *USG Policy toward Arab Federation* (p. 18)

"We believe the FAA represents the best hope for stability among the Arab Shaykhdoms."

C. *Arab/Iranian Relations* (p. 19)

Future stability of region will depend on Saudi-Iranian relations. We should encourage settlement of Median Line and Bahrain issues.<sup>10</sup>

D. *Response to Increasing Soviet Role* (p. 20)

Steps for USG listed above are in part designed to show Moscow we intend to sustain an active interest in the Gulf.<sup>11</sup>

#### *IV Specific Recommendations*

A. Encourage a non-military UK presence. (p. 20)

B. Lower our MIDEASTFOR profile on Bahrain, and plan on basing it somewhere else in long run. (pp. 20–21)

C. Allow modest arms sales to Kuwait and Arab states in lower Gulf if UK can't meet the demand. (pp. 21–22)

D. Proceed with informal administration arrangements for Foreign Service post in Dubai. (p. 22)

E. Discreetly help along the formation of FAA. (p. 22)

F. Foster Arab/Iranian and especially Saudi/Iranian cooperation. (pp. 22–23)

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<sup>10</sup> A handwritten notation reads: "How?"

<sup>11</sup> A handwritten notation reads: "What are issues of Soviet-Iranian relations?"

**77. Telegram From the Embassy in Iran to the Department of State<sup>1</sup>**

Tehran, February 4, 1970, 1230Z.

418. Subject: U.S. Persian Gulf Policy.

1. Latest draft of Persian Gulf policy paper<sup>2</sup> recently received here strikes us in general as comprehensive, reasonable analysis of problems to be expected in post-British era and of possible measures for meeting them. Following comments offered in light of problem as seen from Tehran:

(A) We find ourselves unable share paper's optimism (page 19) that potential Gulf instability unlikely be of magnitude threaten U.S. interests or oil operations. As we see it here a vacuum will inevitably be created when British pull out end of 1971. Basic question is not whether there will be vacuum but who will fill it and when (i.e., before or after end of 1971). If by end 1971 no arrangements (informal though they may be) have been made for at least a limited degree of cooperation between some of more important moderate riparian states, it is difficult to believe that radical Arabs, aided and encouraged by Soviets, will fail to exploit vacuum to detriment of our vital interests. Today Prosy seems already serving as base for radical Arab subversive activities and even for armed attack on moderate Arab regimes.

Indeed paper (page 12) recognizes radical groups may be able to seize one or more governments in 3 to 5 years. Japanese Ambassador tells me in strict confidence GOJ deeply concerned re future of Gulf because Gulf oil essential to Japan's very life. He pointed out smaller sheikhdoms that have struck oil are having to import Arab speaking teachers, technicians, etc., and they come largely from Egypt, Syria and Palestine and will facilitate radical efforts to take over. In absence of new and constructive developments Japanese Middle East experts who recently examined question only give Kuwait regime about three years before it succumbs to radicals and if there is Arab-Israel settlement, Japanese believe radicals will almost immediately step up actions against moderates.

Paper's recognition that Soviets are devoting greatly increased attention to Gulf and to Soviet presence there also seems support this conclusion as does generally held international estimate that Gulf oil

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<sup>1</sup> Source: National Archives, RG 59, Central Files 1970–73, POL 33 PERSIAN GULF. Secret. It was repeated to Jidda, Kuwait, London, New Delhi, and CINCSTRIKE/CINCMEAUSA.

<sup>2</sup> See footnote 2, Document 76.

will be vitally important to Soviet and satellite requirements in next 10 to 15 years. Soviets already have foot in oil door and Iraq through exploitation of north Rumaila concession.

(B) We are not quite so sanguine (page 10) that Iraq's preoccupation with Arab-Israel, Kurds, and dispute with Iran will prevent it from undertaking, with Soviet encouragement, more active subversive role against weak, moderate Arab regimes in Gulf arena. Certainly if vacuum develops end of 1971 there will be almost irresistible temptation to subversive activity.

(C) As to intra-Gulf tensions, paper seems obsessed with difficulties and obstacles to any meaningful cooperation (even informal) between Iran and moderate Arab regimes. While there are of course major obstacles and paper's estimate seems valid for recent years—and indeed it may continue to be so—we do not believe that we should take a defeatist stand on this issue for vitally important period ahead. Until comparatively recently Iran's attitude was not constructive. However, with prospect of vacuum developing after British withdrawal, Iran's attitude has changed and it is now seeking allay fears and suspicions of Arab Gulf states by treating their leaders with respect (recent visits of Sheikhs of Sharja and Ras-al-Khaimah) and extending assistance to Saudi Arabia so that some arrangement for cooperation between Iran and moderate Gulf states can be developed. While at this juncture prospects are not very bright, when or if it becomes obvious to some moderate Arab regimes that unless something is done a vacuum may develop which could result in the disappearance their present attitude towards Arab-Iran cooperation.

Bahrein settlement involving Iranian abandonment of its traditional claim and acceptance of Bahrein membership in FAA if Bahrein so desires could increase possibility of at least informal cooperation which could result in partially filling vacuum of British departure. In any event we feel that it serves US interests to encourage Iran-Arab cooperation in Gulf where this can be done without being counterproductive, as it can be done in Iran. (See E below.)

2. Following are views re certain matters on which paper indicates early decisions needed:

(A) Future of MIDEASTFOR. We believe continuation MIDEASTFOR useful demonstration of US interest in peace and stability of region. Conversely, its withdrawal, unless riparian states so desired, might be interpreted as US indifference to future of region. Until there is Bahrein settlement, it awkward to discuss this matter with Shah. However, when Bahrein's future decided, we believe Shah's hands will be free to adopt more tolerant attitude, particularly if an independent (or FAA federation member) Bahrein is agreeable to continued home porting there of MIDEASTFOR. If necessary I could discuss this matter with Shah before

Bahrein settlement basing my presentation on assumption that independent Bahrein agrees to continuation home porting of MIDEASTFOR in Bahrein. However, it very delicate matter and pending Bahrein settlement Shah may feel unable to be very forthcoming on future arrangements re territory he considers traditionally Iranian.

(B) US policy toward UN membership for FAA for single states.

(No comment.)

(C) US arms policy toward Gulf Arabs. We concur US should be prepared to consider any actual requests for sales carefully on case by case basis in light our over-all Gulf policy. While Iranians might be sensitive if these small states sought massive arms shipments which they obviously could not use and which might become a windfall arms cache in unfriendly hands, a reasonable policy of arms shipments should not disturb them, particularly since GOI would probably prefer to have us rather than some other states supply them.

(D) Foreign Service posts in area. Both political factors and commercial considerations argue for establishment of additional Foreign Service presence in lower Gulf. In first place, with increasing oil revenues to small Gulf states our commercial interests alone, on which our balance of payments so heavily depend, would seem to require a presence that could assist American business and industry more effectively than now in getting a greater share of this lucrative and steadily expanding market, which British obviously hope to retain largely for themselves. While such a presence could be relatively low profile, it would enable us to explain our policies and, if coupled with some cultural and technical assistance, could lead to a slow expansion of our over-all influence. If we retain MIDEASTFOR in Gulf, it should not be only US presence there and if we withdraw it a commercial and political presence would still serve our own best interest.

(E) We also suggest a considered decision would be useful as to whether we discreetly encourage, where we can do so without being counter-productive, cooperation between moderate Arab riparian states and Iran looking to arrangements that could strengthen security and stability in Gulf. While in no way underestimating difficulties of such cooperation in security and other fields, we think that if it could take form (even though it initially might be very informal) it would hold best hope for filling vacuum caused by British withdrawal and thus contribute to maintenance of peace and stability in this vital area so essential to our own balance of payments and other interests and even more essential to our NATO and Japanese allies. This does not involve our "sponsorship" of such an arrangement but discreet "encouragement" where possible.

**MacArthur**

78. **Memorandum From the Assistant Secretary of State for Near Eastern and South Asian Affairs (Sisco) to Acting Secretary of State Richardson<sup>1</sup>**

Washington, February 4, 1970.

SUBJECT

Kuwait Request for Military Equipment—*ACTION MEMORANDUM*

*Discussion*

Ambassador Walsh has reported a Kuwaiti request to purchase two C-130 aircraft, fifty 106mm recoilless rifles and an unspecified amount of surplus military equipment from our European stockpiles. The Ambassador believes the Kuwaitis will consider our response as a basic test of our credibility as a friendly power. The Ambassador has requested authorization to inform the Kuwaitis that we are prepared to consider their request favorably (Kuwait 57 attached, Tab A).<sup>2</sup> In response to our request (State 11680 attached, Tab B) for additional information, Ambassador Walsh has replied that Kuwait would want C-130s primarily to transport fighter aircraft engines to the UK for overhaul, and supplies and replacements for the Kuwaiti battalion in the UAR (Kuwait 76 attached, Tab C).

Kuwait is not presently eligible to purchase arms from the U.S. Government under the Foreign Military Sales Act (FMSA) and it would require a Presidential Determination to establish Kuwait's eligibility. This would at present be difficult to justify, since Kuwait never accepted the 1967 cease-fire, does not accept the November, 1967, UN Security Council Resolution, and continues to maintain a token, if inactive, military force in the UAR. We therefore plan to inform the Kuwaitis that we continue to believe Kuwait should try to meet its arms requirements from traditional British sources but that we would be prepared to give this further consideration should instances arise in which Kuwait's legitimate defense needs could not be met from British sources.

This leaves the question of how responsive we may wish to be with respect to agreeing to license the commercial sale of two C-130s, since Lockheed is offering these for commercial sale with a lead time of approximately one year. A commercial sale of this aircraft would

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<sup>1</sup> Source: National Archives, RG 59, Central Files 1970-73, DEF 12-5 KUW. Secret.

<sup>2</sup> All tabs are attached but not printed.



require the Department's approval of a license under our Munitions Control Procedure.

Lockheed also has a civilian version, the L100–20. This has the same wing span as the C–130, a larger fuselage and thus larger cargo volume, and it loads on international pallets. The main difference from the C–130 is that the L100–20's doors will not open in flight so the aircraft has no paradrop capability. The L100–20 is available for immediate delivery. An export license from the Department of Commerce would be required.

I believe we can tell the Kuwaitis either: (a) that we would be prepared to license either two C–130s or two of its civilian version, the L100–20, at their option, noting the immediate availability of the latter; or (b) that a civilian version, the L100–20, is available for immediate delivery, implying that we would not be prepared to license the military version. In order to be partially responsive to the specific Kuwait request, and to avoid Kuwait speculation as to why we were prepared to license an aircraft identical with, but differently numbered from, the C–130, NEA believes we should follow course (a). We will separately inform Ambassador Walsh that we are not prepared to seek FMSA eligibility for Kuwait at this time and provide him with talking points to use with the Kuwaitis on this subject.

#### *Recommendation*

That you authorize us to instruct Ambassador Walsh to inform the Kuwaitis that we would be prepared to license either two C–130s or two L100–20s, at their option, noting the immediate availability of the latter.<sup>3</sup>

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<sup>3</sup> Richardson initialed his approval on February 14, crossing out the phrases "either two C–130s" and "at their option," and adding the handwritten comment: "This seems to me better on balance than opening up 'military sales' route in light of fact that L–100–20s are immediately available." When Walsh relayed the information on Kuwaiti ineligibility to purchase arms under the FMSA, because of the government's refusal to accept either the ceasefire or UN Resolution 242, Under Secretary Rashid "sighed." (Telegram 54 from Kuwait, February 24; National Archives, RG 59, Central Files 1970–73, DEF 12–5 KUW) Subsequent negotiations on the L–100–20s temporarily stalled over Kuwaiti insistence on a 5½ percent rate of interest, and Ex-Im Bank fears that the planes could be used for offensive (military) purposes. (Telegram 639 from Kuwait, July 15; *ibid.*, Nixon Presidential Materials, NSC Files, Box 620, Country Files, Middle East, Kuwait, Vol. I) In telegram 115438 to Kuwait, July 17, Walsh was notified that Lockheed would accept the 5½ percent, and that additional wording would be sufficient to satisfy Ex-Im Bank concerns. (*Ibid.*)

## 79. Telegram From the Department of State to the Consulate General in Dhahran<sup>1</sup>

Washington, February 20, 1970, 2019Z.

26087. Subj: Union of Eight in Lower Gulf. Ref: Dhahran 175.<sup>2</sup>

1. Without referring reftel, we asked British Emboff last week whether he had seen any reports of possible union of eight which would exclude Bahrain. Emboff had not but on February 19 he furnished following details.

2. As reported reftel, Rulers Abu Dhabi, Dubai and Qatar have tentatively agreed on federation of eight members. Zayid reportedly told British he could no longer delay because of risk of alienation Qatar and Dubai. However, he said door for later Bahraini accession would not be fully closed. Moreover, there was genuine concern that union of nine would open Trucial area to subversive ideas held by elements Bahraini populace.

3. London's reaction to foregoing has been to instruct British Gulf Representatives to take line with local Rulers that there would be no objection union of eight provided door kept open for Bahrain. British guidance has been to caution local Rulers to do nothing precipitate, however, and to make no premature announcement, in light continued problem Iranian claim to Bahrain. British also have taken position that union of nine should be dissolved by mutual consent with no overtones of Bahraini expulsion. Rashid and Zayid reportedly agreed but each understandably reluctant to break news to Bahrain. Emboff speculated that Zayid probably asking Ahmad Suweidi to do this but Suweidi dragging his feet. British Embassy Kuwait has been asked solicit Kuwaiti support in assuring that move from nine to eight on part Trucial States will be within foregoing parameters.

4. While British would prefer silence on this issue until Bahrain claim laid to rest, Emboff noted issue certain to be discussed at February 28 meeting Trucial States Council session in Dubai. It even pos-

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<sup>1</sup> Source: National Archives, RG 59, Central Files 1970-73, POL 19 FAA. Secret; No-forn. Drafted by Brewer on February 19; cleared by Miklos (NEA/IRN) and Davies (NEA); and approved by Sisco. It was repeated to Jidda, Kuwait, London, and Tehran.

<sup>2</sup> In telegram 175 from Dhahran, February 13, Dinsmore wrote that Shaikh Rashid of Dubai, who had "dragged his feet" for 2 years over the establishment of a federation, was now pushing for a federation of eight without waiting for resolution of the Bahrain issue. Dinsmore believed that Rashid adopted this strategy because of "tacit" Iranian approval for a federation without Bahrain, and because Zayid thought he could better manage a federation of eight. (Ibid.)

sible that some announcement about federation of eight could emanate from that meeting.<sup>3</sup>

5. *Comment:* Bahrainis have at times themselves appeared disillusioned with FAA, and it therefore possible that divorce can be arranged with feelings of relief on both sides. Our own position should continue be one of benevolent neutrality, reflecting view that whatever arrangements peoples themselves can work out in lower Gulf are those most likely prove viable after British go.

**Richardson**

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<sup>3</sup> The British Government continued to press the Gulf sheikhdoms for a federation of nine and for more time to settle Iran's claim to Bahrain, believing that a shift from a nine to an eight member federation would promote tension. (Telegram 1602 from London, February 27; *ibid.*)

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## 80. Telegram From the Embassy in Iran to the Department of State<sup>1</sup>

Tehran, March 11, 1970, 1415Z.

901. Subject: Kuwait Ambassador's Views on Future of Gulf.

1. Kuwait Ambassador Al-Sabah (closely connected with Kuwait's ruling family) confidentially discussed future of Gulf with me March 11. He agrees in principle with Shah that future peace and stability could best be maintained in Gulf after British withdrawal by cooperation of Kuwait, Saudi Arabia, prospective Gulf Federation and Iran but ability of Gulf Arabs to cooperate with Iran depends on satisfactory solution to territorial problems: (a) Bahrein and (b) Abu Musa.

2. Bahrein. He believes and hopes that solution granting independence to Bahrein will be reached by June and that federation (FAA) including Bahrein can then be formed. If this can be achieved through Iranian renunciation of its traditional claim, it will be much easier for Gulf Arab states to cooperate and agree to mutually satisfactory solution of remaining territorial issues of Abu Musa and Tunb Islands.

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<sup>1</sup> Source: National Archives, RG 59, Central Files 1970–73, DEF 1 NEAR E. Confidential; Limdis. It was repeated to Dhahran, Jidda, Kuwait, and London.

3. Abu Musa and Tunb. Al-Sabah did not think Tunb Island represented too difficult a problem since he said many Gulf Arabs had traditionally considered it Persian. Abu Musa, however, was much more difficult. While he felt that after Iranian renunciation of claims to Bahrein an arrangement could be worked out regarding Abu Musa, he said he had privately told Shah and FonMin Zahedi that under no circumstances whatsoever should Iran use force to take Abu Musa, for forceful action would permanently alienate Gulf Arabs and make cooperation with Iran impossible. He said, "I have advised Iranians to buy it, not take it" and added use of force by Iran against Abu Musa would give radical Arab regimes club they needed to beat moderate Gulf regimes to prevent cooperation with Iran.

4. Speaking of threat to Gulf, Al-Sabah said Iraq represented greatest direct danger—"much more than Egypt as Nasser is realistic and reasonable man." He also expressed concern re increasing Soviet presence in Iraq as well as Soviet efforts to penetrate further other Arab states such as Egypt, Syria, Yemen, Sudan, "and also probably Libya very soon." He concluded that FAA is necessary since otherwise sheikhdoms will be picked off one after another and if Bahrein and Abu Musa can be solved, prospects for cooperation with Iran by Arab Gulf states should be reasonably good.

5. He also told me that recently GOK had been obliged to "close down" a school in Kuwait which had predominantly Iranian students (and in which I gather instruction was in Iranian) because Kuwaiti national who had obtained permission to operate school had violated Kuwait Ministry of Education regulations. Violation, I understood, consisted in some of teaching material showing Arab territory as Persian and in other acts of Iranian nationalism despite fact that institution was a Kuwait school. Iranian Ambassador in Kuwait (who he described as being much like Iranian Ambassador in Jidda in that he was zealous in portraying himself to Shah as defender of all things Iranian) had protested vigorously but to no avail. Al-Sabah had seen FonMin Zahedi to personally explain situation and he said Zahedi had been "most understanding" and had apologized for action of his Ambassador in Kuwait. He added that Zahedi's whole attitude in past six months had been much more cooperative and understanding about Kuwait and he felt problem of this particular school would be amicably resolved, adding however that Shah, whom he saw fairly frequently, was most understanding of all.

**MacArthur**

## 81. Telegram From the Department of State to the Consulate General in Dhahran<sup>1</sup>

Washington, May 16, 1970, 0123Z.

75074. Subj: Bahraini Call on Sisco.

*Summary:* Bahrain Foreign Affairs Director Shaykh Mohammed bin Mubarak and Legal Advisor Baharna called on Assistant Secretary Sisco and Deputy Assistant Secretary Atherton May 14. Discussion centered on Persian Gulf situation in wake successful SC action on Iranian claim<sup>2</sup> and in anticipation UK withdrawal. Mubarak requested increased US presence in Gulf. He said Bahrain believes FAA best hope for future but only if well organized with strong central authority. He added if FAA does not so develop, Bahrain will be forced go it alone.

1. Sisco congratulated Mubarak on outcome SC action and, looking forward to future in Gulf, asked what can US do to be helpful. Mubarak said Bahrain wanted more direct contact with US. Bahrainis appreciated their relations with ConGen Dhahran but believed in changed circumstances US should have permanent office in Bahrain, either consulate or trade office. He noted trade offices of Saudis, Pakistanis, Australians, and Iraqis already established and said Bahrain under some pressure from Soviets for closer relations. He anticipated Soviets would increase these overtures, not only toward Bahrain but also other Gulf states.

2. Sisco asked what Mubarak saw in Gulf's future. Mubarak said Bahrain regards FAA as best bet, but only if it is strong. Bahrain believes FAA should be founded on five principles: (1) constitution; (2) strong central authority; (3) fair representation in National Council; (4) common budget; and (5) common defense and foreign affairs. If these principles not followed, FAA will fail.

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<sup>1</sup> Source: National Archives, RG 59, Central Files 1970–73, POL 7 BAHRAIN IS. Confidential. Drafted on May 14 by Gatch (NEA/ARP); cleared by Murphy (NEA/ARP) and Atherton; and approved by Sisco. It was repeated to Jidda, Kuwait, London, Tehran, USUN, CINCSTRIKE–CINCMEAFA, and COMIDEASTFOR.

<sup>2</sup> On May 11, the UN Security Council unanimously passed Resolution 278 (1970) endorsing the report of the Secretary General's Personal Representative (Vittorio Winspeare Guicciardi) and its conclusion that the majority of the people of Bahrain wished independence and denying Iran's claim to the island. (*Yearbook of the United Nations*, 1970, pp. 284–287) The Iranian Senate unanimously approved the UN Report on May 18. (Telegram 2153 from Tehran, May 19; National Archives, RG 59, Central Files 1970–73, POL 19 BAHRAIN IS) The Defense Intelligence Agency prepared an Intelligence Summary, "Developments in the Persian Gulf," May 27, which noted that Bahraini independence would improve chances for regional stability. (*Ibid.*, Nixon Presidential Materials, NSC Files, NSC Institutional Files (H-Files), Box H–156, NSSM Files, NSSM 66)

3. Sisco asked about the prospects for the FAA. He said US realized there were variety of views among Rulers and differing stages of development among shaykhdoms. He emphasized his belief that there should be progressive outlook in area. This was 20th century and force of desire for modernization strong. He noted he had expressed himself to King Faisal recently in same terms. He asked Mubarak what hurdles there were in FAA's path.

4. Mubarak said situation would become clearer next month when FAA Rulers met. (He later told Deptoffs that precise time and venue not yet fixed.) Problem is that Rulers are looking at FAA in different ways. For example, Qatar's new "constitution" proclaims it as independent, sovereign state but at same time FAA member. Trucial states attempting line up either with Shah or Faisal for support. What was needed was push for FAA along lines above-described five principles. He said he had told UK's Luard<sup>3</sup> that UK was not giving enough concrete advice on formation FAA. Rulers must agree now on form of FAA and time is growing short.

5. Mubarak said he neither optimistic nor pessimistic at this stage, but next two months should tell story. Bahrain prefers FAA but will have to act independently if FAA fails.

6. Sisco urged Mubarak to let us know if we can be helpful. We have thus far stayed in background, but situation is changing. We feel it very important matters be arranged before UK leaves. Regarding area in general, Sisco said he understood from his recent talk in Tehran that Shah wants to play helpful and significant role. Saudis also want stability in area. Mubarak reiterated that FAA offered best hope for stability. Even if FAA failed and Bahrain initially applied for UN membership independently, Bahrain would keep option open to join FAA later. Regarding area countries, he said FAA really can work only if Saudis, Iranians and Kuwaitis support it actively. Other FAA members apparently do not yet feel urgency move ahead that Bahrain does. Bahraini people actively pushing Bahraini Government on all fronts, and it not at all sure that Bahrainis will accept FAA unless it fulfills their expectations. In light recent Winspeare mission,<sup>4</sup> Bahrainis may even demand right to vote on whether they wish to become part of FAA. Sisco said that if FAA can show progress, he felt there would be a predictable favorable response from the area's people.

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<sup>3</sup> Parliamentary Undersecretary Evan Luard.

<sup>4</sup> Vittorio Winspeare Guicciardi was appointed Personal Representative of the Secretary General to ascertain the wishes of the people of Bahrain. (Telegram 31680 to Dhahran, March 4; National Archives, RG 59, Central Files 1970-73, POL 19 BAHRAIN IS) He was in Bahrain from March 30 to April 18. (Telegram 60678 to Jidda, April 23; *ibid.*)

7. Sisco reverted to matter American presence and asked about MIDEASTFOR. Mubarak said Bahrain welcomes MIDEASTFOR now and after UK departure. US should start making arrangements for post-UK period. He stressed that what Bahrain wanted was US “presence, not a base”—a token of Bahrain’s link with the West. Sisco said we are considering carefully what sort of US presence we should have. We want to help if our help is wanted but do not want to import cold war into area. We regard Persian Gulf as important area in transitional stage. We look to enlightened leadership from Shah, Faisal and other leaders, including Bahrainis. US can only play complementary role. Primary reliance will have to be on indigenous leadership. Sisco said we have made no decisions yet but in general we see mutual benefit in establishing modest US presence on Bahrain.

8. In later discussion with Atherton and Deptoffs, Mubarak and Baharna said Arab-Israel issue, if not satisfactorily solved, would have deleterious effect on Persian Gulf.

Rogers

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## 82. Paper Prepared by the National Security Council Staff<sup>1</sup>

Washington, June 4, 1970.

### PERSIAN GULF

Analytical Summary of IG Response to NSSM 66

#### 1. *The Problem* (p. 1)

The Persian Gulf is a region of potential instability—vulnerable regimes, regional conflicts, and rivalries between outside powers—which is potentially exploitable by Arab radicals and by the Soviet Union. The question for U.S. policy is, how do we deal with it?

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<sup>1</sup> Source: National Archives, Nixon Presidential Materials, NSC Files, NSC Institutional Files (H-Files), Box H-111, Senior Review Group, SRG Minutes Originals 1970. Secret. All brackets are in the original. The paper is an analytical summary of “Future U.S. Policy in the Persian Gulf,” the response to NSSM 66 prepared by the Interdepartmental Group, which was transmitted to the Review Group under a June 2 covering memorandum from Davis. (Ibid., Box H-156, National Security Study Memoranda, NSSM 66) The paper was initially drafted at the end of 1969; see Document 76. A May 21 version was part of the NSSM 90 studies. (National Archives, Nixon Presidential Materials, NSC Files, NSC Institutional Files (H-Files), Box H-044, Senior Review Group Meetings, Review Group NSSM 90 5/21/70) NSSMs 66 and 90 are Documents 73 and 19, respectively.

The problem is raised by the certainty of Britain's withdrawal of its defense commitments, protectorate responsibilities, and virtually all its military forces by the end of 1971. Eleven small Arab states in the lower Gulf—Kuwait, Bahrain, Qatar, the seven Trucial States, and Muscat/Oman<sup>2</sup>—will no longer enjoy this formal British protection or tutelage. [Britain's *political* presence, however—in the form of active diplomacy, commercial involvement, military supply and training, and possibly even military contingency planning—will remain and will probably outweigh that of any other outside power in the lower Gulf. This, plus the desire of regional powers to manage regional affairs, could fill any potential "vacuum," if the U.S. lends its encouragement and support and deters Soviet involvement.]

The paper presents two levels of policy decisions—six basic options (alternative strategies), and four specific operational questions. [Most of the options are impractical; the optimum strategy will be readily apparent. But some of the operational questions present important choices.]

## 2. *US Interests (pp. 2–4)*

Our overall interest in the stability of the Gulf area comprises the following particular interests:

—*Economic*: Oil production and sales by 20 US companies yield a net \$1.5 billion surplus for our balance of payments. The Gulf provides 55% of Western Europe's oil, 90% of Japan's, and 85% of the oil used by US forces in Southeast Asia. Britain's commercial relationships in the area (the Sterling Area relation and £200 million income from investments) are crucial to the stability of the pound and of the international monetary system.

—*Political*: The spread of radicalism in the Gulf would alter the balance within the Arab world and aggravate the Arab-Israeli conflict. Soviet political penetration would affect the East-West geopolitical balance (e.g., by increasing Soviet pressure on Iran and Turkey). Our friendly relations with Iran and Saudi Arabia are the mainstay of our influence in the area.

—*Military*: The US has communications and intelligence facilities in Iran, and overflight and landing privileges in Iran and Saudi Arabia which provide an air corridor to South and Southeast Asia. A small US naval force (MIDEASTFOR), home-ported on Bahrain, enjoys refueling and port call privileges in much of the region.

## 3. *UK Withdrawal Decision; Repercussions (pp. 4–8)*

The British decision (January 1968) was more a part of an overall rearrangement of priorities than an economy measure. (Only £12 mil-

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<sup>2</sup> See map at the end. [Footnote is in the original. The map is attached but not printed.]



lion annually will be saved.) But a reversal of this decision is doubtful, even if the Conservatives take power; the January 1968 announcement of the change in British policy has already set in motion the process of historical change and political adjustment in the Gulf.

The British presence served to exclude unfriendly major powers from the Gulf and to dampen intra-regional antagonisms and internal instabilities—which all show signs of re-emerging with the change in the British role. Territorial disputes (exacerbated by oil) are rife, Arab-Iranian ethnic and religious animosities remain strong, and radical pressures are beginning to develop in some of the shaykhdoms.

The nine shaykhdoms of the lower Gulf have yet to determine the form of their future independence. Their efforts to create a Federation of Arab Amirates (FAA) among all nine may or may not succeed; parochial differences and personal suspicions may prove stronger than the conservative *skaykhs'* common interest in stability. The larger the unit, the better the chances of containing instability in the lower Gulf.

#### 4. *Soviet Interests* (pp. 8–10)

Recent Russian naval visits in the Gulf (the first in 60 years) and memories of the 1940 Molotov–Ribbentrop protocol (which cited the area “in the general direction of the Gulf . . . as the center of the aspirations of the Soviet Union”) have aroused fears of Soviet penetration. The paper considers it “virtually certain that the USSR will seek to increase its presence in the Gulf after the British leave.”

[But it is less clear what this presence would consist of, and what Soviet objectives would be. Different points of view are possible:

—The complexities and potential instabilities in Gulf politics will present a tempting target. *But* greater involvement may magnify the contradictions in Soviet policy, i.e., supporting Arab radicalism while expanding ties with the Shah (an avowed conservative who has ties with Israel and disputes with Iraq).

—The importance of Western economic interests in the Gulf makes the potential Soviet threat ominous. *But* a cutoff of oil supplies to the West would not be in the interest of the producing states, whatever their ideology. The USSR is likely to develop a stake in the Gulf’s oil (especially for Eastern Europe), which will be large enough to give it a stake in the stability of the oil flow but not large enough to diminish the importance of the West as a customer.

—Soviet naval activity in the Gulf is disconcerting. *But* the USSR could not sustain a significant force in the Gulf region (especially while the Suez Canal is closed), and the establishment of a Soviet naval base in the Gulf is improbable.

—While a rational calculation of their national interest might thus lead the Soviets to avoid deliberate mischief-making, short-sightedness or opportunism might draw them into greater involvement. Even if

they end up facing the very difficulties that *we* can foresee for them, their involvement would be harmful to our interests.]

5. *Arab/Iranian and Inter-Arab Problems; Radical Pressures* (pp. 10–14)

Iran's claim to Bahrain, a potential obstacle to the Federation and an irritant in Arab-Iranian relations, has been relinquished, with the UN providing a face-saving device. But the irritant caused by Iran's claim to the Tunb and Abu Musa islands remains. Iraqi-Iranian tensions over the Shatt-al-Arab waterway continue, and may intensify now that Iraq has resolved its Kurdish problem. But Iraq is weak, and preoccupied with the Arab-Israeli issue.

The ideological pressures produced by the Arab-Israeli conflict threaten to spread to the region, which used to be relatively insulated from that conflict: Many thousands of Palestinians hold important governmental or social positions throughout the lower Gulf. Iran's ties with Israel may impede Iranian-Arab cooperation. The paper declares that, unless the Arab-Israeli problem can be resolved, "the outlook is for a gradual but steady erosion of our position in these Arab states."

The paper concludes that "if a federation can be formed with a significant counter-intelligence and police capability, these radical activities are not likely in the short run to be successful in subverting existing regimes. If federation fails, and local tensions increase, these groups may be able to seize one or more of the governments in, say, three to five years." Bahrain is especially vulnerable.

6. *Iran and Saudi Arabia; Regional Security* (pp. 15–18)

Iran is by far the strongest and most stable nation in the Gulf region. The Shah is determined that Iran should replace Britain as the dominant power in the Gulf, to the exclusion of any outside power. But he is willing to cooperate with, and to aid, Saudi Arabia (as he did recently when South Yemen raided Saudi territory).<sup>3</sup> Saudi Arabia is weaker, and its future stability is less certain. Faisal has sought our support in restraining Iran's domineering.

Iran has suggested to us and the Saudis the possibility of a regional security arrangement, either formal or informal. But the paper suggests that the various animosities and suspicions will make this difficult, especially while the Arab-Israeli conflict continues.

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<sup>3</sup> As reported in telegram 118 from Dhahran, January 28. (National Archives, Nixon Presidential Materials, NSC Files, Box 629, Country Files, Middle East, Saudi Arabia, Vol. I) According to telegram 1483 from Tehran, April 15, cooperation between Saudi Arabia and Iran continued in the form of Iranian loans of MAP-furnished weapons to Saudi Arabia and confidential talks on how Iran could help Saudi Arabia if attacked again. (Ibid., RG 59, Central Files 1970–73, DEF 1 NEAR E)

7. *Future Oil Development; Economic and Commercial Trends* (pp. 18–20)

There is a “real possibility,” the paper states, that the flow of oil to the West “may increasingly be arranged directly, on a government-to-government basis, between the producing and consuming countries.” This would “drastically curtail” the operations of US firms and reduce the \$1.5 billion net balance-of-payments surplus which the US enjoys. The continuation of the Arab-Israeli conflict poses a threat to US citizens and US firms there.

8. *The Outlook for the Future; Implications for US Interests* (pp. 20–23)

“It would be wrong to assume,” the paper concludes, “that when the British leave there will be a vacuum in the Gulf area.” Britain will continue to play a significant role, through its continued diplomatic presence and military supplies. The US economic presence will continue to be politically significant.

More important is the possibility that a new set of regional inter-relationships will fill the vacuum. But a stable regional system will depend largely on Iran’s willingness to avoid strong-arm methods, and on Saudi Arabia’s willingness to exert its influence more actively in the shaykhdoms.

At the moment, says the paper, the prospects for stability look good—at least if no “major new Arab/Israeli crisis” occurs. “The U.S. should give careful attention to discriminating among those regional issues and differences which bear directly on our interests, and those which are best left to resolution by the parties directly involved.” [This bit of wisdom is not elaborated on.]

9. *US Options in the Gulf* (pp. 24–39)

The paper first rules out three possible strategies: (a) convincing the UK to reverse its policy; (b) proposing to the USSR that we both adopt a hands-off policy in the Gulf; and (c) standing back from the area in any case.

The paper then recommends six options for consideration:

1. Taking on the UK role of “protector” ourselves;<sup>4</sup>
2. Backing a *chosen instrument*—either (a) Iran or (b) Saudi Arabia;
3. Fostering *Saudi-Iranian cooperation*;
4. Developing significant *bilateral contacts* and presence in the small states of the lower Gulf;<sup>5</sup>
5. Continuing to deal with the small states *indirectly* as at present; and
6. Sponsoring a *regional security pact* between Iran, Saudi Arabia, Kuwait and the small states.

<sup>4</sup> This sentence was circled and checked by Kissinger.

<sup>5</sup> Kissinger circled the number 4, and put a check mark in the margin.

[Options 1, 2(b) and 6 are impracticable; options 4 and 5 represent more an operational sub-issue than a strategic choice. Present policy is a blend of 2(a) and 3, and it is difficult to see a feasible or desirable alternative.]

*Option 1: Assume the UK Role Ourselves (pp. 26–29)*

*Operationally*, we would: make formal or informal security commitments to Kuwait and the smaller Gulf states; establish a naval base in the Gulf; increase our diplomatic representation to replace the UK Political Agents; provide MAP to the FAA.

*Pro*: The conservative regimes would welcome us as a protecting power. This would cost little, and give us direct influence over the Gulf's future. *Con*: Iran and Saudi Arabia would strongly object. Radical Arabs and the USSR might be provoked into responding. The US would be drawn into the complex and volatile regional diplomacy. [In short, a straw man.]

*Option 2: Back a Chosen Instrument (Iran or Saudi Arabia) (pp. 24–32)*

*Operationally*, we would favor our "chosen instrument" with military assistance, with support in Consortium negotiations for oil revenues, and with support in territorial disputes in the Gulf.

*Iran: Pro*: Iran is the most powerful and most stable state in the area. It is eager to take on new responsibility. The Shah shares our outlook. *Con*: The Arabs are already suspicious of Iran's intentions and resentful of Iran's domineering. An aggressive Iranian policy could stir up Arab militants. US backing of Iran would alienate the Saudis. [In short, there are strong elements of this in what we are already doing, though we have not had to choose Iran to the exclusion of Saudi Arabia.]

*Saudi: Pro*: This would establish a Saudi-Iranian balance of power. The Saudis might be able to maintain order among the small shaykhdoms. *Con*: The Iranians would never acquiesce, and could turn to the Soviets. Saudi stability is less reliable than Iran's. The Saudis are not eager for a dominating role. US backing would stigmatize the Saudis as "US tools" and weaken the moderates in the Arab world. [In short, self-defeating.]

*Option 3: Foster Saudi-Iranian Cooperation (pp. 32–34)*

*Operationally*, we would: encourage ministerial-level contacts and intelligence cooperation between the two; urge Iran to moderate its relations with Israel; urge each to refrain from unilateral efforts to dominate.

*Pro*: There is no reason for us to want to choose sides, unless forced to by a crisis. Cooperation has begun discreetly; they are aware of their common interests (which coincide with ours.) Their common power may be sufficient to maintain regional stability. *Con*: This might taint

the Saudis in Arab eyes and weaken Faisal. It would require the US to restrain Iran, which could strain US-Iranian relations. It runs a risk that collaboration might break down, or that the Saudi regime is unstable or incompetent.

[*Comment:* Options 2(a) and 3 are not mutually exclusive: There is no reason to back Iran and not use our influence to encourage Saudi-Iranian cooperation. There is no feasible way to promote cooperation without recognizing Iran's physical preponderance.]

*Option 4: Develop Significant Bilateral USG Contacts and Presence in Lower Gulf (pp. 34–36)*

*Operationally*, we would: establish diplomatic posts in the lower Gulf states; encourage a more active US commercial presence; develop cultural, economic, and technical assistance programs.

*Pro:* This would give us a more direct influence over events, without the burden of being a "protector." It would be welcomed by the shaykhs, and might not be objected to by Iran or the Saudis. *Con:* The Soviets would oppose this, and might adopt a more active policy than if we left the shaykhs alone. The British are more expert than we in this area. [Not a real strategic alternative, but a tactical posture that would be consistent with the new political status of the small states of the lower Gulf.]

*Option 5: Continue to Deal with Lower Gulf States Indirectly (pp. 36–37)*

*Operationally*, this means not expanding our diplomatic presence beyond the present Consulate General in Dhahran.

*Pro:* Iran and Saudi Arabia are the key states; there is no need to involve ourselves directly in the shaykhs' squabbles. *Con:* The shaykhs have relied on the UK and may continue to need outside support. Some might even turn to the UAR. It would not offer any direct means of protecting US interests in the lower Gulf. [Not a real strategic alternative; consistent only with aloof US posture.]

*Option 6: Sponsor Regional Security Pact (pp. 37–39)*

*Operationally*, we would: encourage exploratory talks between Iran, Kuwait, and Saudi Arabia; increase military aid to Saudis and Iran and undertake military aid to Kuwait and FAA; involve ourselves in the formative efforts of the FAA and encourage its collaboration with Iran, Kuwait, and the Saudis; same for Bahrain if it becomes an independent state.

*Pro:* The combined military power and political unity would exclude outside-power interference. *Con:* It is politically difficult for the Arabs to collaborate openly with Iran because of Iran's ties with Israel. Our sponsorship of the pact would discredit it. [An unrealistic option unless so informal as to be identical to Option 3.]

10. *Limitations on US Action (pp. 39–41)*

“There are serious limitations on our ability to act effectively in the Gulf region,” the paper notes. One of our important instrumentalities of influence—capital assistance—cannot be effectively used: Many of the small FAA states are capital-surplus countries because of their oil wealth, and would not qualify for US capital aid. But all the Gulf states, large and small, badly need technical assistance, which the US should be able to provide. This form of aid, plus USG and private cultural and educational assistance and exchanges, will probably be the extent of the “US presence” in the Arab world for the foreseeable future.<sup>6</sup> But there is as yet no office in the USG able to react promptly to requests for such programs.

The political fall-out from the Arab-Israeli conflict is, of course, another factor limiting our influence in the region.

11. *Specific Operational Decisions Required (pp. 41–48)*

[The four operational questions will have to be answered independently of the choice of options. They involve instrumentalities—military, economic, and diplomatic—which would not necessarily be ruled out by any option, and which should be decided upon according to (1) their inherent feasibility and (2) the acceptability to us of the degree of involvement they imply.] The operational questions are:

- (a) the future of *MIDEASTFOR* (now home-ported at Bahrain by agreement with the British);
- (b) *UN membership for the FAA* or for any new states singly;
- (c) *US arms policy* toward Kuwait, the lower Gulf states, and Muscat/Oman; and
- (d) the establishment of *US diplomatic posts* in the new states.

[Only (a) and (d) are serious issues now; (d) really raises the important issue of the nature of our presence—diplomatic, economic, and cultural.]

A. *The future of MIDEASTFOR (pp. 41–44)*

The British have offered us first refusal of their Bahrain facilities<sup>7</sup> A decision is needed now, so that arrangements can be worked out with the Bahrainis (and Iran) before the British go.

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<sup>6</sup> This paragraph reflects a March 9 briefing paper entitled “The U.S. in the Broader Middle East” prepared for the June 5 Review Group meeting; see Document 83. The briefing paper summarized that part of the President’s February 18 foreign policy report to Congress concerning the Middle East. The President’s “First Annual Report to the Congress on United States Foreign Policy for the 1970s” is printed in *Public Papers: Nixon, 1970*, pp. 115–190.

<sup>7</sup> See Document 72.

The *argument for* continuing the MIDEASTFOR presence is: The shaykhs would welcome it. It would counter the symbolic effect of the increased Soviet naval activity. A pull-out at the same time as UK withdrawal would seem to signify abandonment of Western interests. CINCSTRIKE does not see any other home-port (e.g., Diego Garcia) as a feasible alternative to Bahrain. The *argument against* staying in Bahrain is: It could increase the vulnerability of the already-unstable Bahrain regime. It might antagonize Iran. The force is too small to be militarily significant.

*B. UN Membership for the FAA (pp. 44–45)*

The FAA would meet our mini-state criteria for UN membership. Iran's claim to Bahrain has been a complicating factor. [But this has now been settled.]<sup>8</sup>

*C. US Arms Policy Towards the Gulf Arabs (pp. 45–47)*

Neither Kuwait, the nine shaykhdoms, nor Muscat/Oman is eligible under the Foreign Military Sales Act. They have relied before on UK sources but are interested in US arms. Unless we choose Option 5 (continuing to deal only indirectly with the lower Gulf), the paper recommends, we should consider arms sales on a case-by-case basis.

The *argument for* arms sales is: They would improve our position, but need not be substantial in amount. The states are rich, and would be able to get arms elsewhere. The area is remote from the Arab-Israeli conflict. The *argument against* is: Sales could involve us in local rivalries and could stimulate radical pressures. The UK might resent US efforts to replace it as the main supplier. [We do not face this decision now.]

*D. Foreign Service Posts (pp. 47–48)*

The British, who have up to now resisted the creation of US posts in the lower Gulf, would no longer object. Because of the uncertain status of the FAA, the best location for possible new US posts is not yet clear. But if it is decided to increase US activity there, financial and staff projections should be undertaken well in advance.

[State might also be asked to draw up a comprehensive plan for a US presence in the Gulf, which would include cultural exchange, trade promotion, and technical assistance, as well as diplomatic representation. This planning will be useful for the whole Middle East, but it is particularly appropriate for the Persian Gulf.]

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<sup>8</sup> See footnote 2, Document 81.

**83. Minutes of a Review Group Meeting<sup>1</sup>**

Washington, June 5, 1970, 3:08–3:30 p.m.

SUBJECT

Persian Gulf

PARTICIPATION

Chairman—Henry A. Kissinger

State—Richard F. Pedersen

Donald McHenry

Christopher Van Hollen

Defense—Robert Pranger

JCS—Lt. Gen. F. T. Unger

CIA—Edward Proctor

OEP—Haakon Lindjord

USIA—Frank Shakespeare

NSC Staff—Harold Saunders

Peter Rodman

Jeanne W. Davis

SUMMARY OF DECISIONS

1. The Under Secretaries Committee would be asked to develop within the next four weeks a blueprint for an optimum American presence in the Gulf in terms of diplomatic establishments, economic and cultural programs, etc.<sup>2</sup>

2. A memorandum to the President would be prepared, giving the consensus in favor of continuing Option 3 and moving to Option 4 at an appropriate time and containing the USC blueprint.<sup>3</sup>

<sup>1</sup> Source: National Archives, Nixon Presidential Materials, NSC Files, NSC Institutional Files (H-Files), Box H-111, Senior Review Group, SRG Minutes Originals 1970. Secret. The meeting took place in the White House Situation Room. A June 3 memorandum from Saunders and Kennedy briefed Kissinger for the meeting. The following day they provided talking points. (Both *ibid.*)

<sup>2</sup> The "Blueprint of an Optimum U.S. Presence in the Persian Gulf," July 30, stated that the area was too wealthy for U.S. assistance but backward enough to need its technical capability. An active U.S. presence without central responsibility for area security required a diplomatic establishment, a small naval force, a substantial educational and technical relationship, and U.S. business presence. The paper also detailed logistical and operational options for future U.S. Embassies in the Persian Gulf. (*Ibid.*, NSC Files, Box 1248, Saunders Files, NSSM 66—NSDM 92—Persian Gulf)

<sup>3</sup> See Document 89.



Mr. Kissinger opened the meeting referring to the number of options presented in the paper<sup>4</sup> as equally plausible for consideration by the President. He questioned whether the likelihood of our assuming the UK role in the Persian Gulf (Option 1) was as great as some of the other options.

Mr. Van Hollen agreed it was not.

Mr. Kissinger asked for any general reactions to the paper.

Mr. Shakespeare commented on the statement that 90 percent of Japan's oil comes from the Persian Gulf. Given Japan's status as the third industrial power, he thought the security of their oil supply must be of major interest to the Japanese. He asked if we had discussed this with the Japanese in relation to a possible role for them in the Gulf.

Mr. Van Hollen said that we had asked our posts in Western Europe and Japan if the various countries might join a consortium and through it participate in technical assistance in the Gulf area.

Mr. Shakespeare asked if Japan were now involved in aid in Iran or Saudi Arabia.

Mr. Saunders replied they have commercial interests, with some small companies involved in oil exploration in a minor way.

Mr. Shakespeare asked if Japan has a ready alternate source of supply if their Persian Gulf pipeline should be threatened.

Mr. Van Hollen replied they could obtain oil from Southeast Asia, Indonesia and the U.S. West Coast, but he did not know how "ready" those alternates would be.

Mr. Pedersen agreed that any Japanese interest in the Persian Gulf would be helpful.

Mr. Saunders asked if, in fact, there would be a threat to Japanese oil. He thought a radical regime might well cut off oil flow to the West, but not necessarily to Japan.

Mr. Shakespeare commented that Japan should, however, be interested in what happens in the Gulf.

Mr. Van Hollen agreed, and said we had not talked to them in terms of greater Japanese involvement.

Mr. Saunders noted there might be a cultural problem between the Arabs and the Japanese and that they might wish to stick to a straight technical, commercial relationship.

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<sup>4</sup> For a summary of the basic paper the Review Group discussed, see Document 82. Sisco transmitted the final version of the basic paper, "Future U.S. Policy in the Persian Gulf," to Kissinger on July 30. (National Archives, Nixon Presidential Materials, NSC Files, NSC Institutional Files (H-Files), Box H-165, National Security Study Memoranda, NSSM 66)

Mr. Lindjord said in previous conversations with the Japanese they had seemed most aware of their Persian Gulf lifeline.

Mr. Kissinger asked if we recognized the importance of the Persian Gulf to Japan, then what?

Mr. Shakespeare replied that Japan was becoming a super power. Within the next five to ten years Japan's interests in the Gulf might be greater than ours. He thought Japan would have to be concerned with what happened in the Gulf and, for this reason, we might wish to try to involve their aid in the area.

Mr. Pedersen agreed this should be put on the agenda for talks with the Japanese.

Mr. Van Hollen added that they might provide technical assistance to the Federation of Arab Emirates if it should come into being.

Mr. Shakespeare thought there would be a psychological factor if the Soviets felt Japan was interested in and was a part of a program in the Persian Gulf.

Mr. Kissinger asked for other general comments.

Mr. Lindjord questioned whether the residual role of the British after 1971 was adequately stated. He wondered if considerable British influence would not remain.

Mr. Van Hollen agreed that some of the sheiks would undoubtedly work out side deals with the British and that many British officials would stay in the area.

General Unger referred to the British role in arms sales. He also said the British plan to retain a battle group and a staging area on Masirah Island. He agreed with Mr. Kissinger that British withdrawal was not for financial reasons.

Mr. Pedersen noted that the basic paper needed updating in several places—specifically, the fact that the Bahrain issue had now been settled.

Mr. Kissinger referred to the six options in the paper saying he assumed we could eliminate Option 1. He thought Option 4 was something we would have to do in any case and did not consider it exclusive in relation to the other options. He thought Option 5 will be unnecessary with the various states becoming independent.

Mr. Pedersen saw some difference between Options 4 and 5, with 4 being more active.

Mr. Kissinger said that neither 4 or 5 was incompatible with Options 2 or 3.

Mr. Pedersen agreed that they were not incompatible with any of the options and that we were now operating roughly along the lines of Option 3.

Mr. Kissinger asked if Options 2, 3 and 6 are viable options.

Mr. Van Hollen said State would choose to continue Option 3 and take on Option 4 at an appropriate time.

General Unger said the JCS agreed with that view.

Mr. Van Hollen added, with regard to Option 4, that much would depend on whether and how the Federation of Arab Emirates works out.

Mr. Shakespeare asked if State objected to Option 6.

Mr. Van Hollen replied they would not object if the regional pact were indigenous. He noted, however, that Gene Rostow had hinted at such an arrangement a few years ago and there had been a strong negative reaction in the area to such U.S. "interference."

Mr. Shakespeare asked if NATO was helpless in this area, commenting that so many NATO members have a stake there.

Mr. Van Hollen said a NATO role would not be possible, noting that the Scandinavian countries and Canada were strongly opposed to extending the NATO commitment.

Mr. Kissinger asked, assuming general agreement on strategy along the lines of Options 3 and 4, what kind of a presence could the U.S. have with our present program. He suggested we prepare a blueprint of what the optimum American presence would be in terms of establishment of embassies, economic and cultural programs, etc. He believed we could take this issue to the President in a memorandum and we would not need an NSC meeting on the subject.

Mr. Pedersen suggested the Under Secretaries Committee might be asked to prepare the blueprint.

Mr. Shakespeare noted the poor communications in the area, saying that the VOA signal was only marginal while the BBC was very strong. He said he would wish to have the construction of a transmitter included in such a program.

Mr. Kissinger suggested that we ask the Under Secretaries Committee to work out this optimum plan within the next four weeks, with a view to presenting a memorandum to the President in early July.

Mr. Pedersen agreed.

Mr. Saunders said that the memorandum to the President would summarize the consensus of the agencies.

Mr. Shakespeare agreed, but asked if the program would contain specific recommendations on the future of MIDEASTFOR.

Mr. Kissinger said this would be included in the program. He asked Mr. Saunders to draft a directive to the Under Secretaries Committee to prepare the blueprint.

Mr. Lindjord asked the status of proposed facilities at Diego Garcia to support MIDEASTFOR.

Mr. Van Hollen replied that the issue was still pending and that Senator Mansfield was opposed.<sup>5</sup>

Mr. Pranger commented that almost \$16 million had been included in the Navy budget for these facilities.

(General Unger circulated at the table some proposed minor changes in the paper. Mr. Proctor submitted after the meeting some additional proposed changes and indicated that he had several nitpicks above and beyond these changes.)<sup>6</sup>

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<sup>5</sup> See Document 39.

<sup>6</sup> Changes proposed by the JCS are in the National Archives, Nixon Presidential Materials, NSC Files, NSC Institutional Files (H-Files), Box H-111, Senior Review Group, SRG Minutes Originals 1970. Proposed CIA changes, June 5, are *ibid.*, Box H-046, Senior Review Group Meetings, Senior Review Group Persian Gulf 6/5/70.

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#### 84. Telegram From the Department of State to the Embassy in the United Kingdom<sup>1</sup>

Washington, June 17, 1970, 2341Z.

95492. Subject: Persian Gulf—Talk with British.

1. Assistant Secretary Sisco raised subject of Abu Musa and Tunbs islands with British Embassy Minister Millard June 16. He said we are very concerned for sake of British and US interests that no canker sore be left after British withdrawal from Gulf in 1971 which could be exploited by radical Arabs. We were gratified London has decided to press sheikhs to seek rapid agreement with Iran over islands. We have asked Ambassador MacArthur to counsel restraint on Iranians on this issue and urge cooperation on arrangements. We have impression Shah willing to be quite flexible and ready to fuzz sovereignty question.<sup>2</sup>

2. Sisco stressed view that if this issue to be resolved it absolutely essential for British to put forward concrete proposals. US attaches great importance to UK taking such initiative.

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<sup>1</sup> Source: National Archives, RG 59, Central Files 1970-73, POL 33 PERSIAN GULF. Secret; Exdis. Drafted by Walter B. Smith II (NEA/IAI) and Miklos; cleared in EUR and NEA/ARP; and approved by Sisco. It was repeated to Tehran, Jidda, Kuwait, and Dhahran.

<sup>2</sup> Zahedi's explanation of the Shah's willingness to "fuzz" the sovereignty issue is in telegram 2318 from Tehran, June 1. (*Ibid.*)

3. Millard said UK also considers this most serious matter and wants to use three-month breathing period we now have to work toward agreement between sheikhs over conflicting concessionary problem and also agreement between Iran and sheikhs over status of islands. He said UK, including British Ambassador Tehran, does not believe it wise to go to Shah with proposal until it has something specific and agreed to with sheikhs.<sup>3</sup> He noted UK's dilemma is that it must not appear to be selling out Arabs to Iran on eve of British departure. Sisco thought Shah's willingness to fuzz sovereignty issue important. He thought it conceivable rulers could take position with other Arabs that rulers themselves reached agreement with Iran over details of use of islands and exploitation of resources on them or in surrounding territorial waters while maintaining islands continue to be theirs. Under such circumstances did not believe Iraqis or other radicals could make much of an issue of the arrangement.

4. *For Ambassador Annenberg from Sisco*: Request you weigh in with Foreign Office at high level emphasizing seriousness with which we regard this matter and our earnest belief that it essential for UK to put forward concrete proposals to sheikhs to get settlement moving. You may say that we will of course exercise our influence with Iranians in trying to bring about a satisfactory agreement with sheikhs.<sup>4</sup>

**Rogers**

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<sup>3</sup> In telegram 2571 from Tehran, June 16, MacArthur reported that, according to British Ambassador Wright, the UK was probing the Sheikhs of Sharjah and Ras al-Khaimah on the principles that could be embodied in agreements between the sheikhdoms and Iran. (Ibid., Nixon Presidential Materials, NSC Files, Box 601, Country Files, Middle East, Iran, Vol. II)

<sup>4</sup> Annenberg had such a meeting on June 10, prior to receipt of instructions. (Telegram 4778 from London; *ibid.*, RG 59, Central Files 1970–73, POL 33 PERSIAN GULF)

## 85. Telegram From the Embassy in the United Kingdom to the Department of State<sup>1</sup>

London, June 26, 1970, 1836Z.

5038. Subject: New British Government's Policy re Persian Gulf.  
Ref: London 4791.<sup>2</sup>

1. Unexpected Conservative election victory<sup>3</sup> brings into play Tory Party's east of Suez policy including commitment to re-examine UK plans for withdrawal of military forces from Persian Gulf. FonOff Arabian Dept sources are up to their ears in doing briefing papers and oral briefings of new FonOff leadership (one officer admitted that he and his colleagues had not really anticipated that briefings for a new government would be necessary). However, we have had opportunity for brief low-key talks with Arabian Dept officers and have gleaned following re probable unfolding of Tory government policy re Persian Gulf:

2. First, our impression is that Arabian Dept staff is somewhat more at ease with new leadership, and relieved that withdrawal policy is to be re-examined.

3. Arabian Dept is satisfied that new govt's initial step re Gulf will be restricted to careful consultations with littoral states, including most particularly Iran, and with top British officials in area. This may or may not involve visit to area by new minister.

4. First public statement of new govt's plans re Gulf will be brief mention of proposed area consultations during Queen's speech July 2.

5. In personal view of Arabian Dept officers, HMG's Gulf consultations will result at most in "some" delay in withdrawal process.<sup>4</sup>

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<sup>1</sup> Source: National Archives, RG 59, Central Files 1970-73, DEF 1 NEAR E. Secret. It was repeated to Jidda, Dhahran, Kuwait, and Tehran.

<sup>2</sup> In telegram 4791 from London, June 19, the Embassy reported that it expected the new Conservative government to play a more active and positive role in foreign affairs, including retention of a British military presence east of Suez and a careful probing of the situation in the Persian Gulf. (*Ibid.*, POL 12-1 UK)

<sup>3</sup> In the June 18 elections, the Conservative Party under Edward Heath defeated Harold Wilson's Labour Party. During his 1969 tour of the Persian Gulf as opposition leader, Heath had stated that the Conservative Party wanted to reverse Labour's decision to withdraw British forces from east of Suez. (Telegram 3057 from London, April 22; *ibid.*, Nixon Presidential Materials, NSC Files, Box 726, Country Files, Europe, United Kingdom, Vol. I)

<sup>4</sup> According to telegram 2787 from Tehran, June 29, Wright informed MacArthur that a "searching review" of UK Gulf policy was under way in London, but he doubted it would result in any significant change in policy given the Iranian position and opposition from the sheikhdoms. (*Ibid.*, RG 59, Central Files 1970-73, DEF 1 NEAR E) Telegram 780 from Dhahran, July 18, passed on the information that nearly 100 percent of all British regional posts said the UK should pull out. Regardless of whether the initial decision had been wise, it was now too late to change. (*Ibid.*)

6. FCO officers say that Trucial States now fully expect HMG to stay on. Indication of this is that sheikhs are now noticeably relaxing re FAA schedule. Arabian Dept expects to have difficulty in persuading them to feel any sense of urgency.

7. FCO officers have been following Iranian press campaign re Gulf.<sup>5</sup> They understand clearly that campaign springs from GOI's uncertainties re future HMG policies re Gulf but appear to feel that Iranians will become somewhat calmer as soon as consultation process gets under way.

**Annenberg**

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<sup>5</sup> Iran's press campaign reiterated the Shah's stated opposition to any reversal of the British policy of withdrawal. (Telegram 2660 from Tehran, June 22; telegram 2690 from Tehran, June 23; telegram 2714 from Tehran, June 24; and telegram 2794 from Tehran, June 29; all *ibid.*)

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## **86. Telegram From Secretary of State Rogers to the Department of State<sup>1</sup>**

London, July 12, 1970, 1335Z.

Secto 110/5496. Subj: Sec Visit: Discussion with Foreign Secretary—Persian Gulf.<sup>2</sup>

1. Sir Alec said that the situation in the Gulf presented a complicated problem. The basic UK purpose was to contribute to stability in the area. The previous government had tried to employ shock tactics in the hope that the Gulf rulers would be obliged to work out their

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<sup>1</sup> Source: National Archives, RG 59, Central Files 1970–73, ORG 7 S. Secret; Exdis. Rogers was in London July 10–12 to meet with Heath and Douglas-Home.

<sup>2</sup> Telegram 11787 to Tehran, July 22, summarized the meeting between Rogers and Douglas-Home. (*Ibid.*) Freeman met with U. Alexis Johnson to provide detailed information on current British thinking about the Gulf prior to Rogers's visit. (Memorandum of conversation, July 2; *ibid.*, POL UK–US) Between this meeting and Rogers's meeting with Douglas-Home, the Foreign Office completed its review of Persian Gulf issues, emphasizing its expectations of trouble with both Saudi Arabia and Iran, and its need for U.S. support for British efforts with both countries. (Telegram 5379 from London, July 8; *ibid.*, DEF 1 NEAR E) Both MacArthur and Eilts agreed with this British assessment, but believed it was necessary for the British to make every effort to work with Iran and Saudi Arabia. (Telegram 2659 from Jidda, July 9, and telegram 2972 from Tehran, July 10; *ibid.*)

differences and move toward some effective arrangement. Sir Alec thought the Labor Government's main mistake had been that they set too short a time frame.

2. Sir Alec said the general aims were to get local disputes settled, to assist in the formation of a federation or confederation and to provide for the establishment of a security force of some kind.

3. Sir Alec had seen the Shah on the previous day.<sup>3</sup> The Shah was adamant that Iran should have control over the three disputed islands in the Gulf (the Tunbs and Abu Musa). If diplomatic efforts did not result in giving satisfaction to Iran, the Shah would take the islands by force. Such a situation would mean that Britain would be bound to resist the Iranians; consequently, the UK intended to make maximum diplomatic efforts to influence the Gulf rulers concerned and Saudi Arabia to agree to some arrangement to satisfy the Iranian demand on the islands. If the island question could be settled, the Shah would then cooperate with British efforts to promote stability in the area. The Shah would support some form of union of the Emirates and British plans for providing a security force for the union. Sir Alec thought British officers could be seconded to such a force and that British training missions might also be provided. It was hoped that the Trucial Oman Scouts could be installed as the security force for an FAA. The Shah also suggested that a continued British naval presence in the Gulf be effected through expanded British participation in CENTO. This could provide for more frequent visits by British naval units and participation in collective training exercises.

4. Sir Alec said that one of the principal obstacles to achieving this rather complicated design was the hopeless incompetence of the Arabs. This was particularly true with the Saudis.<sup>4</sup> Faisal was getting old and was inclined to do things without telling his subordinates; furthermore, he did not have people around him capable of giving good advice. The UK intended to make an intensive diplomatic effort with the Arabs. There would soon be a new British political adviser in the Gulf and Sir Alec also intended to send a personal representative to the area.<sup>5</sup>

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<sup>3</sup> A summary of this meeting was transmitted in telegram 5406 from London, July 9. (Ibid., POL 33 PERSIAN GULF)

<sup>4</sup> Telegram 5591 from London, July 14, relayed the information that Faisal had refused to meet with Douglas-Home despite repeated requests. (Ibid., DEF 1 NEAR E)

<sup>5</sup> Geoffrey Arthur, Assistant Undersecretary in the Foreign Office, became the Political Resident in the Gulf, and Douglas-Home appointed Sir William Luce on July 30 as his personal envoy to the Persian Gulf. The primary objectives of the Luce mission were the creation of a federation of nine states that could guarantee post 1971 stability against subversion and the settling of outstanding disputes. (Airgram A-1233 from London, July 30; *ibid.*, POL 17 UK-FAA, and telegram 6281 from London, August 10; *ibid.*, POL 33 PERSIAN GULF)



5. The Secretary inquired what the publicly announced British policy would be in the circumstances described. Sir Alec responded that the British presence would be indirect and that the main visible presence would be naval. Sir Alec went on to indicate his conviction that the Gulf rulers concerned, as well as the other Arab nations, would not publicly state that they wanted the British presence to remain, although some of the Gulf rulers would say so privately. Sir Alec thought it unlikely that the British presence could remain much longer than about six months later than the withdrawal date originally set by the previous government.

The question was raised whether a treaty arrangement under which a union of Emirates would express their desire to receive a British force might be feasible. Sir Alec thought it might be worth trying but that it would be difficult to insert a British presence anew. He thought he could begin to see the outlines of an arrangement which would involve mainly the Trucial Oman Scouts serving as an organ of the Emirates and a British naval presence under the umbrella of CENTO.

7. The Secretary said the U.S. would like to see as much British presence in the area as possible. He thought that if a naval presence were to be maintained under CENTO, it should be done in a regular way and not intermittently. In response to Sir Alec's request, the Secretary indicated that the U.S. would be prepared to help with the Shah.

8. Department repeat other posts as desired.

**Rogers**

## 87. Memorandum From the Assistant Secretary of State for Near Eastern Affairs and South Asian (Sisco) to Secretary of State Rogers<sup>1</sup>

Washington, July 29, 1970.

### SUBJECT

New Sultan in Muscat and Oman—*Information Memorandum*

Qabus bin Taymour, longstanding heir apparent, seized control of the Sultanate of Muscat and Oman on July 24 by leading a palace revolution against his father. The United Kingdom apparently knew of Qabus' plans in advance but disclaims any responsibility.<sup>2</sup> We learned of the coup through wire service reports on July 26.<sup>3</sup> The deposed Sultan has been flown by the RAF to exile in London. British reports indicate that Qabus has taken over firmly, his action has been welcomed by the populace, and that the situation in the Sultanate is quiet. The USG will probably soon receive a request for recognition of the new regime and we will most likely recommend that this be accorded promptly.<sup>4</sup>

### *Political Situation*

Through a policy of political and economic repression, the deposed Sultan, Sa'id bin Taymour, kept his country totally undeveloped and isolated from the outside world. His policies could not cope with the increasingly active rebellion in Dhofar Province which was supported from South Yemen with some Chinese Communist involvement. The old Sultan had also failed to end the rebellion in Oman Province.<sup>5</sup> He

<sup>1</sup> Source: National Archives, RG 59, Central Files 1970-73, POL 15-1 OMAN. Confidential. Drafted by Wrampelmeier and cleared by Atherton, Murphy, Greenwald (L/NEA), and Aldrich (L). Sisco added a handwritten note under the subject line: "A hopeful development." The memorandum was forwarded to Kissinger under a July 30 covering memorandum from Eliot. (Ibid., POL 23-9 MUSCAT & OMAN)

<sup>2</sup> According to telegram 117656 to London, July 22, a variety of sources available to the Embassy had indicated that "something must be done" to get rid of Sultan Said. (Ibid.)

<sup>3</sup> Telegram 5924 from London, July 27, and telegram 824 from Dhahran, July 28, contained full accounts of the coup's events. (Ibid., POL 23-9 MUSCAT-OMAN)

<sup>4</sup> In an undated memorandum to Nixon, based largely on this memorandum, Kissinger recommended that the United States recognize Qabus's government. Kissinger then initialed approval for Nixon. (Ibid., Nixon Presidential Materials, White House Special Files, White House Confidential Files, Box 8, [CF] CO 105 Muscat & Oman)

<sup>5</sup> Telegram 666 from Kuwait, July 21, transmitted an analysis of the various opposition groups in Oman. (Ibid., NSC Files, Box 620, Country Files, Middle East, Kuwait, Vol. I)

had made virtually no effort to use the new oil wealth (some \$95 million in 1969) for the benefit of his people.

#### *New Era Promised*

The new Sultan is in his late twenties and was educated at Oxford and Sandhurst. Since his return, however, his father had kept him under virtual house arrest and allowed him no part in governing the Sultanate. Qabus promised in his July 26 statement to move promptly to establish a modern, effective government. He must deal with two separate rebellions: the Dhofari and the Omani. Qabus may lack sufficient toughness to rule but this problem could be overcome if his uncle, Tariq, should return from exile to join his nephew in running the Sultanate.

#### *Efforts to Broaden Foreign Relations Likely*

Qabus' accession to power may lead to closer cooperation with the Trucial States and Saudi Arabia. In particular, it might open the way to a dialogue with King Faisal to resolve the long-standing Buraimi Oasis dispute. Qabus has announced that he will take "necessary constitutional steps" to obtain recognition from countries with which the Sultanate has relations—i.e., the UK, India and the U.S.

#### *British Reaction*

Current British interest in Muscat and Oman centers on oil, the strategic airfield and radar facilities on Masirah Island, and the desire to preserve Muscat and Oman as a buffer between the emerging Gulf states and the radical regime of South Yemen. We expect that Qabus will not harm these British interests and will retain the 100 British officers now with the Sultanate's armed forces. Whitehall believes that Qabus has effective control over the Sultanate. UK recognition was extended July 29.

#### *U.S. Interests*

USG contacts with Muscat and Oman date back to 1833, but our relations in recent years have been minimal. Our official contact with the Sultanate has consisted of occasional calls by the Commander, Middle East Force, and semi-annual visits by our Consul General from Dhahran. We expect that Qabus will proceed to consolidate his position and will soon submit a formal request for USG recognition of his regime. We expect that he will honor the Sultanate's international obligations; these are, to be sure, few in number but include a Treaty of Amity, Economic Relations, and Consular Rights in effect with us since 1960. Barring unforeseen developments, we will recommend that the request for recognition, when made, be granted.

## 88. Telegram From the Department of State to the Embassies in Iran and Saudi Arabia<sup>1</sup>

Washington, October 14, 1970, 0117Z.

168989. Subject: Support for FAA. Ref: State 165711; Dhahran 1145; Tehran 4473; London 8354.<sup>2</sup>

1. After Sisco–Millard meeting October 7 (reftel) UK Embassy passed to FCO our suggestion that UK resume discussion with Iranians in aftermath Zahedi–Faisal talks to urge Iran do nothing to weaken prospects for FAA pending settlement of dispute over Tunbs and Abu Musa.<sup>3</sup> FCO has now replied that HMG has repeatedly assured Iran it doing all possible to facilitate settlement island dispute (Sir William Luce informed Hoveyda<sup>4</sup> of this as recently as September 21). Luce will discuss islands problem again with Iranian Ambassador to UK Afshar as well as with Saudi advisor Kamal Adham soonest. UK Embassy Washington, however, has been instructed by FCO to request once again US expression to Iran of our support for FAA.

2. According to UK Embassy, HMG genuinely concerned that so long as island settlement satisfactory to Iran is not forthcoming GOI will make either public statement or privately inform one or more Gulf Rulers about its opposition to FAA. British consider this eventuality would be highly detrimental to prospects of successful outcome

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<sup>1</sup> Source: National Archives, RG 59, Central Files 1970–73, POL 19 FAA. Confidential; Exdis. Drafted by Twinam; cleared in NEA/ARP, L/NEA, EUR/BMI, NEA/IRN, NEA, and S/S–O; and approved by Sisco. It was repeated to London, Kuwait, Dhahran, CINCSTRIKE–CINCMEAFSA, and COMIDEASTFOR.

<sup>2</sup> Telegram 165711 to London, October 8, passed on the information that Millard, in an October 7 meeting with Sisco, had requested that the United States urge Iran not to link the formation of the FAA and settlement of the Abu Musa and Tunbs dispute. Sisco suggested that the UK approach Iran directly after the upcoming Zahedi–Faisal talks. In telegram 1145 from Dhahran, October 11, Dinsmore took issue with MacArthur's assessment as set forth in telegram 4473 from Tehran, October 10, of the Iranian position, arguing that an assertive Iran would add to Gulf instability and that the islands had no value. In telegram 8354 from London, October 12, Annenberg noted how close the Iranian position on the islands had come to that originally proposed by Iran on June 1. (All *ibid.*)

<sup>3</sup> The Zahedi–Faisal talks were to begin on October 19 in Geneva, where the King had gone for medical attention. Zahedi hoped to encourage the Sheikhs of Sharjah and Ras al-Khaimah, through Faisal, to reach an accommodation with Iran that ensured the islands did not fall into unfriendly hands. (Telegram 4394 from Tehran, October 6, and telegram 4473 from Tehran, October 10; both *ibid.*) Faisal and Zahedi failed to arrive at an understanding, increasing the likelihood that Iran would use force to take the disputed islands. (Telegram 9068 from London, November 2, and telegram 4790 from Tehran, November 3; both *ibid.*)

<sup>4</sup> Amir Abbas Hoveyda, Prime Minister of Iran.

October 24–26 meetings on FAA. UK feels that good word from US to Shah on FAA could forestall such occurrence. (*Comment*: There is, of course, no way to prevent those Gulf Amirs, particularly Qatar or Dubai, who are tepid to idea of Federation using presumed Iranian opposition as pretext for disrupting October constitutional meetings.)

3. Department considers that previous commitments to support UK as necessary in attempt to foster future stability and security of Gulf (London 5496)<sup>5</sup> require our being responsive. We, however, have no intent involving USG in sticky territorial disputes over Tunbs and Abu Musa and Saudi/Abu Dhabi borders. Dept. believes that any US approach in support of FAA should be made to SAG as well as GOI and in context wider discussions re Gulf.

4. Ambassadors Tehran and Jidda are requested to seek early meeting with appropriate official host government to exchange views on prospects for future stability in Gulf and to make following points: We raising Gulf situation with both SAG and GOI. US well aware of Iranian and Saudi concern for future stability in the Gulf and cooperation toward this end. US position remains that major Gulf littorals should bear primary responsibility for Gulf stability as British withdraw. USG interested in supporting major littorals in this policy without intervening in Gulf affairs. We also encouraged by indications that nine Amirates may be moving closer toward achieving some sort of viable Federation. While USG has no preconceptions as to form such Federation should take, US continues to support creation of workable Federation, hopefully including all nine Amirates as best prospect for future stability in area. We hope that SAG and GOI share US view on desirability of Federation and are also prepared to support concept.

5. In discussions you should seek host government's views on current prospects for Gulf stability, cooperation among larger littorals, and prospects for FAA concept. You may also wish to seek their views on how Iraqi and other subversive threats to area can best be contained.

6. Should question of territorial disputes arise, either Saudi/Abu Dhabi or Tunbs/Abu Musa, you may wish express our understanding that UK actively seeking in cooperation with Saudi Arabia and Iran to bring these issues to prompt solution satisfactory to all parties concerned. You should note USG, while interested in seeing mutually

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<sup>5</sup> Telegram 5496 from London, July 12. (National Archives, RG 59, Central Files 1970–73, ORG 7 S)

satisfactory resolution these problems, has not involved itself in these issues and considers that to do so would serve no useful purpose.<sup>6</sup>

7. In light Tehran's 4473 Department considering approach to UK, based on results above requested *démarches* to SAG and GOI, suggesting UK intensify its efforts to move Sharjah and Ras al-Khaimah to respond to GOI proposals on islands.

**Rogers**

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<sup>6</sup> MacArthur met with Acting Foreign Minister Khalatbari on October 15, who insisted that the island dispute be settled before the FAA came into existence and that Iran had no intention of making this stand public prior to the October 24–26 deputy rulers' meeting. (Telegram 4546 from Tehran, October 15; *ibid.*, POL 19 FAA) Thacher met on October 15 with Acting Minister of State for Foreign Affairs Mas'ud, who emphasized Iraqi-Soviet schemes to open the Gulf to the Soviets, the need for clarification of British policy, the desirability of a more active U.S. role in Gulf affairs, and Saudi support for a federation of nine. (Telegram 3836 from Jidda, October 15; *ibid.*)

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## 89. Memorandum From the President's Assistant for National Security Affairs (Kissinger) to President Nixon<sup>1</sup>

Washington, October 22, 1970.

### SUBJECT

The Persian Gulf

The NSC Review Group has completed a study of the Persian Gulf following withdrawal of British military forces and termination of formal defense treaties and protectorate responsibilities.<sup>2</sup> Since the British never planned to withdraw their political presence and since announcement of the revision of their relationship has released local nationalist aspirations, the problem is less one of filling a vacuum than of dealing with a readjustment of the balance in the area.

It does not seem that this subject warrants discussion in the NSC at this time, but it does seem desirable to describe the options considered and to seek your concurrence in the general line of policy that is

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<sup>1</sup> Source: National Archives, Nixon Presidential Materials, NSC Files, NSC Institutional Files (H-Files), Box H-220, National Security Decision Memoranda, NSDM 92. Secret. Sent for action.

<sup>2</sup> See footnote 4, Document 83.

being followed. There will be discussions soon with the Shah and the British about a base for our Persian Gulf naval force after the British military leave, and plans must be included in your next Budget for slightly increased diplomatic representation and other activity. A longer paper reflecting the Review Group discussions is at Tab B,<sup>3</sup> but the options and decisions to be made are summarized below.

### *The Problem*

The central problem is that it is easy to recognize the potential for instability in the Gulf and increased Soviet and radical exploitation, but it is difficult to determine how the U.S. can best help minimize the consequences.

While the Persian Gulf is important to U.S. allies and friends, its potential instability seems relatively unresponsive to U.S. power. The main evolution will come through political intrigue or subversion in politically unprogressive and often inaccessible areas. Because the main U.S. interest lies in the interests of allies and in the area's relationship to the global strategic balance and because U.S. power may not have significant impact on evolution within the area itself, the problem is more one of devising the best possible international framework for that evolution than it is figuring out how the U.S. can influence it. Within the limitation of that framework, though, it is important to determine what kind of U.S. presence can be most constructive.

### *The Strategy*

The Review Group went through the exercise of considering five distinct strategy options:

1. assuming the UK's role as protector ourselves;
2. backing Iran as our "chosen instrument" to be keeper of stability in the Gulf;
3. promoting Saudi-Iranian cooperation;
4. dealing directly with the new states of the lower Gulf; *and*
5. actively promoting a regional security pact.

The first and the last were ruled out as impractical, and the middle three options are not really alternatives. The logical course seems to be to marry those middle three. Our course then would be:

—to promote Saudi-Iranian cooperation as the mainstay of a stable regional system *but*

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<sup>3</sup> Attached but not printed at Tab B is the October 19 paper "U.S. Policy Options Toward the Persian Gulf." A handwritten note attached to another copy of the paper reads: "Peter: You did a truly *outstanding* job on your draft of the Persian Gulf paper. The more I worked with it, the higher my respect for it became. I am most grateful for your help. Hal." (National Archives, Nixon Presidential Materials, Kissinger Office Files, Box 16, Subject and Chron Files, Persian Gulf Drafts)

—to recognize that Iran is in fact the preponderant power in the Gulf *and*

—to do what we can to develop a working relationship with the new political entities in the lower Gulf.

A Saudi-Iranian confrontation would increase instability, and both at present recognize the importance of their cooperation. If a radical regime were to take over in Saudi Arabia, the U.S. would have little choice but to move closer to Iran—and there is no reason now not to go on preparing Iran for that contingency. But as long as those two major regional nations are trying themselves to create the framework for political evolution, the U.S. has every reason to support it.

As for an independent U.S. presence, the U.S. interest is two-fold:

—imaginative technical and educational assistance through governmental and private programs can inject Western methods and relationships into political and economic evolution;

—while the U.S. may not have plans for military involvement, now would not seem the time to cut back the small U.S. naval force that operates from Bahrain. This show of interest seems important vis-à-vis both the regional entities and the USSR.

It is important to note that the British—despite revision of their formal relationships—intend to remain active in the Gulf's political, diplomatic and commercial affairs and in military supply and training.

#### *The Decisions To Be Made Now*

1. *General U.S. strategy.* While no precise decision is required now, it would be helpful to have your general reaction to the strategy that is now contemplated for the near term. I am doing a further study to look at our longer term interests and objectives in the Gulf area.<sup>4</sup> The proposed short-term strategy will not foreclose any options for the longer term.

*Recommendation:* That you approve the general strategy outlined above for the near term—promoting Saudi-Iranian cooperation while recognizing Iran's preponderant power and developing a modest U.S. presence in the new states.<sup>5</sup>

2. *The future U.S. naval presence.* The small U.S. naval force (2 destroyers and a converted seaplane tender) is home-ported on Bahrain by agreement with the British. The Bahrainis would like us to stay. The

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<sup>4</sup> "Long-Term U.S. Strategy Options in the Persian Gulf," December 30. (Ibid., NSC Files, NSC Institutional Files (H-Files), Box H-165, National Security Study Memoranda, NSSM 66) Kennedy's December 30 covering memorandum to Kissinger noted that the paper looked at the "broader range of issues and considers our interests and likely prospects in the region several years into the future."

<sup>5</sup> Nixon initialed his approval under all the recommendations in the memorandum.



British have offered us first refusal on some of their facilities (a dock and a few small communications and storage shacks).<sup>6</sup> They will need to know soon whether the U.S. wants them to work out a transfer. We should also sound out the Shah. There would be an argument against introducing new forces, and the present force may not be welcome there for a long time. But while most of our friends regard it as an important sign of U.S. interest, it seems untimely to remove it.

*Recommendation:* That you approve a decision in principle not to reduce the U.S. naval presence in the Persian Gulf at this time unless further exploration should prove it politically unacceptable to friends of the U.S. in the area.

3. *U.S. diplomatic and aid presence.* One of the serious limitations on U.S. ability to contribute to orderly evolution in the Gulf is that one of our usual instruments of policy is not available. Capital assistance is not needed by these oil-rich states. While they do need the technical assistance relationship that usually goes with capital aid, we do not now have a well-developed program for providing it to states with their own financial resources. When asked for a plan for a U.S. presence in the lower Gulf, State came back with a fairly conventional blueprint for diplomatic posts.<sup>7</sup> While modestly expanded diplomatic representation is desirable, our main interest is in pressing the agencies to break new ground in a serious effort to adapt our programs to meet the needs of an area like this. Your foreign policy message to Congress last February identified this problem.<sup>8</sup> Some staff work has been done and the new technical assistance institute would help. But a prod would be in order.

*Recommendation:* That you approve the general principle of a U.S. diplomatic presence in the lower Gulf but instruct the Under Secretaries Committee (1) to review plans for this presence to assure that it is imaginatively adapted to the needs of this emerging area and (2) to oversee the development of programs—emphasizing technical and educational assistance, exchange, and effective use of private as well as public resources—that can provide for a growing U.S. presence consistent with the strategy of promoting regional responsibility for stability.

4. *Arms sale policy.* The British have been the traditional supplier of arms and would like to remain a major supplier. The U.S. has reason to want the British to remain in the business of military training and supply. At the same time, Kuwait has approached us to buy some transport aircraft, and there have been other feelers from some of the states in the lower Gulf. The only logical way to deal with this would seem to be to

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<sup>6</sup> See Document 72.

<sup>7</sup> See footnote 2, Document 83.

<sup>8</sup> The President's "First Annual Report to the Congress on United States Foreign Policy for the 1970s" is printed in *Public Papers: Nixon, 1970*, pp. 115–190.

look at a few concrete cases to get a feel for the political and legal problems involved rather than trying to make a decision in the abstract.

*Recommendation:* That State and Defense be asked to prepare a recommendation for you on outstanding requests for military supply and that you withhold decision until it can be made on concrete cases.<sup>9</sup>

The above decisions—if you approve—would be recorded in the decision memorandum at Tab A.<sup>10</sup>

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<sup>9</sup> Memorandum from Sisco to Kissinger, November 4; National Archives, Nixon Presidential Materials, NSC Files, NSC Institutional Files (H-Files), Box H-220, National Security Decision Memoranda, NSDM 92.

<sup>10</sup> Tab A is printed as Document 91.

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## 90. Telegram From the Embassy in Saudi Arabia to the Department of State<sup>1</sup>

Jidda, November 2, 1970, 1430Z.

3999. Subj: FAA. Ref: State 179688; Dhahran 1199.<sup>2</sup>

1. We concur with premise underlying Dept's message: there is indeed precious little time left to accomplish a difficult task and moment has come for imaginative consideration every possible means achieve it. British perhaps are agged [*aggrieved?*] by sense of past failures, particularly in Aden, but Gulf situation contains two important elements which seem to us augur better prospects for FAA: Gulf states are lucky to possess the money which Aden does not have and to lack the great impetus to radical political forces inevitably created wherever British are driven out instead of leaving of their own accord. But Aden aftermath also has probably left British reluctant push rulers hard towards

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<sup>1</sup> Source: National Archives, RG 59, Central Files 1970-73, POL 19 FAA. Secret. It was repeated to Dhahran, Kuwait, London, Tehran, CINCSTRIKE/CINCMEAFSA, and COMIDEASTFOR.

<sup>2</sup> Telegram 179688 to Dhahran, October 31, transmitted the Department's request for information on current negotiations, but also added that the view of the British Embassy in Washington was that the "UK and Rulers have no definite plan of where to go from here." Telegram 1199 from Dhahran, October 28, reported on the failure of recent meetings in Abu Dhabi. Other responses to the Department's request for information are in telegram 1224 from Dhahran, November 2, and telegram 978 from Kuwait, November 3. (All *ibid.*)

ephemeral federation, and UK may be tempted too by possibility retaining special positions in individual states of economic interest to them.

2. From viewpoint of US interests the more unity in the Gulf the better. Fragmentation provides greater opportunities for subversive elements to infiltrate individual entities and for sudden coups. It is essential particularly that small, weak, poor units like Ajman and Ummal-Qawayn not be left drift by themselves as highly vulnerable targets of opportunity to radical and subversive forces.

3. Bahraini membership would bring to federation commercial and administrative skills not available elsewhere and any federation dependent solely on limited administrative talents now to be found in Dhubai and Abu Dhabi would face serious weaknesses at outset. Yet we recognize too inclusion of Bahrain would force new federation to labor under stresses and strains of suspicions which inevitably accrue where one member of any political grouping is much stronger than others. If Bahrain remains willing try for federation we gather Qatar would not want to be left out. On balance we come down in favor continuing efforts include Bahrain.

4. However, it must be for UK to decide point at which diminishing returns are reached with respect efforts have Qatar and Bahrain included. We recognize that tactics required bring federation into existence and proposals for post independence aid by UK will probably be affected by precise nature of goal for which British will be striving. Thus a federation including Bahrain would have some modest administrative and commercial experience on which to draw. If Bahrain and Qatar to be excluded, then British should probably begin thinking now of where and how key British officials need to be inserted into governmental structure of new federation. From here we find it difficult judge extent to which sheikhs would welcome skeletal British manning of their federation's bureaucracy, but would think smaller units particularly would welcome such continued British presence.

5. With so little time remaining, it seems imperative to us British should engage very soon in continuing and determined effort bring about some feasible FAA. To make British effort fruitful, we wonder if HMG might not select top representative with capable staff of one or two come to Gulf and remain on spot moving constantly but discreetly among Gulf states, Tehran and Riyadh in effort establish elements of agreement among all parties as foundation on which FAA can be built. To achieve results will require constant nudging, cajoling, plus endless tact and patience on part British team.

6. With regard Saudi role, we keenly aware SAG quite unhelpful so far though we believe they still favor grouping of nine. British need to press Saudis send top representatives to Gulf to indicate clearly Saudi hope FAA will come into existence and succeed. US should seek opportunities reinforce British pressures on Saudis to whom we

can reasonably point out that their constant complaints about being encircled by hostile forces are hardly consistent with their hands-folded attitude toward their crucial eastern front. US could be helpful too, we believe, by discussions in Washington and London intended draw British out on goals they think can be realistically tackled and tactics necessary to accomplish them. In such context, we could suggest establishment of team on spot in Gulf area working continuously to find common elements in sheikhs' differing viewpoints. At same time, we should under no circumstances tempt weary British with notion that we might assume for them principal burden of infusing life into FAA.

7. If we are to nudge Saudis to play more helpful role, perhaps there may be means also for encouraging Iran support FAA despite Shah's preoccupation with little islands matter. Might it not be possible at some stage point out to Iranians that their present posture of opposition to FAA may neither get them what they want with regard Tunbs and Abu Musa nor allow beginning steps to create political institution which seems to promise best prospects for defending region against the very subversion and radicalization which GOI fears most. Iranian opposition seems to us supply convenient excuse for those sheikhdoms which seek delaying tactics as best means increasing their own bargaining power. In long run, creation of FAA would seem as important to Iranian goals in Gulf as possession of little islands themselves.

**Thacher**

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## 91. National Security Decision Memorandum 92<sup>1</sup>

Washington, November 7, 1970.

TO

The Secretary of State  
The Secretary of Defense  
The Administrator, Agency for International Development  
The Director, U.S. Information Agency  
The Director of Central Intelligence

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<sup>1</sup> Source: National Archives, Nixon Presidential Materials, NSC Files, Box 1248, Saunders Files, NSSM 66—NSDM 92—Persian Gulf. Secret. Copies were sent to Moorer and Mayo. In an attached undated memorandum, Kissinger authorized Sisco, as head of the Interdepartmental Group, to take appropriate steps to implement NSDM 92. In particular Sisco was to plan for a continuation of MIDEASTFOR; to prepare for future UN membership of the FAA, Bahrain, and Qatar; to place Kuwait on the list of countries eligible to purchase U.S. arms; and to proceed with planning for required diplomatic posts.

## SUBJECT

## U.S. Policy Toward the Persian Gulf

In response to the memorandum of July 30, 1970, "Future U.S. Policy in the Persian Gulf,"<sup>2</sup> submitted by the Chairman of the NSC Interdepartmental Group for the Near East and South Asia, the President has:

1. Approved a general strategy for the near term of promoting cooperation between Iran and Saudi Arabia as the desirable basis for maintaining stability in the Persian Gulf while recognizing the preponderance of Iranian power and developing a direct U.S. relationship with the separate political entities of the area.

2. Made a decision in principle not to reduce the U.S. naval presence in the Persian Gulf at this time unless further exploration should prove it politically unacceptable to friends of the U.S. in the area, in which case a special report should be submitted to the President.<sup>3</sup>

3. Approved in principle expansion of U.S. diplomatic representation in the lower Gulf but directed the NSC Under Secretaries Committee to assure that this representation is imaginatively adapted to the requirements of this unique area and the pursuit of U.S. interests there.

4. Directed the NSC Under Secretaries Committee to review plans for U.S. technical and educational assistance and cultural exchange in this area through private as well as public programs to assure the development of imaginative programs consistent with the strategy of promoting orderly development and local responsibility for maintaining stability.

5. Directed that a special memorandum be prepared for the President's decision on all significant requests for military assistance from states (excluding Iran and Saudi Arabia) in the Persian Gulf. This memorandum should be prepared by the NSC Interdepartmental Group for Near East and South Asia and submitted to the Senior Review Group by November 26, 1970.<sup>4</sup>

**Henry A. Kissinger**

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<sup>2</sup> See footnote 4, Document 83.

<sup>3</sup> Sisco informed Kissinger on November 4 that the Departments of State and Defense were taking steps to implement NSDM 92 by maintaining MIDEASTFOR in the Indian Ocean and Persian Gulf area, homeported in Bahrain. (National Archives, Nixon Presidential Materials, NSC Files, Box 1276, Saunders Files, Persian Gulf) Faisal was informed December 22. (Telegram 4519 from Jidda, December 23; *ibid.*, RG 59, Central Files 1970–73, POL 33 PERSIAN GULF)

<sup>4</sup> Apparently the Review Group meeting scheduled for November 26 did not take place.

92. **Memorandum From K. Wayne Smith of the National Security Council Staff to the President's Assistant for National Security Affairs (Kissinger)**<sup>1</sup>

Washington, January 3, 1971.

SUBJECT

Eligibility of Kuwait for Foreign Military Sales

Enclosed (Tab B)<sup>2</sup> is a memorandum to the President from Secretary Rogers which recommends that

—The President make a formal determination that the furnishing of defense articles and defense services to Kuwait will strengthen the security of the United States and promote world peace. Such a determination is required by Section 3(a)(1) of the Foreign Military Sales Act to establish Kuwait's eligibility for cash or credit sales.

—Although not required by law, the Congress be notified of this determination in keeping with past practice.

The case for selling Kuwait modest amounts of military equipment (presumably on a cash basis since Kuwait has a very strong foreign exchange position) seems to be valid since

—The British are terminating their defense commitment to Kuwait (although they will continue to provide some equipment and training).

—In the wake of the British decision, Kuwait is interested in diversifying its sources of supply for military equipment and would apparently like to make some purchases from the U.S.

—Kuwait faces an external threat from its unpredictable and radical neighbor Iraq, which laid claim to Kuwait in the early sixties and has raised a number of border disputes since then. It is in the U.S. interest to help Kuwait deter this threat since military action in the area could disrupt the supply of Kuwait oil to Western Europe.

—Kuwait also has an internal security problem, given the large number of Palestinians in the country, and we have been encouraging improvement of Kuwait's internal security forces.

—The volume of sales involved would be modest given the small size of Kuwait's armed forces (8,000 man army, 50 man air force).

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<sup>1</sup> Source: National Archives, Nixon Presidential Materials, NSC Files, Box 1270, Saunders Files, Kuwait. Confidential. Sent for action.

<sup>2</sup> Tab B, Rogers's December 22 memorandum, is attached but not printed. Rogers also signed another December 22 memorandum to the President, which placed the decision to sell arms to Kuwait in the larger context of oil supply, oil wealth for regional social and economic development, and U.S. balance of payments. (Ibid.)

—There are no economic development issues raised by Kuwait's military purchases since Kuwait's military purchases since Kuwait's economy and balance of payments position are very strong.

*Recommendation*

That you approve for the President the memo to Secretary Rogers at Tab A making the Presidential determination required by Section 3(a)(1) of the Foreign Military Sales Act so that the President's signature can be machine-signed.<sup>3</sup>

Hal Saunders concurs.

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<sup>3</sup> Kissinger initialed his approval. Attached but not printed at Tab A is a December 22 memorandum from the President to Rogers.

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### 93. Memorandum of Conversation<sup>1</sup>

Washington, January 13, 1971.

SUBJECT

Persian Gulf: Luce Visit

PARTICIPANTS

Sir William Luce, Secretary of State's Special Representative for the Persian Gulf  
Mr. Guy E. Millard, Minister, British Embassy  
Mr. Ramsay Melhuish, First Secretary, British Embassy  
Mr. Joseph J. Sisco, Assistant Secretary for Near Eastern & South Asian Affairs  
Mr. Rodger P. Davies, Deputy Assistant Secretary for Near Eastern & South Asian Affairs  
Mr. Alfred L. Atherton, Deputy Assistant Secretary for Near Eastern & South Asian Affairs  
Mr. Harold H. Saunders, Member, Senior Staff of National Security Council  
Mr. Thomas P. Thornton, Policy Planning Staff  
Mr. Dayton Mak, Director, Near East/South Asia, Bureau of Intelligence & Research  
Mr. Jack C. Miklos, Country Director for Iran  
Mr. Richard W. Murphy, Country Director for Arabian Peninsula Affairs  
Mr. Joseph W. Twinam, Office of Arabian Peninsula Affairs  
Mr. Timothy W. Childs, Office of Iranian Affairs

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<sup>1</sup> Source: National Archives, RG 59, Central Files 1970–73, POL 7 UK. Secret; Exdis. Drafted by Twinam (NEA/ARP) and Timothy W. Childs (NEA/IRN). Initialed by Sisco, Luce, Millard, and Melhuish also met with Rogers. (Memorandum of conversation, January 13; *ibid.*, POL 33 PERSIAN GULF)

In discussions lasting over four hours, the U.S. side, led by Mr. Sisco, posed a variety of questions relating to the future of the Persian Gulf. During the discussion Mr. Sisco made the following points:

The U.S., and even more so the U.K., have important interests in the Gulf. Strategically, events there have a bearing on a wider area. We are concerned with geopolitical aspects of the Gulf situation, including the Soviet capability to cause trouble in the future. In the tiny Gulf states small investment in subversion could cause wide-ranging problems while a modest investment in stability might prevent the U.S. and U.K. much grief. We recognize that internal instability is a more likely threat than outside aggression. The U.S. has always supported a strong British presence in the Gulf, regrets the Labor Government's decision to withdraw, and hopes that the future British presence will be as strong as possible. In planning to continue the homeporting of U.S. Middle East Force in Bahrain, a decision which has received at least tacit acceptance by friendly littoral states and enthusiastic welcome by Bahrain's Ruler, we will wish to cooperate closely with the British. This desire for close cooperation extends to other questions of adjusting our presence in the Gulf to meet the situation created by the changing British presence.

In response to questions, Sir William made the following observations:

#### *Policy Decision*

The British Government has reached a decision on its role in the Persian Gulf. There will be an announcement in Parliament about mid-February after Sir William has notified King Faisal, the Shah, the Amir of Kuwait, and the Rulers of the four larger Gulf Amirates. Until then he hoped what he told us about the decision would be held in strictest confidence. It should under no circumstances be repeated to other governments and preferably should not be repeated to our Embassies, since UK Embassies have not yet been informed.

#### *UK Interests*

Sir William pointed out that Britain's major interest in the Persian Gulf is, of course, oil as a vital source of fuel and important source of revenue. As an oil consumer, the UK interest in the Gulf exceeds the US interest. Also Britain wants to limit the expansion of Soviet influence in the region. The Government's primary objective is to create the necessary pre-conditions for (a) peace and stability in the Gulf States; (b) preserving British political influence and countering Soviet expansion.

#### *Policy Setting*

The Heath Government's review of its predecessor's policy had to face the conditions which were created by the announcement in 1968 of withdrawal by the end of 1971. Different attitudes within the



Conservative Party and the resources that the UK could make available to the Gulf in view of commitments elsewhere were other considerations. The Labor Government's announcement, however, has been the dominant factor in developing the attitudes of the Gulf States about the area's future.

The announcement had certain desirable effects. It has encouraged Saudi/Iranian cooperation, contributed to the Bahrain settlement, and spurred the movement toward political integration of the Arab Emirates. In the environment created by the announcement, however, three major problems have developed: The movement toward political integration has not progressed in the way in which the British had hoped, Iran has reasserted its claim to Tunbs and Abu Musa, and long-standing Saudi/Abu Dhabi border disputes have flared up again. The major task of UK Gulf policy at the moment is to seek to resolve these problems in order to create conditions for future stability.

#### *End of Treaty Relationship*

After coming to power, the Conservative Government appointed Sir William to consult with the area states as a basis for a policy review. He found the four major Emirates determined to be fully independent by the end of 1971. The British feel this is proper. Therefore, the Government concluded that there should be no attempt to prolong the present treaty arrangements with the Persian Gulf after December 1971. The political aspect of the UK role in the Gulf is often overlooked in focusing on the question of military presence. For example, the Soviets have been kept out of the lower Gulf not because British forces are stationed there but because the British have controlled the foreign relations of the lower Gulf States.

#### *Military Role*

It was recognized that once the UK's protective treaty responsibilities end, so would the basis for the present British military presence in the Gulf. The question then arose, ought there to be some new relationship providing for a specific military presence, and with whom should this relationship be made? In his visit to the area, Sir William sought the views of the Gulf Emirates and major area states on this question. He received predictable but conflicting answers. All of the Emirates except Qatar wanted a British military presence after 1971. Saudi Arabia and Kuwait wanted the British to leave since their continued presence might cause conflict in the area. The Shah urged the UK to go forward with its earlier decision to withdraw. He noted that if a future Gulf Federation asked for a defense relationship with the UK he could not object, but he doubted that such a request would be made. Iraq and the UAR said that on principle they oppose foreign bases on Arab territory and, therefore, could not ignore a reversal of the announced British decision to withdraw.

A new defense commitment to be meaningful would require a force in being no smaller than the present level of British presence; that is, two RAF squadrons in Bahrain, six mine sweepers in Bahrain and one frigate on station in the Gulf, and a battalion divided between Bahrain and Sharjah. The Government had concluded that retaining such a force would be unwise. The basic role of the present force, particularly the RAF in Bahrain, has been to fulfill the British defense understanding with Kuwait. The Kuwaitis have notified the British that they will permit this understanding to lapse this March. The British see no direct Russian military threat to the Gulf at the moment. The only foreseeable external threats to the Amirates are Saudi Arabia and Iran reacting to territorial claims. It is not in the UK interest to come into conflict with either of these States over territorial questions. The UK cannot antagonize Saudi Arabia and Iran which are the primary local forces for limiting Soviet expansion in the Gulf.

The British see the main threat to the area as subversion and revolution either in the Gulf Amirates or Saudi Arabia. If British forces remained in strength in the area and subversion occurred, inevitably the British would be drawn in and would have to be reinforced, which would be extremely difficult in view of British commitments elsewhere. Moreover, the presence of British forces would only serve to complicate the relations of the Rulers with their larger neighbors and such forces could themselves become targets for radical propaganda, thus enhancing the prospects for the very subversion Britain sought to avoid.

Therefore, the Conservatives have decided, on balance, not to reverse the Labor decision of 1968, however regrettable that decision may have been. But HMG does not wish to leave the impression that it is abandoning the Gulf. This calls for a political/military manifestation of interest. Therefore, the UK will offer the following to the Rulers:

1. A new treaty of friendship, providing for consultations in the event of any security threat but without any specific commitment to provide military assistance, although this would not be excluded. (This would be concluded with a Federation and/or with the four larger Amirates separately but not with the smaller five.)

2. Visits:

- a. Frequent visits of British naval frigates, where appropriate in connection with CENTO exercise.

- b. Visits to the Trucial Coast of company strength army units for training exercises.

- c. Training visits by RAF units.

3. Liaison Missions:

- a. A small token contingent of naval personnel (but no ships) to remain on Bahrain in a training/liaison role; they would also provide logistic support for naval visits.

b. A small token military/air contingent (but no aircraft) to remain on the Trucial Coast (Sharjah or Abu Dhabi) in a training/liason role. (In addition the 90-odd military advisors in Kuwait will remain. The RAF staging base at Masirah will remain, but it is not related to Gulf policy. The possibility of stationing a force for the Gulf in Masirah was rejected, primarily because it would be too far away from the area to achieve its primary role of serving as a visible show of British interest.)

4. Continuing to lend officers and other personnel to local forces, principally the Trucial Oman Scouts (90 UK personnel) as the nucleus for a Federation land force (Willoughby Study)<sup>2</sup> and the Abu Dhabi Defense Force (100 UK personnel). An effort to strengthen local police forces, including providing British Special Branch officers, will also be made.

The proposed British presence would for all practical purposes not be effective militarily.

#### *Security and Stability*

At present the only permanent Soviet presence in the Gulf, aside from Iraq, is a diplomatic presence in Kuwait. Once the Amirates are independent, the Soviets will undoubtedly seek diplomatic relations with them, and the Rulers will be in no position to refuse. In viewing the Soviet threat, however, the essential problem is the likelihood of revolution in the Amirates.

The security of Saudi Arabia is the key to the internal security of the Gulf. So long as the Saudi monarchy remains it will buttress the security of the smaller states. Even should a radical revolutionary government come to power in one of the smaller amirates, its survival may not be tolerated by Saudi Arabia and Iran. After all, it was 8 months after a radical group seized power in South Yemen before the Soviets decided to establish a presence there. Iranian intervention against a revolution in the Amirates would cause special problems.

It is noteworthy however that the Ruler of Dubai told Sir William that he was confident the Shah would come to his aid in the event of internal disorder.

Since 1963 the UK has seen no threat to Kuwait from external aggression by Iraq. The danger there is an internal one with Iraq and other radical elements playing a subversive role. The Palestinian movement in Kuwait is becoming of increasing concern elsewhere in the Gulf. The respectability of the Palestinian label in the Arab world provides an excellent cover for radical elements.

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<sup>2</sup> Airgram A-1318 from London, July 26, transmitted the Willoughby Report. (Ibid., DEF 6 TRUCIAL ST)

Among the Amirates, Bahrain is the most "sensitive" politically. Here, however, there is a strong moderate reformist element which serves as a counter to radical tendencies. Unless the ruling Khalifah family moves quickly to provide reform, progress and prosperity, there is a possibility that this group might seize power. The possibility of a radical takeover is slim. The Special Branch, assisting local authorities, have good surveillance of revolutionary elements. Various radical groupings are small in number, varying from 100 to 200 in number.

While the ruling family of Qatar is in many ways the least attractive in the Gulf, it is difficult to see how any subversive group could get a footing there in view of tight control by a large and tough ruling family.

A coup in any of the Amirates is unlikely unless local security forces can be subverted. There has been some dissidence in the Bahraini Defense Force, but this now appears under control. The presence of British officers with the Trucial Oman Scouts and the Abu Dhabi Defense Force is a major factor for stability. The Ruler of Ras al-Khaimah is cause for some concern since he is both poor and "slippery." The Iraqis may seek to establish influence there by exploiting his need for money but, on balance, it is unlikely that Abu Dhabi and the major Gulf littorals will permit this.

#### *Trucial Oman Scouts*

The role of the Trucial Oman Scouts to the security of the area is a key one. The prospect of there being no Federation to provide a framework in which to place the Scouts is an "awful" thought. Should this occur the TOS might be broken up between Abu Dhabi and Dubai, with some provision being made for Ras al-Khaimah.

#### *Future Role of the Major Littorals in the Gulf*

Iraq has relatively little scope for doing mischief in the Persian Gulf states. The people of the area dislike the Iraqis, and Iraq is probably too fearful of Iran's reaction to risk any adventures in the Gulf.<sup>3</sup> Iraq has established trade missions in Bahrain, Abu Dhabi and Dubai and has sent some high-ranking visitors to the area. Last fall there was some evidence of dissidence in the Masandam Peninsula in which Iraq may have played a role, but this now appears under control. The disruptive Iraqi influence is likely to be limited to largely verbal support for opposition elements in the Amirates.

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<sup>3</sup> In Airgram A-011 from Dhahran, January 13, Dinsmore suggested that the Department pay more attention to Iraq's interest in the Persian Gulf and the likelihood it would seek a future role in Gulf Affairs. (Ibid., POL 33 PERSIAN GULF)

In spite of Kuwait's contributions to the area states, the Gulf Arabs generally regard the Kuwaitis as arrogant. Kuwait's influence is therefore limited.

The radical regime in South Yemen has little capacity for causing trouble in the area except for supporting the revolution in Dhofar. Under the new Sultan there is hope that the rebels can be isolated politically and that the insurgency can be contained in the mountains.

Saudi Arabia has a key role to play in the security of the area. History suggests, however, that the Saudis must be careful about over-extending themselves in pursuit of domination of the lower Gulf.

Iran is unquestionably the strongest power in the region, but in Sir William's personal opinion Iran by itself cannot guarantee stability on the Arab side of the Gulf. For this Saudi cooperation is essential. Iran may be able, however, to establish maritime supremacy in the area. Such supremacy was after all good enough for the British until oil interests drew them onto the Arab shore after World War II.

#### *Federation*

A Federation of all 9 Amirates would still be ideal, but it appears impossible. After the Bahrain settlement, public opinion on the island, which had never been enthusiastic about a Federation, hardened against Bahrain's participation. The ruling family, itself always half-hearted in support of federation, has been influenced by local feeling.

Sir William had worked hard on the constitutional question to remove an obstacle to Federation. He found, however, at the Deputy Rulers' meeting in late October 1970, that the old Bahran/Qatar rivalry had polarized on constitutional questions. The constitution itself is not the real issue. The real problem is an apparently irreconcilable competition between Bahrain and Qatar for predominance.

This month's Saudi/Kuwait joint mission will concentrate on trying to resolve the Bahrain/Qatar problem to achieve a 9-state Federation. The UK, however, holds little hope for this mission, which will probably not deal with specifics and will not be enhanced by Prince Nawwaf's leadership.

Sir William will go to the Gulf in late January and will use the imminent announcement of the UK policy decision as a lever to try to force as many states as possible to federate. He sees no hope for Bahrain's joining, but Bahrain does not feel it can publicly admit it has abandoned the Federation concept. The UK also does not want to bear the onus of abandoning the concept of a 9-state Federation. Bahrain sooner or later will have to make a move. By early fall it will want to apply for UN membership if it is going to seek independence separately. Qatar says it will go with the seven Trucial States in the Federation but Sir William doubts this.

There is a real possibility of a Federation of all seven Trucial States. Abu Dhabi would dominate this grouping because of its oil wealth. The Saudis would not prefer a Federation dominated by Abu Dhabi, but it is a viable possibility. Dubai's advisor Mahdi Tajir is promoting the idea of a rump Federation of Qatar, Abu Dhabi and Dubai. This scheme would have Bahrain seek independence on its own, and would leave the five smaller shaykhdoms to sort out their problems with the possibility of some of them later joining as one unit. The attraction of this scheme is that the Federation would not be burdened with Iran's claims against the Rulers of Sharjah and Ras al-Khaimah over Abu Musa and Tunbs.

There is also the possibility that Abu Dhabi can gather the five smaller shaykhdoms, or four excluding Fujaira, under its leadership to form a five-to-six state Federation. Dubai might welcome the opportunity to go it alone as a sort of "Monaco of the Gulf."

The absence of any Federation at all by the end of 1971 would not in itself postpone British determination to end the treaty relationships. It is possible, however, that if a specific process of Federation were underway with reasonable chance for quick fulfillment the Government might postpone briefly the date of withdrawal.

#### *Abu Musa/Tunbs Islands*

The Shah's intense concern about the islands must be primarily motivated by reasons of prestige. It is hard to believe that the Shah really thinks the islands have the strategic importance he claims, given his control of Qeshm island. Whatever the Shah's motivation, there is no doubt that he is in deadly earnest when he says he will take the islands by force if a negotiated settlement satisfactory to Iran cannot be reached. A year or more ago the Shah might have agreed to a demilitarized proposal; now Sir William believes the Shah would accept no less than joint garrisoning of the islands under joint flags, with a split on any oil that might be found.<sup>4</sup>

If the Shah did take the islands by force, there would of course be an outcry among the Arabs, but Sir William doubts that they would be able to do more than protest. The UK is pressing the Rulers of Sharjah and Ras al-Khaimah very hard to reach an accommodation with the Shah, but there is a limit to what the UK can do. They cannot force the Rulers to sign away the islands. The Ruler of Ras al-Khaimah says he would be a target for assassination if he gave away Arab territory; and therefore prefers that the Shah use force, since he could then plead force majeure.

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<sup>4</sup> See Document 88.

Responding to specific hypothetical questions, Sir William said numerous schemes for settlement had been explored. [5½ lines not declassified]

[3½ lines not declassified] (Iranian opposition because of the islands, however, could keep some of the Amirates out of a Federation.) There are no “substitute” shaykhs who could be put in office to make a deal with the Shah. “Moving shaykhs around” is difficult in any case and only possible with consent of the ruling family. The Qasimi family (Sharjah and Ras al-Khaimah) is united in opposition to signing away the islands. Selling the islands to Iran was considered as early as 1930 and rejected: it is now out of the question. The Shah would never “buy” that which he already claims to own. [3 lines not declassified]

#### *Saudi/Abu Dhabi Border Dispute*

King Faisal’s latest proposal for settlement is indeed more reasonable than earlier Saudi claims. Nevertheless, the Saudis still are demanding: a) a large piece of territory giving an outlet to the Gulf on the west of Abu Dhabi between that state and Qatar; b) adjustment of the southern border which would cost Abu Dhabi some territory of petroleum interest and c) a plebescite on Buraimi.<sup>5</sup> The British are puzzled at the intense Saudi interest in the outlet to the Gulf. The area seems unsuitable for an oil terminal, so presumably the Saudis want the outlet for security reasons. Possibly they feel more comfortable with a position on the Gulf controlling land movement between Qatar and Abu Dhabi.

Sir William had recommended the postponement of the proposed September Dammam conference to negotiate this dispute since he was convinced it would be abortive. Abu Dhabi advisors were preparing to present a position based on the 1952 Abu Dhabi claim. Faced with this position the Saudis would undoubtedly have walked out and Faisal would have reverted to his 1949 claim on Abu Dhabi. The British are now trying to get a reasonable response from Shaykh Zayid of Abu Dhabi in hopes of working out a settlement with Faisal. There may be some further flexibility in Faisal’s position.

#### *Oman*

Last summer’s change in leadership was for the good.<sup>6</sup> The new Sultan Qabus is intelligent, well-educated, and has the right ideas. His uncle Tariq, whom he brought back from exile as Prime Minister, is a talker not a doer. Their relationship is troubled and Sir William’s personal guess is that Qabus will emerge as the stronger of the two. Tariq

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<sup>5</sup> See Document 72.

<sup>6</sup> See Document 87.

may eventually accept a position outside the country, such as Ambassador to the United Nations.

Oman is potentially the "least unviable" state in the area. Shell's oil production (over ½ of a million barrels per day) now brings an annual oil income of over 100 million dollars. There is good potential for agriculture and fishing. Unfortunately the administrative apparatus of the country is chaotic or non-existent. Only the defense establishment, officered by the British, works. It is disappointing that since Qabus took power last summer there has been no real evidence of progress. The advantage of the change in leadership will wear off if there is not soon some sign of progress.

In the long run, Oman seems destined to play some role in the neighboring Trucial States. All the people of the coast, except the rulers there, consider themselves Omanis. For the moment, however, the leadership of Oman is much too preoccupied with internal problems to exert any external role. Qabus does plan to send a good-will mission to the Arab states, and will probably seek UN membership. If there were chaos in the Trucial Coast, particularly in neighboring Fujaira, Oman might be moved to try to play a role. In the near term, however, these are the conceivable limits of Oman's role beyond its borders.

Sir William thinks that Qabus would welcome US representation in Oman in the not too distant future. It is possible that Oman may wish to obtain UN membership before permitting the expansion of diplomatic representation in the Sultanate.

#### *Middle East Force*

Sir William doubted that the US decision to maintain Middle East Force homeported in Bahrain would present much of a target for hostile Arab propaganda. He noted that Shaykh 'Isa, in discussing the future British presence on the island, had made a sharp distinction between naval forces, which he wanted to stay, and the British Army, which he felt must go as a symbol of colonialism. In Sir William's view, the key consideration making retention of Middle East Force acceptable is that it reflects no change from the existing situation and, unlike the UK, the US is not burdened with a previous announcement that its forces will be withdrawn.

#### *Final Remarks*

In thanking Sir William for his extremely helpful presentation, Mr. Sisco reiterated the US desire for the most effective possible British presence in the Persian Gulf area and our wish to cooperate and coordinate fully with the British in pursuing our own limited future role in the area. He reiterated US willingness to be helpful to the British where appropriate with the Shah on the islands issue.



Sir William replied that at the moment the burden is on the UK to come up with reasonable proposals from the Rulers on both the islands and the Saudi/Abu Dhabi border disputes. If such proposals are obtained, the UK may indeed ask US assistance in both Tehran and Riyadh.

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**94. Intelligence Memorandum Prepared in the Central Intelligence Agency<sup>1</sup>**

ER IM 71–43

Washington, March 1971.

SOME REVENUE IMPLICATIONS OF THE 14 FEBRUARY OIL  
SETTLEMENT WITH THE PERSIAN GULF STATES

INTRODUCTION

On 14 February 1971 the six Persian Gulf members of the Organization of Petroleum Exporting Countries (OPEC)—Saudi Arabia, Iran, Kuwait, Iraq, Abu Dhabi, and Qatar—reached a highly favorable settlement with the region's private oil producers. Acting in concert, these countries, which produce nearly all Persian Gulf output, won tax and price concessions that will greatly increase their oil revenues over the next five years.

These increased revenues come at a time when some Persian Gulf governments face balance-of-payments problems as well as limitations on development and defense spending. In other cases the increased revenues will merely add to already large coffers, both public and private. This memorandum estimates the level of increased revenue generated by the February 1971 agreement and analyzes briefly the impact that the increases will have on the individual countries.

*The Persian Gulf Oil Settlement*

1. The very substantial Persian Gulf oil settlement on 14 February 1971 reflected the fact that the producing countries were in the negotiating driver's seat for the first time. The shift from a buyers' to a suppliers' market in 1970 was an outgrowth of especially heavy increases in demand by Western Europe and Japan at a time when supply re-

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<sup>1</sup> Source: Central Intelligence Agency, ORR Files, Job 79–T00935A, Box 55. Confidential; No Foreign Dissemination. This memorandum was prepared in the Office of Economic Research and coordinated within the Directorate of Intelligence.

strictions and tanker shortages were caused by closure of the Suez and Tapline.<sup>2</sup> Capitalizing on this situation, Libya had already concluded an agreement in September 1970 that provided substantial income tax and posted price increases. This agreement set the stage for followup demands by OPEC<sup>3</sup> in December 1970 for higher revenues on the basis of regional settlements. The Persian Gulf States, as a group, began negotiating with the oil companies in early January leading to the present settlement.

2. The key features of the 14 February 1971 agreement are: (a) assurance from the producing countries of security of supply and stability of financial arrangements for five years (1971–75); (b) stabilization of the income tax rate on Gulf crude oil export profits at 55%; (c) uniform increase of 35¢ per barrel in the posted price (that is, the price on which taxes are based) of Gulf crude oil exports; (d) an inflation adjustment in the posted price of 2½% effective 1 June 1971 and on the first of each of the years 1973 through 1975; (e) a further increase of 5¢ per barrel in the posted price per year on the same four dates; and (f) elimination of some earlier allowances used by the companies in computing profits.<sup>4</sup>

3. The revenue increases to the Persian Gulf governments generated by the 14 February settlement are considerable.<sup>5</sup> In 1971 alone, revenues will increase about \$1.3 billion as a result of price increases and tax concessions alone. For the five years, 1971–75, the total revenue increase resulting from the agreement will amount to an estimated \$12.6 billion (see Table 1).<sup>6</sup> The increase in revenue per barrel coupled with the rise in the volume of oil exports is expected to produce total revenues in 1975 about three times the 1970 level.

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<sup>2</sup> The Suez Canal has been closed since the Arab-Israeli war of June 1967, and Tapline, ARAMCO's pipeline from Saudi Arabia to the Mediterranean, was inoperative from early May 1970 to 1 February 1971. [Footnote is in the original.]

<sup>3</sup> The Organization of Petroleum Exporting Countries consists of Iran, Iraq, Saudi Arabia, Qatar, Abu Dhabi, Indonesia, Venezuela, Libya, Kuwait, and Algeria, which together produce 90% of the Free World's oil exports. [Footnote is in the original.]

<sup>4</sup> For new posted prices in Persian Gulf oil through 1975, see Table 2. [Footnote is in the original. Table 2 is not printed.]

<sup>5</sup> In the case of Iraq, about two-thirds of the oil is exported via the Mediterranean, while for Saudi Arabia only about 12% of output exits by the Mediterranean (via Tapline). The price of Iraqi and Saudi oil delivered at the Mediterranean will be determined by the outcome of the negotiations between the oil companies and the Libyan government. [Footnote is in the original. Documentation on the negotiations with Libya is scheduled for publication in *Foreign Relations, 1969–1976*, volume XXXVI, Energy Crisis, 1969–1974.]

<sup>6</sup> Not printed.

4. The disparity between the six countries in both total revenues and revenue increases is considerable and reflects primarily the differences in oil output and the rate of growth in oil output among the producers. Because of their pre-eminent output roles, Iran, Saudi Arabia, and Kuwait will receive most of the area's total revenue, and increases derived from the new agreement—roughly 86% of the total. Of the remaining three producers, Abu Dhabi will receive the largest amount of revenue and revenue increases. In Iraq, where only about one-third of the total oil output is exported via the Persian Gulf, the revenue increases generated by the 14 February 1971 settlement will account for only a part of Baghdad's total anticipated increase in revenue; the remainder is expected to come from negotiations now under way regarding a Mediterranean area settlement. Qatar, smallest producer of the six signatory states, will receive about \$330 million in increased revenues during 1971–75 as a result of the February settlement.

5. The revenue gains achieved by the six OPEC producers are almost certain to result in similar increases for the non-member oil producers of the Persian Gulf, principally Oman, Dubai, and Bahrain. Increased revenues to the three non-members in 1971 alone should amount to about \$54 million—Oman, \$36 million; Dubai, \$10 million; and Bahrain, \$8 million—and for the full five years (1971–75) could mean increased revenues of about \$450 million. Total revenue gains to the Persian Gulf States as a result of the February agreement would amount to somewhat more than \$13 billion for the five-year period.

### *The Impact on Individual Countries*

#### *Saudi Arabia*

6. The windfall of some \$4.6 billion during 1971–75 reinforces the already optimistic outlook for Saudi finances during the period ahead. More immediately, it should lead to some expansion in government outlays on non-defense development—an area that has suffered in recent years as the government held to a balanced budget while allocating an increasing share of its revenues to defense<sup>7</sup> and was faced with meeting the costs of Khartoum and other aid payments to Jordan and the UAR.<sup>8</sup>

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<sup>7</sup> Saudi defense expenditures rose from 28% of budget outlays in fiscal year 1966 (25 October 1965–15 October 1966) to an estimated 42% in fiscal year 1970 while non-defense development fell from an estimated 36% to possibly less than 10% during the same time period. [Footnote is in the original.]

<sup>8</sup> As a result of commitments made at the Arab Summit Conference in Khartoum, Sudan, after the June 1967 war, Saudi Arabia has paid about \$140 million annually in 1968–70 to the UAR (\$100 million) and Jordan (\$41 million). In addition, Saudi Arabia has made payments averaging somewhat over \$7 million per year since 1968 to cover the costs of a \$36.7 million purchase of arms made by Jordan from the United Kingdom. [Footnote is in the original.]

Initial Saudi revenue forecasts for fiscal year (FY) 1971 (ending 21 August 1971) implied that non-defense development spending would be limited to about \$250 million, but the new oil settlement could easily add an additional \$100 million or more. This would permit the government to reinstate some of the infrastructural and agricultural settlement programs previously dropped or suspended. An increase in public developmental investment would also stimulate the private industrial and commercial sectors of the economy, which have slowed in the past two years because of a downturn in government developmental spending. Even if other government spending, including defense, also increases (as it almost certainly will), the added oil revenues should exceed total spending by a considerable margin. Thus, over the next four years, Saudi Arabia is expected to have significant budgetary surpluses.

7. Saudi Arabia's already large foreign exchange reserves will almost certainly increase. At the end of 1970, reserves were almost \$900 million, more than double the amount needed to meet the legal requirement for 100% currency coverage and adequate to cover over one year's imports at the 1969 rate. A rapid increase in foreign exchange holdings will provide the Saudis with options for paying off existing arms debts ahead of schedule and increasing the amount of aid they are currently paying to Jordan and the UAR, as well as stepping up economic development. Future decisions on aid extensions, however, almost certainly will be based more on political than financial considerations.

#### *Iran*

8. Iran, unlike Saudi Arabia, has not had large foreign exchange reserves in recent years, and its rapid economic and military expansion has led to considerable deficit financing and balance-of-payments problems. At the end of 1970, Iran's holdings of gold and foreign exchange had fallen to a six year low (about \$210 million), or less than two months' imports. The revenue increases generated by the February oil settlement afford Tehran an opportunity to push economic development further or to pay off burdensome short and long-term debts. It seems likely that the Shah will choose expansion and will spend to the limit of Iran's resources.

9. On 24 February—ten days after the agreement—the Shah proposed a budget for FY 1971–72 (21 March 1971 to 20 March 1972) that not only will consume all the increased oil revenues but also will require substantial deficit financing. The new budget will include a \$1.3 billion deficit, or one-fifth of the expenditures, which will be covered by drawdowns on foreign loans of about \$800 million and domestic borrowing of approximately \$500 million. Both forms of borrowing will exacerbate an already difficult financial situation. The increased

recourse to foreign loans, some short-term, will increase the debt service ratio, which already is more than 15% of foreign exchange earnings and requires foreign payments in excess of \$150 million annually. By expanding its domestic borrowing, the government is using up credit normally available for private investment. Thus Iran will continue to walk a narrow financial tight rope.

*Kuwait*

10. In Kuwait, where oil provides about 95% of the government revenues, the probable increase resulting from the February settlement will help to swell total revenues in FY 1971–72 by about \$470 million to a total of about \$1,365 million.<sup>9</sup> The increase not only will make it easier to finance Kuwait's Khartoum and other aid payments,<sup>10</sup> but also will permit a significant growth in developmental spending and a large accumulation of reserves. Even assuming that growth in total spending is double the rate of last year—that is, 10% instead of 5%—Kuwait will have a surplus of about \$380 million in FY 1971–72. This surplus when added to the already large reserves<sup>11</sup> would be equivalent to more than two years' imports.

*Iraq*

11. The increase in oil earnings from the February settlement—about \$640 million during 1971–75—accounts for only about 30% of the total increase Iraq will receive when negotiations for its Mediterranean oil are settled. On the basis of the February settlement alone, however, Iraq will have sufficient additional revenues in 1971 to eliminate an anticipated deficit in its planned budget while increasing developmental spending about 22%. Developmental spending in recent years has been pared in order to accommodate the rapid expansion in other government expenditures, particularly for defense. The heavy debts incurred in conjunction with defense preparations coupled with its servicing of past loans for economic development have imposed a burden on Iraq's balance of payments and in recent years have caused occasional late payments and sharp prompting from creditors. The settlement of Iraq's Mediterranean production will raise revenues to the

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<sup>9</sup> Increase in FY 1971–72 (31 March 1971–1 April 1972) over FY 1970–71 budgeted revenue of \$894 million, of which \$848 million was to come from oil revenue. [Footnote is in the original.]

<sup>10</sup> Khartoum payments at present amount to about \$91 million annually to the UAR. Payments to Jordan of about \$39 million annually have been suspended for political reasons, but may be resumed shortly. [Footnote is in the original.]

<sup>11</sup> At the end of 1970, official reserves amounted to \$203 million, excluding large sums held by the ruling family. [Footnote is in the original.]

point where Baghdad will be able to increase government spending substantially, pay off some debts, and still accumulate large reserves.

*Abu Dhabi, Qatar, and Other Gulf Emirates*

12. Oil provides about 90% of the revenues of the five oil producing Emirates,<sup>12</sup> and much of the increase will be added to the fortunes of the rulers' families and the privy purse. Economic development has been allocated only about one-third of total revenues. There are, of course, some disparities among the individual countries, both in oil revenues received and spending patterns.

13. Abu Dhabi, largest of the five oil producers, will receive the equivalent of about \$1,600 per capita in increased oil revenues in 1971 as a result of the recent settlement. This sheikdom, almost uniquely among the five, is expected to use substantial sums for economic development. In 1969, for example, more than half of its revenues went for this purpose. Nevertheless, large surpluses will accumulate, some of which will doubtless end up with the ruling family.

14. Much of Bahrain's increased revenues—only about \$39 per capita—probably will go to the rulers—at present about 40% of the country's receipts are used for this purpose. In the past two years, only 10% of total government revenues went for development. Some increases, however, may occur in spending on defense and social services such as education and health.

15. Despite some recent interest in increasing development spending, Qatar's royal families probably also will get most of the additional revenues. They have been receiving more than half of the government's total revenues.

### Conclusions

16. The February 1971 agreement will result in substantially increased revenues for Persian Gulf oil producers during its five-year life. Revenues in 1971–75 are expected to increase \$13 billion. Final settlement of the Saudi and Iraqi exports to the Mediterranean could add \$2 billion more.

17. The magnitude of the increase and its impact on spending patterns in individual countries will vary considerably. While Iran probably will spend all of its revenues, the others clearly will not. Iraq and Saudi Arabia (when the Mediterranean agreement is concluded) will likely spend considerable sums on both development and the military. Even so the increased earnings are so large that substantial additions to reserves seem certain. As for the Sheikdoms, it is highly unlikely

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<sup>12</sup> In addition to Abu Dhabi and Qatar, these oil producing Emirates include Bahrain, Dubai, and Oman. [Footnote is in the original.]

that they will increase their spending more than a fraction of the increased revenues. Most of the gains will end up either in official reserves or in the private hoards of the various ruling families.

18. Regardless of how these countries dispose of their increased earnings, nearly all the money will eventually return to Western Europe (and to a lesser extent Japan and the United States) either in the form of payments for increased imports or in various direct and portfolio investments.

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## 95. Telegram From the Embassy in Saudi Arabia to the Department of State<sup>1</sup>

Jidda, March 3, 1971, 1305Z.

682. Subject: Persian Gulf Future. Ref: Tehran 0965.<sup>2</sup>

1. It is our feeling that British relinquishment of islands to Iran (para 4 reftel) would make Albion's perfidy known to even remotest and smallest shaikh, and British prestige needed to fulfill ongoing obligations outlined in Foreign Secretary's March 1 statement to Commons would be significantly undermined to detriment of UK, US and even Iranian interests. While Saudis might secretly welcome UK's assuming obloquy of releasing Arab soil to Iran, Saudis would also find it useful as tool for belaboring British or as excuse not to accept British urgings in such matters as settlement of Abu Dhabi boundary dispute. However, we think our urging Saudis to mute their public reaction would probably be unnecessary.

2. We were encouraged by UK FonSec's firm reassertion of British intent to continue endeavors create Gulf federation. Accordingly, unless Dept perceives objection we intend indicate to Saudis in discussions here that we find Douglas-Home declaration heartening and positive evidence of British intention to leave Gulf in as good condition as possible and that we agree in general with policy Home's statement lays down.

3. Fundamental problem with which we most concerned is that of future of FAA. Its defects are many and its progress has been slow, but alternatives seem far less promising. Without some such frame-

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<sup>1</sup> Source: National Archives, Nixon Presidential Materials, NSC Files, Box 629, Country Files, Middle East, Saudi Arabia, Vol. II. Secret; Exdis. It was repeated to Dhahran, Kuwait, London, and Tehran.

<sup>2</sup> Dated March 1. (Ibid., RG 59, Central Files 1970-73, POL 33 PERSIAN GULF)

work little states will become (with possible exception of Bahrain) punching bags for power politics of their neighbors, Iraq, Iran and Saudi Arabia, and perhaps even for USSR.

4. In their projections of Gulf's future, Iranians seem to have downgraded federation's possibilities to almost zero, but a system of undefined ad hoc relationships between Iran and little states does not, it seems to us, offer prospects of stability and security which our enormous interests in Saudi Arabia require. Saudis have been badly distracted by their deep emotional involvement in Arab-Israel situation, disappointingly slow in activating their own role in Gulf and are not as well informed as they should be. Yet, fact remains they have some very clear notions as to their own interests and rights in region. We have had intimations already that they might feel moved to assert rather vigorously what they regard as their just due.

5. In recent weeks Saudis have put their shoulder to wheel towards FAA's realization, and we are optimistic that with British prodding SAG will make further moves towards assisting FAA to come to life. Such a trend draws Saudis into useful, constructive role in Gulf affairs, builds up concept in Saudi minds that co-existence rather than co-opting is best means for living with Gulf shaikdoms.

6. Comparison of proposed FAA with PDRY as probable sad sequel to British efforts in Aden seems to create automatic pessimism in many minds regarding FAA's future. There are two important differences: FAA would have money with which to buy arms and/or mercenaries they need for defense. Secondly, the British are withdrawing voluntarily from Gulf rather than being driven out by well-organized, outside-supported, leftist elements who became inevitable successors in Aden.

7. Saudi regime, whatever its weaknesses and peculiarities, does have the power to play a useful role in supporting Gulf stability. Like Iran, it is overly pre-occupied at moment with a territorial matter—its dispute with Abu Dhabi. When it comes to matter of substance Faisal is still shrewd and preceptive, and it is worth noting that Saudi Arabia under its present system has enjoyed absolute quiet and security in recent months, whereas in Arab states elsewhere Palestinian guerrillas have disrupted some with acute insecurity and afflicted others with severe internal tensions.

8. We would still hope there might be some means of encouraging Iranian support for federation. If there is not, then in any case we believe US policy should continue urging collaborative UK-Kuwait-Saudi support for it and that we ourselves would recognize clearly that some form of federation is the only hopeful alternative we have for future of Gulf and correspondingly for protection our large interest in Saudi Arabia.

**Thacher**



96. National Intelligence Estimate<sup>1</sup>

NIE 30–1–71

Washington, April 1, 1971.

[Omitted here are a cover sheet, table of contents, and a map.]

## THE PERSIAN GULF AFTER THE BRITISH DEPARTURE

## Note

This Estimate focuses on the prospects for stability in the Persian Gulf over the next few years. For more detail on Iran, see SNIE 34–70, “Iran’s International Position”, dated 3 September 1970, SECRET; for the world oil situation, see NIE 20/30–70, “The Security of Oil Supply to NATO and Japan”, dated 14 November 1970, SECRET; for Saudi Arabia, see NIE 36.6–70, “The Outlook for Saudi Arabia”, dated 7 April 1970, SECRET.<sup>2</sup>

## Conclusions

A. The British decision to terminate protective arrangements with the small states of the lower Gulf by the end of 1971 will open the area to accelerating political change. There is little prospect that British-sponsored efforts to organize a federation of these tiny sheikhdoms will come to fruition. The rulers are jealous of their prerogatives. Rivalries, particularly among the four larger principalities, and general lack of sophisticated leadership further complicate federation efforts. Bahrain, Qatar, Abu Dhabi, and Dubai have a reasonable prospect of maintaining their existence as independent states; the five smaller entities probably cannot survive over the longer run, though they do not face immediate challenge.

B. As ruler of the most effective and powerful state of the region, the Shah of Iran is determined to assert his leadership of the Gulf after the British departure. If, as seems increasingly likely, negotiations

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<sup>1</sup> Source: National Archives, Nixon Presidential Materials, NSC Files, Box 1276, Saunders Files, Persian Gulf. Secret. Sent to Kissinger under a June 18 covering memorandum entitled “The Persian Gulf: Back-Up.” A note on the cover sheet of this NIE indicates that it superseded NIE 30–1–67, “The Persian Gulf States,” May 18, 1967, printed in *Foreign Relations, 1964–1968*, volume XXI, Near East Region; Arabian Peninsula, Document 94. The Central Intelligence Agency and the intelligence organizations of the Departments of State and Defense and NSA participated in the preparation of this estimate. The Director of CIA submitted this estimate with the concurrence of all members of the USIB with the exception of the representatives of the AEC and FBI who abstained on the grounds that it was outside their jurisdiction.

<sup>2</sup> SNIE 34–70 is published in *Foreign Relations, 1969–1976*, volume E–4, Documents on Iran and Iraq, 1969–1972, Document 86; NIE 20/30–70 is scheduled for publication *ibid.*, volume XXXVI, Energy Crisis, 1969–1974; NIE 36–6–70 is Document 140.

with the sheikhs over the tiny islands of the Tunbs and Abu Musa which lie near the Strait of Hormuz fail to end in acceptable compromise, the Shah is likely to seize these islands once the British protectorate is ended. The Arab states of the area lack military capability to challenge this move, although some would protest vigorously.

C. King Feisal of Saudi Arabia is also attempting—though less skillfully than the Shah—to extend his influence in the Gulf. His dispute with Abu Dhabi and Oman over the Buraimi Oasis has little prospect of amicable solution in the near future. While Feisal would be tempted to use force to occupy this area, he is cautious by nature and probably recognizes at least some of the logistical and political difficulties attendant on such an operation.

D. If a radical regime should come to power in one of the sheikhdoms—and the chances of this are growing in Bahrain—both Saudi Arabia and Iran would probably seek to unseat it by indirect means. If these tactics did not succeed, they might attempt direct military intervention; both have the capability of launching successful attacks on any of the lower Gulf states. While the Shah and the King have common interest in this regard, their cooperation is not a foregone conclusion. The prospect of an Iranian lodgement on the Arab littoral might spur Feisal as a last resort to commit his own armed forces to pre-empt an Iranian move.

E. The USSR is certainly interested in establishing greater influence in the Gulf. Once the British leave, the Soviets will seek diplomatic relations with the lower Gulf states and may offer military equipment to the rulers. Soviet naval presence in the Gulf will doubtless increase, but there are constraints which will inhibit any striking upsurge; for example, the risk of disturbing present friendly relations with Iran. Though the Soviets are generally interested in acquiring shore facilities in the Indian Ocean area for regular use by naval vessels, they will probably not attach high priority to securing them in the Gulf. The USSR already is permitted regular naval visits at the Iraqi port of Umm Qasr.

F. The main US interest in the Gulf resides in assuring the unimpeded flow of oil from the region to consuming countries. The producing countries of the Gulf are displaying far greater regional cooperation than in the past, and are likely to advance new demands before the end of their five-year agreement with the oil companies in February 1976. We do not believe, however, that cooperation among the producing states would soon reach a point where they would concert to withhold oil for an extended period.

G. Rivalry between Iran and Saudi Arabia in the Gulf could also prove troublesome for the US as it would be difficult to reconcile the many US interests involved. After the British depart, the states of the

Gulf will almost certainly seek to involve the US more directly in their problems.

#### Discussion

[Omitted here are sections I–V, 14 pages of text.]

#### *VI. Implications for the United States*

40. The main US interest in the Gulf is assurance of an uninterrupted flow of oil to Western Europe and Japan and the contribution to the US balance of payments from the profits of American oil companies and US exports. US companies produce over 50 percent of the oil in the Gulf. About half of Western Europe's oil comes from the Gulf; Japan gets 90 percent of its oil from this region. Because presently most of the world's spare oil producing capacity (about two million barrels per day) is located here, Gulf oil would be important in compensating for a deficit developing from interruption in supply from any major oil producer elsewhere. Furthermore, only in the Gulf is there the likelihood of developing large increments of additional new production over the next few years.

41. In the past few years oil has been moving from a buyers to a sellers market. Rapidly rising demand in Western Europe and Japan has strained tanker availability; increasing consumption in the US has significantly reduced its spare oil producing capacity, and spare capacity in the Gulf has also declined. In this situation, the producing countries have become increasingly aware of their leverage and their ability to extract higher prices for oil. At the same time, competition which in the past stimulated eagerness to take advantage of one another's difficulty is lessening as substantial increases in production for all producers are in prospect. These factors were at work in the sharp confrontation with the international oil companies in the wake of the December 1970 meeting of the Organization of Petroleum Exporting Countries (OPEC). While some disunity in approach was still evident during these negotiations, the producing countries showed a greater degree of unanimity than had been apparent in the past.

42. In particular, the recent oil negotiations stimulated regional solidarity among the oil producing states of the Gulf. Common interest in higher revenues and an emerging conviction that they held the whip hand animated the Gulf producers to stand behind the Shah who dominated the confrontation with the international companies. While there was a certain amount of bluffing on both sides—neither side was really willing to see the flow of oil stopped—the Shah proved an effective bargainer. His performance in winning a five-year agreement for large and steady increases in posted prices has enhanced Iran's stature as a leader in this area.

43. This successful venture in regional cooperation is likely to have lasting effects. At least as long as the world's excess capacity is not ad-

equate to offset a shutdown by a major producer, the Gulf states are likely to view their interests as collectively pressing for higher per barrel revenues rather than return to the previous intense competition for greater oil revenues which led individual exporters to stress primarily increasing their own production. The Shah, however, would object strongly should Saudi Arabian production grow at a faster rate than production in Iran. But we believe that the Gulf countries will far more than in the past coordinate their bargaining approaches to the international companies.

44. We believe that the Gulf states are likely to consider ways to extract additional benefits from the oil companies before the end of the five-year term of the February 1971 agreement. The example of Libya and Venezuela which are pressing for more favorable terms will have important impact on the Persian Gulf producers. Hence, if the supply of oil remains tight, and if prices of Western goods rise rapidly, within a year or two the Gulf states are likely to advance new demands. These may include matters not covered by the present agreement, such as greater control and decision-making authority over oil operations in the form of equity participation in oil producing companies or relinquishment of additional concession areas, but they may also involve demands for higher prices. We do not believe, however, that cooperation between the Gulf producing states would soon reach the point where they would concert to withhold oil for an extended period in order to achieve their demands. Both the Shah and King Feisal, whose example would probably determine the actions of the lesser Gulf states, have little uncommitted oil income and would find any interruption in revenue painful.

45. In matters other than oil, conflicting politics of the larger states in the Gulf may prove troublesome for the US. If Feisal and the Shah, for example, were to fall into dispute over their respective roles in the Gulf, both would expect American support. While both Iran and Saudi Arabia almost certainly would do no more than verbal fencing in any event, a dispute between them would complicate the program of US military aid to Iran. In this situation, deliveries of advanced military equipment to the Shah would undoubtedly disturb the Saudi leadership. In view of the many US interests involved, it would not be easy to find a solution that would satisfy both sides.

46. The US Navy's Middle East Force (MIDEASTFOR), operating from Bahrain, consists of a converted seaplane tender flagship and two destroyer-type vessels. The ruler of Bahrain is amenable to the continued operation of this force from his island. While Iran in particular opposes foreign forces moving in as the British leave, there is throughout the Gulf a general acceptance of the continuation of a long-standing activity. Nonetheless, pressure against MIDEASTFOR is likely to grow after the British depart. Should the present regime

in Bahrain fall, however, the impetus to oust these naval units will probably accelerate.

47. In any event, the US is going to have more problems facing it in the Gulf in the future than before the British withdrawal. Not only will the pace of developments accelerate, but the states of the Gulf will almost certainly seek to involve the US more directly in their problems.

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**97. Telegram From the Department of State to the Embassies in the United Kingdom, Saudi Arabia, and Kuwait<sup>1</sup>**

Washington, April 13, 1971, 0030Z.

61915. Subj: Gulf Federation. Ref: State 38119; London 2843; Jidda 1143.<sup>2</sup> From Sisco.

1. We understand that British plan to wait out Saudi/Kuwaiti mission's next attempt, expected this month, to talk Gulf Amirs into nine state federation before UK itself tries to bring Saudi/Kuwait thinking around to accept reality that neither Bahrain nor Qatar will in final event accept membership in FAA. Embassy London should inform FCO of instructions set forth herein noting that we plan coordinate our own démarche with that of British and request we be advised of timing proposed UK approaches to SAG and GOK.<sup>3</sup>

2. When Dept instructs, Embassies Jidda and Kuwait should discuss following USG views on Gulf Federation at highest appropriate level.<sup>4</sup>

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<sup>1</sup> Source: National Archives, RG 59, Central Files 1970–73, POL 19 FAA. Secret, Limdis. Drafted on April 12 by Murphy; cleared in EUR/BMI, NEA/IRN, and NEA; and approved by Sisco. It was repeated to Tehran and Dhahran.

<sup>2</sup> In telegram 38119 to Jidda and London, March 8, the Department made no objection to Thacher and Walsh reiterating U.S. interest in a federation. (Ibid.) Telegram 2843 from London, March 31, contained information on the March 29 conversation among Murphy, Luce, and Acland. This discussion was a follow-up conversation to that of March 8, reported in telegram 2063 from London. (Ibid., Nixon Presidential Materials, NSC Files, Box 728, Country Files, Europe, United Kingdom, Vol. V) In telegram 1143 from Jidda, April 11, Thacher relayed the information that Kuwait and Saudi Arabia would deploy another joint team to visit the Gulf states to urge a federation of nine. (Ibid., RG 59, Central Files 1970–73, POL 19 FAA)

<sup>3</sup> Annenberg passed on the instructions to Acland on April 14. (Telegram 3305 from London; *ibid.*)

<sup>4</sup> Walsh passed on the information according to telegram 403 from Kuwait, April 14. Thacher referenced it in telegram 1195 from Jidda, April 15. (Both *ibid.*)

3. a) USG had originally hoped that all nine Amirates would agree to join together in Federal framework and still hopes this may be possible at some future date. However, reports of past several weeks have convinced us this goal unattainable by end of 1971 and its pursuit to exclusion more modest goal likely to be counterproductive.

b) Only few months remain, since we are convinced establishment of FAA would be far more difficult after UK withdrawal and perhaps impossible.

c) Appears maximum likely Federation attainable now will consist of seven Trucial States.

d) USG therefore strongly supports efforts of seven Amirates to join in Federal framework and urges GOK and SAG do likewise in interest future stability of Gulf area.

4. If no FAA materializes this year we foresee:

a) Dispersion and dissolution of Trucial Oman Scouts leaving no effective force capable of intervening throughout Trucial Coast to restore order if necessary;

b) disruption and probable disintegration of existing inter-Amirate counter-intelligence and counter-subversion liaison;

c) weakening or loss of promising institution for inter-Amirate economic cooperation (Trucial States Development Council);

d) exposure of smaller Amirates to individual subversion by radical powers.

5. Dept hopes Amb. Thacher will have opportunity at some point review foregoing personally with King. We are particularly apprehensive that Faisal may be reluctant endorse truncated FAA, on assumption he will find it difficult to support grouping which will be dominated by Abu Dhabi. Should there be appropriate opening in meeting with Faisal, Ambassador should note we assume SAG leadership shares our conviction that Federation, even if consisting of only 6/7 Amirates, is indispensable to Peninsula stability. If Faisal or other Saudis raise Saudi/Abu Dhabi border dispute, suggest you respond USG has no intention interject itself into this problem but does hope SAG will separate this dispute from urgent task of launching FAA.

**Rogers**

**98. Memorandum From Harold Saunders and Rosemary Neaher of the National Security Council Staff to the President's Assistant for National Security Affairs (Kissinger)<sup>1</sup>**

Washington, May 19, 1971.

SUBJECT

Status Report on the Arabian/Persian Gulf

There is just about half a year remaining before the special treaty relationships between the British and the Gulf states come to an end. British efforts to get a Gulf federation in train before withdrawal were accelerated last year by London's appointment of Sir William Luce, an old Gulf hand, as the Prime Minister's special representative on that issue. He has periodically made the rounds in the Gulf states, Saudi Arabia and Iran and has remained in touch with Washington as the situation evolved. Secretary Rogers, in London for SEATO, had the opportunity to get high-level assessments on the British outlook,<sup>2</sup> and Luce has now gone back to the area for yet another round of discussions.

This paper is intended to bring you up to date on the state of play in the negotiations between the British and the states in the Gulf as we move into the last lap before official British ties terminate in December. [The attached map should be helpful.]<sup>3</sup> We will be coming to you separately later with a broader strategy paper on U.S. options in the Gulf after 1971, so this paper will not address any larger issues or great power interests in the area.

The present situation can be described in terms of developments in three broad areas:

- (1) Efforts to achieve a federation among all or some of the nine states.
- (2) Efforts to resolve the dispute between Iran and two of the states (over possession of three tiny islands) which has resulted in the Shah's withholding his support for the formation of a federation. Failure to resolve this dispute could lead to the Shah's seizure of these islands and trigger the first Persian Gulf crisis.
- (3) Refinement of British plans for the manner and extent of their withdrawal and the shape and intent of their post-withdrawal presence.

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<sup>1</sup> Source: National Archives, Nixon Presidential Materials, NSC Files, Box 647, Country Files, Middle East, General, Vol. VIII. Secret. Sent for information.

<sup>2</sup> Telegram Secto 27/3859 from London, April 28. (Ibid., Box 728, Country Files, Europe, United Kingdom, Vol. VI)

<sup>3</sup> Attached but not printed. All brackets are in the original.

## I. Federation

Whether a federation will emerge at all and whether, assuming it does, it will be subscribed to by all nine or less than nine states are still the big questions. To date, there has been no agreement among the states on what powers would be delegated to the proposed Federation of Arab Emirates (kingdoms) or where its capital should be. In the interim, some have developed interest in going independent, two are caught in the dispute with Iran and all have demonstrated their capacity to allow historic family and tribal rivalries to obscure issues of longer-term security.

Exhaustive consultations on the question of a federation of nine members led the British to conclude early this year that that prospect was dead and that prospects for a configuration short of nine were very much up in the air; their recent talks with us confirm British skepticism. The matter stands as follows:

—*Nine is dead* because *Bahrein* has made clear—in every way short of a declaration—that it wants to go independent. Bahrein's ruling family (related to Kuwait's Sabahs) has a more sophisticated and developed society and found the proposals for sharing power in the FAA with poorer and more backward neighbors unsatisfactory.

—*Eight also seems impossible*. *Qatar*, it appears, does not want to remain in a federation without Bahrein, putting it in competition with entities among the remaining seven with which it has had vigorous disputes. Everyone is fairly certain that Qatar will opt for independence if Bahrein does.

—A union of seven has not been ruled out but there have been problems:

—The seven states, running west to east, are Abu Dhabi, Dubai and the five Trucial States of Sharja, Ajman, Umm al Qaiwain, Ras al Khaimah and Fujairah.

—The *Saudis* and the *Kuwaitis*, finally persuaded to lobby in the Gulf on behalf of union, have until recently pressed for a federation of the nine [despite the fact that Bahrein's intentions have been clear for some time]. This has inhibited serious consideration on the part of the Gulf states of a union of anything less than nine. Just this past month, the two littorals acknowledged that nine was a dead question.

—One helpful factor in the British view would have been an immediate declaration of independence by Bahrein. Bahrein, however, has been reluctant to do this without Faisal's go-ahead. Faisal has dawdled because he would have preferred a union of the remaining eight—now deemed impossible—over seven. [The latter would undoubtedly be dominated by wealthy Abu Dhabi with which Faisal has two serious border disputes.] The latest development is that Bahrein, with Saudi approval, is expected to make its declaration for independence in June. The British have felt this to be an unnecessary delay.

—Two of the seven—*Sharja* and *Ras al Khaimah*—respectively claim the islands of Abu Musa and the Tunbs which the Shah has made unquestionably clear will be his—by force if necessary. The Shah has made his



support for a federation contingent upon resolution of the islands question.

—Finally, there are *tribal rivalries among the seven*. For example, Dubai for historic reasons might align with Qatar rather than remain under the predominant influence of Abu Dhabi. The five small Trucial States are virtual desert kingdoms which have barely moved into the 20th century, although there is some suggestion that Abu Dhabi could have jurisdiction over them. [Dubai, of course, is geographically situated between Abu Dhabi and the five.]

The purpose of the foregoing was not to recount bothersome details but to demonstrate the kinds of mind-boggling jealousies and tribal prerogatives that affect regional cooperation among the Gulf states.

The British have been monitoring and keeping the lid on these squabbles throughout the protectorship period. Preparing to shed the veil as the protector power, they must settle some of these rivalries if the Gulf states are ever to work together. The British have given some thought to the smallest combination of states—perhaps two or three (in addition to an independent Bahrein and Qatar)—but questions remain as to the viability of such a configuration and the status of those shaykhdoms which might be excluded. Nevertheless, Luce is out in the field now pressing for a federation of seven which now Saudi Arabia, Kuwait and Iran also think is the best arrangement.

The *short-range British strategy vis-à-vis federation can be summed up as follows*: (1) They will press Bahrein to stick to its intention to declare independence in June. (2) They told Secretary Rogers in London that they will continue to take a public position as favoring a union of seven, as Bahrein's intentions (and Qatar's) are now clear in the public view. [Their objective would be to go with Bahrein, Qatar and an FAA of seven to the U.N. in the fall for membership.] (3) They will press the Arabs to work out a union of the seven but they have privately told us that, all else failing, they will accept a union of even as few as two. (4) They will press the Shah and the two Trucial States to resolve the islands question.

British intentions in the event that no federation is formed are less precise. They have told us privately that they would probably have to work out some kind of bilateral relationship with the four larger states analogous to that which they would accord any federation that would have been formed [Section III of this paper]. The ticklish question in their view would be what would happen to the five tiny Trucial States.

## II. *The Islands Dispute*

Standing right in the neck of the entrance to the Gulf are Abu Musa (claimed by Sharja) and the Tunbs (claimed by Ras al Khaimah). Sovereignty over and a military presence on all three of the islands are claimed by the Shah. [His adamance on the islands is reinforced by his

feeling that he was magnanimous in relinquishing Iran's claim to Bahrain.]<sup>4</sup> The following attitudes affect resolution of the problem:

—The *Shah* has said that these islands are necessary to him for the defense of Gulf security and that a military presence alone would not be enough; he must also have sovereignty (which would permit him exclusive rights over the oil believed to be offshore Abu Musa). Until February, he was willing to settle for a negotiation which fuzzed the sovereignty question (letting the Arabs temporarily off the hook) but gave him an immediate presence on the islands. This would facilitate movement towards a federation since he has said he would advance his support for it as soon as the British worked out with the two Gulf states to permit Iran its rightful presence on the island. The Shah has told Luce he is fully prepared to be very financially and economically generous to the shaykhs.

Neither side has been given to compromise. In February, frustrated at the lack of progress in talks, the Shah declared that he demanded both sovereignty and a military presence and that he would seize the islands the moment the British departed if the matter was not settled in advance of withdrawal. The British saw this as a turn for the worse.

It would seem that the Shah would want to avoid a precipitous move if he is to play a leading role in the Gulf. This may have been his thinking when, last month, he advanced to the British a softer negotiating position in which he returned to interest in fuzzing the sovereignty (for a period of two years at most and on the assumption it would be resolved in his favor), generous compensation for the Trucial States (he has even asked that the British begin researching the economic needs of Sharja and Ras al Khaimah), and some joint garrisoning in only the first weeks of ceding the islands to the Shah. If the shaykhs would accept this, the Shah would immediately declare his support for a federation (provided no documents related thereto mentioned the islands question). Luce is currently peddling this last offer in Sharja and Ras al Khaimah and will be going back to Tehran. We will keep you informed of the results.

—The *Trucial shayks* are nervous about ceding "Arab territory," especially in a time when nationalist, radical forces are growing in the area, and they are also fearful of the accusation of collusion with the Shah. Sharja also sees a valuable asset in the prospective oil deposits off Abu Musa. Both Trucial leaders are characteristically of a desert mentality and not inclined to budge in any event. They have indicated that they would almost prefer to have the islands seized, thus absolving them of responsibility. Luce has not been overly sanguine that the

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<sup>4</sup> As reported in telegram 780 from Jidda, March 12. (National Archives, RG 59, Central Files 1970-73, POL 19 FAA)

Shah's latest negotiating position is saleable to the Trucial rulers, although he customarily takes a dim view in advance.

—*The British*—in the eyes of the Shah, Faisal and the Kuwaitis—are the only ones who could work out a compromise and the picture of these negotiations over the islands contains nuances of deeper British concern for their long-term future in the Gulf as well as their especial favoritism for their Gulf state clients, over Iran. The British have several options, each of which produces a different set of dilemmas which they appear to be weighing:

(1) *Pressing the shaykhs harder*, pushing the theory that ceding the islands to the Shah for security purposes is in the interests of Gulf security. Done before withdrawal and in a package which fuzzed the sovereignty issue, short-term public outcry could be muffled as attention switched to focus on the formation of a federation. The Saudis and the Kuwaitis have taken the position that the British should work out any mutually satisfactory agreement. They are less concerned about the disposition of the islands than being forced to take a position—which they would have to do—if the Shah seized the islands.

—The British have expressed real interest in using the concept of “in the interests of Gulf security” as the mode for getting over the island question and, assuming the shaykhs bought the Shah's latest proposal, it would appear the route. At the same time, there are clear signs of reluctance to press too hard on these Arab clients on a question of “Arab territory” and wishful hoping that the Shah will back down. This is because their problem is very *deep concern about their long-term credibility with the Arabs*, particularly vis-à-vis their interests in the Gulf in the future when formal British responsibility will have ceased. The effects of U.K. involvement in ceding “Arab territory” on the eve of withdrawal would have to be weighed against the effects of U.K.-Iran antagonism.

(2) *Permitting the Shah to simply set up a presence on the islands now*. The British would assume a posture of helplessness which would protect them against Arab criticism.

—This would have some of the same drawbacks as option 1 without the advantage of being able to characterize the deal as part of British efforts to tidy up outstanding problems before withdrawal. It would be a less helpful way for the Shah to begin a “cooperative” role in the Gulf and the Shah himself is really more interested in getting his islands as unprecipitously as possible.

(3) *Permit the matter to drift. The Shah will seize the islands at the beginning of next year*. The British have hinted that they rather like the fact of being entirely off the hook. At the same time, they are fully aware of the drawbacks.

—With the termination of formal British ties, the British would no longer have the formal cover for intervening in the face of whatever

public outcry might occur. The Arabs could take the case to the U.N. for a long drawn-out debate, and the Shah's forceable seizure could become an issue to inflame prospects for cooperation of the littorals. The moderate Arab littorals (Saudi Arabia and Kuwait) would have to take a position against the Shah and the radicals would have a cause celebre. In the meantime, the Shah would have advanced no support for a federation. [It has not been established that his support is the determining factor in the establishment of the FAA. There would seem to be enough bickering on the Arab side to prevent its formation. However, the Shah's frustration of unity efforts—in distracting two potential members—is one more hurdle and a potential source of irritation between the littorals if it goes unresolved.]

*Comment:* The results of Luce's most recent Tehran-Trucial States exchange, as time runs out, will be crucial.

### III. British "Withdrawal"

If the foregoing issues bear an air of tentativeness, the nature and timing of British withdrawal and the shape of the post-withdrawal U.K. presence is even less clear. Much, we are told, will depend on the outcome of negotiations to get a federation effectively in gear.

As the protector power, Britain was, in effect, the parent of the Gulf states in helping to resolve issues between them and in conducting their foreign policy. The British were also responsible for the defense of the Gulf states and committed to coming to their defense.

The British describe their actual physical military presence as rather small; the important point is that internal security forces were ably led by British officers who have formed a network of effective leadership and qualified local ranks throughout the Gulf. On top of this is the British commitment to come to the defense of Gulf states under threat, either subversively or externally. U.K. defense officials have quantified their existing facilities as the following: an army battalion on Bahrein; several engineer squadrons (companies) at Sharja; two squadrons of Hawker Hunter aircraft on Bahrein (in fulfillment of a U.K. commitment to Kuwait); several frigates and minesweepers at Bahrein; contract officers with the small Bahrein Navy; seconded officers and non-commissioned officers with the Trucial Oman Scouts (the local security forces developed by the U.K. and the important element of local control).

*Post-withdrawal policy* was officially described on March 1 in the British parliament as the following: [This was the Conservative Government affirmation of its decision to carry out the 1968 decision of the Labor Government.]

(1) *Strong support for a union of the Gulf amirates and the offer to the union of the following assistance:*

—A treaty of friendship "containing and undertaking to consult together in time of need."

—Contribution of the Trucial Oman Scouts to form the nucleus of an FAA army. Availability of British officers and other personnel on loan to FAA forces and assistance in supply of equipment. [The FAA would finance its own forces.]

—Offer of elements of British forces, including training teams to assist with the training of union security forces. They could be stationed on a continuing basis to act in liaison and training roles.

—Regular training exercises involving the British Army and RAF units.

—Regular visits to the area by Royal Navy ships.

—Review of these arrangements where relevant.

(2) *HMG would expect the Union to continue to permit overflight rights and the staging of British military aircraft through Union territory as at the present.*

This policy statement was prefaced by the remark that it was related “solely to the situation as it stands at present”, i.e. that Bahrein, Qatar and the seven Trucial States were continuing discussions on the formation of an acceptable federation, with help from the Saudis and Kuwaitis. Discussions with the British since have shed the following light:

—The statement contained an element of flexibility; there may be a lingering in the withdrawal process. [Presumably, this means in the event a federation cannot be formed before the year is out.]

—Nevertheless, British defense is operating on the assumption that U.K. forces will be withdrawn before the end of the year, perhaps with the most activity coming in the fall.

—Periodic Army and RAF exercises would continue and Royal Navy visits would amount to about four per year. Overflight and staging rights at Bahrein along with a communications facility will be kept at Bahrein. The U.K. wants to provide training teams and leave its officers and NSOC<sup>5</sup> with the Trucial Scouts. [The Sharja facility (a small airport) would be abandoned although the UK will maintain a facility at Masirah (Oman).]

It is as yet unclear as to what extent the British have discussed these items with the Gulf states, although this was one of the original purposes of Luce’s present trip. Presumably, the situation will change as steps towards or away from federation occur. In the event no federation is formed, the British are aware that they will have to face several questions:

—What would be the British relationship to *each* of the Gulf states?

—What arrangement would be made for the important Trucial Oman Scouts? [The British would like to avoid dividing them up and distributing them to each state as the core of individual armies.]

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<sup>5</sup> This is a possible reference to either seconded and non-commissioned officers, or to the sector operations center.

—What would be the British relationship to the states in general in the event each remains a separate identity?

*Conclusion:* Sir William Luce is back in the Gulf at the moment to draw the Shah out on his compromise proposal (Luce has already told our embassy in Tehran he is not “sanguine” about its saleability to the Shaykhs)<sup>6</sup> and to make the rounds with the Shaykhs as well as the Saudis. From the information base established in this paper, we will keep you informed via briefer memos from now on.

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<sup>6</sup> As reported in telegram 2359 from Tehran, May 6. (National Archives, Nixon Presidential Materials, NSC Files, Box 602, Country Files, Middle East, Iran, Vol. III)

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**99. Memorandum From Harold Saunders of the National Security Council Staff to the President's Assistant for National Security Affairs (Kissinger)<sup>1</sup>**

Washington, June 22, 1971.

SUBJECT

Your Trip to London—Wrap-up on Persian Gulf

As you depart for London, the state of play in British efforts to organize the Gulf before withdrawing remains fluid. Since this is an issue on which the British are well-versed, you may find the following a useful summary of where matters stand at the moment.

1. *Federation.* You have seen the CIA assessment of the broader implications of British withdrawal,<sup>2</sup> my background memo<sup>3</sup> and the recent cables following William Luce's latest swing through the area.<sup>4</sup> As you know, on Luce's advice the British decided to approach King Faisal directly to impress upon him the fact that a federation of all nine states appeared to be a non-starter and to seek his cooperation in getting the

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<sup>1</sup> Source: National Archives, Nixon Presidential Materials, NSC Files, Box 647, Country Files, Middle East, General, Vol. VIII. Secret; Exdis. Sent for information. Hoskinson initialed for Saunders. A typed note indicates the memorandum was for the London Briefing Book.

<sup>2</sup> Document 96.

<sup>3</sup> Document 98.

<sup>4</sup> Attached but not printed are telegram 2079 from Jidda, June 18; telegram 2112 from Jidda, June 20; telegram 10991 to London, June 19; and telegram 826 from Dhahran, June 22, on which Saunders wrote: “Bahrain exasperated with Faisal's intransigence.”

Bahrainis to go ahead with their intention to declare independence this summer. With that obstacle overcome, the British were hopeful that serious work would begin on forming a federation of seven states (presuming that Qatar would follow Bahrain on the road to independence).

—As you know from this morning's briefing, King Faisal replied that his policy remains a federation of the nine and that the next step should be the convening of a meeting of the nine rulers to determine "who is cooperating and who is not." [Tab A]<sup>5</sup> With many fruitless rulers' meetings behind them, the British appear exasperated at the thought of another one covering the same ground. At the moment, they are expecting the Saudi Foreign Minister, Saqqaf, in London for further discussions next week. They would like Bahrain to go ahead and declare independence without Faisal's blessing, and think the King would be manageable.

—The Bahrainis have now expressed their unhappiness over Faisal's intransigence. They have indicated they will continue to prepare themselves for a mid-summer declaration of independence, despite Faisal's reaction, but want to avoid being blamed as the one Gulf state unwilling to cooperate in federation. They are exasperated that the other Gulf states and Arab states (except Kuwait) have not come to grips with the fact that a federation of the nine is not possible. Nevertheless, our consulate in Dhahran has pointed out that the Bahrainis are still very reluctant to move ahead without Faisal's blessing. [Tab B]<sup>6</sup> It remains to be seen whether they will do so before the deadline for U.N. membership applications in early August.

—State feels that Faisal is convinced that the British have not tried hard enough to demonstrate that a federation of the nine is dead. They believe that a rulers' meeting, as Faisal suggested, with a public head count of "who is cooperating and who is not" would provide the King with the kind of tangible proof he needs to show from his Gulf colleagues—the results of which he could either publicly endorse, giving the go-ahead to Bahrain, or ignore and permit matters to move towards a federation of seven.

2. *The Islands' Dispute* remains as described in our back-up papers.<sup>7</sup> William Luce presented the Trucial States with the Shah's compromise

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<sup>5</sup> Attached at Tab A but not printed is a June 21 paper prepared by Saunders for Kissinger, presumably for inclusion in the President's Tuesday (June 22) briefing. All brackets are in the original.

<sup>6</sup> Attached but not printed at Tab B is telegram 826 from Dhahran; see footnote 4 above.

<sup>7</sup> The back-up material, sent to Kissinger under a June 18 covering memorandum entitled "The Persian Gulf: Back-Up," included a June 11 paper entitled "The Persian Gulf"; NIE 30-1-71, Document 98; telegram 5363 to London, June 10, detailing a review session with British officials; and telegram 3243 from Tehran, June 17, which explored

proposal and the matter was left that the Arab side would consider it—but there is little optimism that they can accept the Shah's insistence on sovereignty. The atmosphere has been clouded somewhat by recent public statements in Kuwaiti press asserting that the islands are "Arab" territory [although privately the Kuwaitis have said they are less concerned about the ultimate disposition of the islands than the way in which a transfer is handled]. These have prompted sharp rebuttals in Iran. *Comment:* Knowing the Shah's sensitivities on this question, these public exchanges are not helpful. Further, they may move Kuwait to a position much tougher than the one that they have privately taken. The Shah, like King Faisal, is also suspicious of the British at this point.

#### *Other Issues*

Conceivably, the following items may be mentioned in any discussion of the Gulf.

—*COMIDEASTFOR*—As you know, we will be taking over the British naval facility on Bahrain and during the next fiscal year will probably qualitatively upgrade our presence by rotating in more modern destroyers and replacing the aging flagship.

—*U.S. Diplomatic Presence*—The imminence of the "formal" British withdrawal—permitting the establishment of diplomatic presences of other nations—has set in motion processes within the bureaucracy relating to the establishment of a U.S. presence. State is preparing for consideration in the Under Secretaries Committee proposed staffing for the Gulf, focussed on Bahrain, Oman and one mission in the Trucial States. They are thinking of a lower profile presence at the chargé level, with our ambassador in Kuwait accredited to the three missions. They are also looking at the question of recognition of Bahrain in anticipation of its declaration of independence.

—*Yemen:* As you know, after the long war of the sixties between Yemen Royalists (supported by Faisal) and rebels (supported by the UAR), Faisal finally reached an accommodation with North Yemen which brought into power moderates satisfactory to him in 1969. North Yemen has been and remains heavily in debt (especially to the Soviet Union and the Chinese) and despite the Saudis' oft-repeated concern about radical elements in the Gulf, they have not been very forthcoming on financial assistance. The Yemenis have floated their interest in resumed diplomatic relations with the U.S. but are nervous about getting out in front of the UAR on this question. We have tried to impress upon King Faisal the importance of his following up North Yemen's

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the historical basis for Iranian suspicions of British activity and warned of a possible Iranian-British crisis brewing over Persian Gulf issues. (National Archives, Nixon Presidential Materials, NSC Files, Box 1276, Saunders Files, Persian Gulf)



more favorable political situation with aid, but with little success. King Faisal continues to pursue a policy of confrontation with the radical South Yemen regime based in Aden. Currently, he is encouraging tribal dissidents, in part through North Yemen, but with little visible success.

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## 100. Memorandum of Conversation<sup>1</sup>

London, June 25, 1971, 10:15–11:50 a.m.

### PARTICIPANTS

British Foreign Office Officials: Messrs. Crawford, Brimelow, Parsons, Munson  
Mr. William J. Galloway, American Embassy London  
Dr. Kissinger  
Mr. Sonnenfeldt  
Mr. Lord

[Omitted here is material on the Middle East not related to the Persian Gulf.]

### *Persian Gulf*

Mr. Parsons recalled that the British were withdrawing their presence by the end of the year, and ending their protectorates, while trying to leave a tidy stable by getting a federation of nine states. Dr. Kissinger believed this would not work, and Mr. Parsons agreed that a nine-power federation was a nonstarter. Bahrein and Qatar were not cooperating, and the British believed they would go off on their own. This left them free to concentrate on the federation of seven states on the Trucial Coast. The Kuwaitis agreed but were stymied because of Faisal who for obscure reasons insists on a federation of nine. In response to Dr. Kissinger's question of why he took this position, Mr. Parsons said that it was partly a hardening of the mental arteries, partly because he didn't want to see Abu Dhabi predominant, partly his experience with Aden, and partly his suspicion of the British and his approach that anything they want he doesn't like.

Dr. Kissinger asked whether he preferred to have seven emirates since nine was out. Mr. Parsons said this was a sticking point. Bahrein and Qatar didn't want to alienate Faisal and go off on their own and this prevents the British from getting a federation of seven.

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<sup>1</sup> Source: National Archives, Nixon Presidential Materials, NSC Files, Kissinger Office Files, Box 62, Country Files, Europe, UK MemCons (originals). Secret. The meeting was held in the Foreign Office.

Dr. Kissinger said there were two possibilities: either they would not go off on their own and there would be a nine-power federation, or they would go off and there would be a seven-power federation. Mr. Parsons said a third possibility was that nothing would happen, and Dr. Kissinger commented that this meant nine separate entities. Mr. Parsons said this was much more likely and Dr. Kissinger asked whether Faisal really preferred this. Mr. Parsons said it was hard to figure him out; he would like to see all options open. Dr. Kissinger wondered whether he preferred nine independent states to seven federated ones. Mr. Parsons commented this sounded ridiculous on the surface. The British couldn't get past his blank insistence on a federation of nine and his own advisers didn't know his reasoning. Time was running out with only six months left and a lot to do.

Dr. Kissinger asked whether a union of seven would be a single state or would they all be run independently. Mr. Parsons thought that a federation was viable, since there was a considerable infrastructure already. In response to Dr. Kissinger's question, Mr. Parsons thought that the likely capital was Dubai or Abu Dhabi. He described some of the existing infrastructure and believed that a federation of seven was a practical possibility. Mr. Crawford remarked that it would look like a federation but with tribal autonomy. The federation would have certain governmental authorities such as security and foreign affairs.

Mr. Parsons said that anything that "our friends" could do to influence the situation would be profoundly appreciated.

Dr. Kissinger noted that Faisal was not too responsive to our leadership. He asked whether the US should try to move him toward a federation of seven. Mr. Parsons said that the US should use tactful leverage without appearing to gang up on him and make him more obstinate. Dr. Kissinger said that the US knew the problem and that its preference was the same as the British. He didn't know what we had done.

Mr. Galloway said that we had been waiting upon the British and that our degree of influence was not great. Dr. Kissinger commented that we would talk to Faisal. He had the impression that we had not done anything and were waiting on the British. We preferred a federation of nine to one of seven, with the least favorable solution being nine independent states. There might be a low key way to talk to him. *Dr. Kissinger said he would talk to Sisco about it.* Mr. Parsons thanked him.

Mr. Parsons said that the other problem was the Shah and the two islands. If they solve the problem of Faisal and get a federation of seven they then face the problem of a Shah who opposed any federation as long as the two islands problem was unresolved. Dr. Kissinger commented that everyone agrees that the Shah could be on the islands and the question was one of technical sovereignty. Mr. Parsons said

this was broadly correct; Iraq and Southern Yemen were opposed but this did not matter too much. If a couple of policemen were left and there was no talk of sovereignty, and the Shah had his garrison, he believed all parties could be brought to accept this arrangement.

The Shah had made some violent anti-British statements recently. It would be difficult to get any settlement which would not completely sell out sacred Arab soil and cause an uproar. He believed the Shah underestimated the Arab reaction to a Persian takeover. The British doubted his view and thought the wolf pack would howl. The alternative was to do nothing and let him take over when the British had gone. The trouble with that was that it would not help with the federation problem—so long as there was no settlement the Shah would oppose federation.

Dr. Kissinger asked whether he could thwart a federation. Mr. Parsons was not sure he could stymie six of the entities, but Dubai, one of the two big ones, was under the Shah's thumb. The other six maybe could go ahead. Perhaps one could go for a federation of six with the hope of Dubai jumping on. Mr. Crawford believed that Dubai would like to do this if they could convince the Shah to keep quiet on the question of formality.

Dr. Kissinger said he was not sure of the US position and asked Mr. Galloway to comment. He said we had impressed on the Shah that the British were doing their utmost to help him. Dr. Kissinger had said that the US had not taken a position on the question of sovereignty versus garrisons. He asked whether trouble was likely to break out this spring, and Mr. Parsons said that January 1 was the key date. Mr. Parsons said that if the Shah were more reasonable on the sovereignty question, this could tide us over. Dr. Kissinger said that his impression in the talks with the Shah last year was that he wanted hegemony over the seven Gulf states. We were not sure he was for a viable federation. Mr. Parsons said that the British always had that suspicion because of some remarks he had dropped. It would be hard to get an acceptable hegemony [*federation*] if he causes an Arab-Iranian split over the two islands. Dr. Kissinger remarked that this was true unless he used the islands to prevent a federation and then picked off the states one by one. Mr. Parsons said that was a very sobering thought. Dr. Kissinger remarked that the Shah was extremely intelligent.

Dr. Kissinger said that he would look into both these matters when he got back. On the first one (Faisal) perhaps we could do something in a low key way; on the second one, he would have to assess the Shah's motive. He said that the US basically agreed with the British position to try to get the largest possible federation, nine, then seven, then six. In response to his query, Mr. Parsons said that there was nothing realistic below six, i.e., the five tiny states plus one of the big ones.

[Omitted here is material on the Bahamas and East-West relations.]

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**101. Report Prepared by Director of Central Intelligence Helms<sup>1</sup>**

Washington, undated.

## SUBJECT

Views on the Persian Gulf [*less than 1 line not declassified*]

1. [*3 lines not declassified*] The two pressing issues in this area are clearly the status of three islands in the Strait of Hormuz (Abu Musa and the two Tunbs) and the prospects for a Federation of Arab Emirates among the Trucial States and neighboring Shaykhdoms.

2. *Conclusions:*

A. There appears to be an almost total breakdown of constructive communication among the major parties: Iran, Saudi Arabia and the United Kingdom. This communication breakdown could, if unresolved prior to British withdrawal, lead to a political breakdown among the Gulf Shaykhdoms. The ability of all parties concerned to control the aftermath would then be considerably less than it is today.

B. [*1½ lines not declassified*] HMG's officials state that the decision to withdraw is final, that there will be no large-scale British reinter-vention after withdrawal, and, by implication at least, that they have all but despaired of working out a "reasonable solution among reasonable men." Given bad Saudi-Iranian feeling against Britain and ap-arent British determination to pull out with as little additional fuss as possible, it is difficult at present to see how anything more than drift will occur in the area during the remainder of this year.

C. Failure to find a settlement before the British withdraw would not only add to turbulence in the Gulf area but could also open yet an- other front in the Arab-Israeli struggle. The Israelis' principal objective in the Persian Gulf is to maintain the flow of Iranian oil to Israel but in the bargain they would not mind increasing friction between their friend Iran and the Arab states. This friction seems predestined by Iran's insistence on regaining sovereignty over the three islands, one way or another. If the Iranians seize the islands, the Arab countries, led by Iraq, will probably close ranks in vocal opposition. The Soviets will undoubtedly support the Arabs in projecting any takeover of the is-lands as an Iranian-Israeli-(and most likely)-US plot.

D. The British believe the Soviets will move slowly at first, limit- ing initial representation to a modest diplomatic and commercial

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<sup>1</sup> Source: National Archives, Nixon Presidential Materials, NSC Files, Box 647, Country Files, Middle East General, Vol. VIII. Secret. Sent to Haig under a July 8 cover- ing memorandum from Helms.

mission in Bahrain. The Iranians and Saudis seem too preoccupied with their own parochial interests to have given much thought to likely Soviet moves after British withdrawal. On the other hand, Soviet policy in Arab countries with newly changed status (e.g., South Yemen and Libya) suggests it is overly optimistic to conclude that the Soviets will be inactive in the Gulf.

E. The American stake in the Persian Gulf is obviously our trade surplus in this area, now \$1.5 billion per year, and the current oil output of 16.5 million barrels per day which is expected to rise to 22 million barrels by 1975. On this basis alone, the continuing search for a formula to bring together Iran and Saudi Arabia plus the Arab Shaykhdoms would seem to be indicated and additional effort perhaps warranted. The extent to which the U.S. Government should involve itself in good offices is clearly a policy question.

3. The following is a summary, country by country, [*less than 1 line not declassified*].

A. *British View:* [*less than 3 lines not declassified*] The British recognize Iran as the unchallenged military power in the area. Iran is rapidly expanding naval and air force facilities along the Persian Gulf littoral. These facilities, without the islands, will insure Iranian control of the Gulf straits. HMG is ready and anxious to work out a reasonable solution among reasonable men. The difficulty is that the Iranian officials, particularly Foreign Minister Zahedi, appear to be misinforming the Shah and laying nearly total blame for the lack of a settlement on what they see as HMG's "double-dealing." King Faysal of Saudi Arabia is avoiding (and probably incapable of playing) any constructive role. Kuwait is not expected to make any useful initiatives, not taking sides in the controversy probably being its optimum position. Bahrain, which almost certainly will opt to become independent in the next month or so, to be followed by Qatar, is too concerned with national survival to emerge as a Gulf leader. The Trucial Shaykhdoms may eventually end up a federation of seven States, or possibly six if Dubai refuses to join, but in any case are too small, too weak militarily and too much tied to traditional petty rivalries to become an effective unified force. Perhaps surprising, Iraq has turned inward and become notably less aggressive after several years of active involvement with Gulf insurgent movements. Also, the UAR, once possibly the greatest threat to future area stability, appears to be preoccupied with more important problems elsewhere and is not now considered a significant factor in the Gulf. The British think that the main source of future trouble will come through internal subversion. Two theories prevail: either Bahrain, the most sophisticated and developed of the Shaykhdoms, will go first, or the initial threat will be a domino-type reaction sparked by the radical regime in Aden, moving through Dhufar and the rest of Sultanate of Oman [*less than 1 line not declassified*]

and affecting all the Trucial Shaykhdoms as far as Abu Dhabi. The British tend to be fairly relaxed, perhaps overly so, about the Soviets. They believe the Soviets will move cautiously for the first year or two after British withdrawal, limiting early representation to small diplomatic and commercial missions in Bahrain. Whatever the source of future subversion—purely internal or fomented by external forces such as the Soviets, the British are unanimous that there is almost no chance of large-scale reintervention or counteraction by HMG after withdrawal. [*less than 1 line not declassified*] there are so many vital international problems for Britain today, pre-eminently the common market question, that HMG simply cannot afford to get bogged down in Persian Gulf politics after 31 December 1971. And except for stated willingness to offer advice to, and meet with, the parties most directly concerned, there is little, if any, indication that HMG plans major new diplomatic efforts to resolve the outstanding issues of the Gulf before British withdrawal.

B. *Iranian View*: [*5 lines not declassified*].

The British are becoming more troublesome. The central issue began 80 years ago when the British “stole” the three islands from Iran. Now Iran will get the islands back, by force if necessary. [*less than 1 line not declassified*] The British are meddling with the Kuwaitis and even non-Gulf countries such as the UAR. As has occurred elsewhere when they withdrew from overseas territory, the British are leaving (perhaps intentionally) a “mess” in the Persian Gulf. The one hope is that British concentration on other problems, especially the EEC, will reduce their capability for troublemaking in the Gulf. Iran is the strongest and only stable country in the area. King Faysal is old and rather ineffectual. The main concern about Saudi Arabia is who or what will succeed King Faysal, and when. Bahrain, Qatar and the seven Trucial States are free to do what they want without interference from Iran. Iran welcomes a federation of the Shaykhdoms, if this is the Shaykhdoms’ choice, and is even prepared to offer financial assistance to the needy Trucial States. But Iran must first regain the three islands. Iraq could be more of a problem if reinforced by further Soviet military hardware. Soviet “friendship” treaties with Iraq and Syria, patterned after the UAR model, would be particularly dangerous for Iran. The Soviets have not given up their historic aim of seeking a land route to the Persian Gulf.

[*1½ lines not declassified*] Iran may be misreading British intentions and overestimating British capabilities in the post-1971 Gulf. After all, Iran and the UK as well as the US and other countries concerned, all want the same thing—stability in the area. The usual Iranian response was, “yes, but . . .”, and citing the British briefing of Egypt on the Gulf problem as clearly mischievous. On 28 June the local press highlighted a speech by the Prime Minister pointing up Iran’s determination to get the three islands whatever the cost. According to [*less than 1 line not*

*declassified*] “the cost may be the collapse of CENTO if the British force Iran to quit by remaining obstinate over the islands.”

C. *Saudi View*: (Note: Although I did not visit Saudi Arabia or talk with Saudi officials on this trip, the following is based on an assessment given me [*less than 1 line not declassified*])

King Faysal regards himself as the greatest Arab, dangerously overestimating his own and his country’s capability to influence events in the Middle East. He has refused to discuss any solution to the Gulf situation other than that based on a federation of nine Shaykhdoms, even though this is a patently dead issue. He has requested that the Bahrainis postpone any final decision on independence, but has left them baffled as to his own intentions. In mid-June the British Ambassador in Jidda informed King Faysal that HMG felt compelled to abandon efforts to achieve a federation of nine Shaykhdoms and asked for Saudi support for a union of seven (without Bahrain and Qatar). King Faysal reportedly lectured the Ambassador that Saudi Arabia could not be a party to destroying the original concept of a federation of nine. The King further warned the Ambassador that a federation of seven would confirm the world’s suspicions of British perfidy, that HMG’s ultimate objective is the perpetuation of British dominance of the lower Gulf. The British vehicle, [*less than 1 line not declassified*] would be the “stooge” Sultan of Oman who would then attempt to absorb the seven Trucial States. Contrasted [*less than 1 line not declassified*] views [*1 line not declassified*] that a federation of nine is out of the question and that, in fact, Bahraini independence is desirable. [*less than 1 line not declassified*] Saudi Arabia would not object to Iranian takeover of the disputed islands, provided this could be done in such a way to avoid the appearance that Saudi Arabia acquiesced in the seizure of Arab territory by non-Arabs. [*name not declassified*] talks of Saudi Arabia’s “Manifest Destiny” to unite the entire Arabian peninsula under the Saudi flag and, in particular, suggests that any internal unrest in Abu Dhabi would be used as a pretext to take over that Shaykhdom. [*3 lines not declassified*] Conspicuous failure of any of King Faysal’s policies would make him appear a foolish old man, spoil chances of achieving solidarity with Iran in the Gulf, and eventually result in a serious weakening of the monarchy in Saudi Arabia.

D. *Jordanian View*: King Husayn favors a federation of the Arab Shaykhdoms and is willing to support a grouping of seven if nine is not possible. Although aware of the dispute between Iran and the UK, he is trying to stand aside and avoid playing an active role. He is obviously not interested in offending his benefactor, King Faysal.

E. *Israeli View*: [*1½ lines not declassified*] There are two essential Israeli interests in the Persian Gulf; maintaining and improving the Israeli defense posture, and securing the oil lifeline from Iran to the port of Eilat. The Israelis are influenced by their desire to support the Ira-

nians, their continued involvement with the Kurds in Iraq (with whose help 400 Iraqi Jews have recently been brought to Israel), and their interest in any action which could weaken the development of an effective common Arab military front against Israel.

Israeli officials do not see the three islands in the Strait of Hormuz as being of great strategic importance. They believe that shipping in the Bal al-Mandab Strait in the Red Sea can be secured with a naval presence (aided by bases in Ethiopia). They would presumably agree that the Iranian Navy, operating from Iranian coastal bases, could protect shipping in the Strait of Hormuz in the Persian Gulf. Israel would tend to support Iranian seizure of the islands, but this position is probably derived primarily from interest in the best possible security for the tanker route from Iran to Israel.

Israelis have ample experience with the nuisance value of guerrilla movements. They strongly favor rapid action against such movements before they become entrenched. This philosophy encourages a wary eye toward the Soviet and Chinese presence in the area. Thus the Israelis believe that guerrilla movements in Oman and elsewhere in the Arabian hinterland could be eradicated with the judicious and not inordinate application of men and materiel, especially helicopters, even by the Saudis.

The Israelis see inter-Arab relations as an elaborate scenario in which claims are rarely pushed to the acid test of war. In this context, they believe King Faysal with money and religious prestige can wield political influence within the Arab World despite military weakness. They view King Faysal as less effective, however, in dealing with Iran due to historic Arab-Persian mutual distrust and the vast superiority of Iran's military forces.

According to the Israelis, the UAR has been inactive in the Persian Gulf since the June War of 1967.

The Israelis have little respect for the declining British authority in the area. They tend to agree that British policy is designed to avoid antagonizing the various Shaykhdoms and to retain maximum influence in the area, via commercial interests, after final withdrawal at the end of 1971. In this view, the Israelis are probably influenced by the opinions of their Iranian friends.

There is considerable Israeli interest in Iraqi intentions in the area, related directly to Iraqi capabilities against Israel. Israel viewed favorably the removal of most Iraqi forces from Jordan and their relocation opposite Kuwait and on the Iranian border (where they are too distant to pose a coup threat to the Government in Baghdad). Israel is sympathetic with the Iranian thesis that the Soviets wish to use Iraq as a subversive base of operations in the area. Soviet naval visits to Iraq and the presence of Soviet fishing boats in the Persian Gulf have been



noted. The Israelis have no doubt that Iranian forces could defeat the Iraqis and they see no immediate Iraqi threat to Kuwait. Without much respect for the Iraqi regime, the Israelis nevertheless closely watch Iraqi actions, including alleged Iraqi assistance to the Popular Front for the Liberation of the Occupied Arab Gulf.

The Israelis have little to suggest regarding the small Shaykhdoms. They are cynical about the chances of a federation and are deeply pessimistic about the capacity of the various Shaykhs to handle their affairs once the British leave. They see the Shaykhdoms' need for a new "uncle" and they fear, whoever it is, their interest will suffer.

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## 102. Memorandum From the President's Deputy Assistant for National Security Affairs (Haig) to President Nixon<sup>1</sup>

Washington, July 14, 1971.

### SUBJECT

U.S. Recognition of the Gulf States of Bahrain and Qatar

Secretary Rogers has sent you a memo (attached)<sup>2</sup> recommending that you approve now U.S. recognition of the two largest Persian Gulf states—Bahrain and Qatar—when they declare their independence some time before the deadline for applications to the U.N. in early August. The Secretary also recommends that you approve the establishment of diplomatic relations with those two states by accrediting your Ambassador to Kuwait [John Patrick Walsh]<sup>3</sup> as your non-resident Ambassador to Bahrain and Qatar. The Secretary notes that in NSDM 92<sup>4</sup> of last November you approved in principle the expansion of U.S. diplomatic representation to the lower Persian Gulf as the British protective treaties come to an end this year.

The purpose of these actions is to pre-position the U.S. to respond to what appears to be the irreversible decision of Bahrain to declare its

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<sup>1</sup> Source: National Archives, Nixon Presidential Materials, NSC Files, Box 632, Country Files, Middle East, Trucial States. Confidential. Sent for action. A notation on the memorandum indicates that the President saw it.

<sup>2</sup> Not attached. A copy of the memorandum from Rogers to Nixon, July 2, is *ibid.*, RG 59, Central Files 1970–73, POL 16 BAHRAIN IS.

<sup>3</sup> Brackets are in the original.

<sup>4</sup> Document 91.

independence this summer. When this happens, it is most likely that Qatar will follow suit. By approving now, the U.S. would be able to extend its recognition immediately upon a public announcement by these states. The best estimate now is that they will declare independence before the end of the month. Early diplomatic recognition of Bahrain and Qatar is in our interest and should not cause any significant problems with the other Persian Gulf states.

As you know, the British have been intensely engaged in attempting to establish a federation of the Persian Gulf entities before they depart at the end of this year. For some time, Bahraini intentions have been clear and the British conceded earlier this year that a federation of all nine, or even eight, states was a non-starter. A federation of the seven plus two independents was felt to be the most viable alternative and the problem became one of getting serious attention turned in that direction. An early declaration of independence by Bahrain would have provided incentive for that movement but the Bahrainis have been reluctant to do this without King Faisal's approval. Faisal, mainly because of his rivalry with Abu Dhabi (the state which would dominate the federation of the remaining seven) and sensitivity to the appearance of acquiescing to British pressure, has held back to date on this approval.<sup>5</sup> Meanwhile, Bahrain is performing every pre-independence act short of a public statement and, with British help, probing avenues to Faisal's formal acceptance before the U.N. deadline in August.

*Recommendations:*

1. That you approve U.S. recognition of *Bahrain* as that state becomes fully independent and the establishment of diplomatic relations thereupon by accrediting our Ambassador in Kuwait as non-resident Ambassador.
2. That you approve U.S. recognition of *Qatar* as that state becomes independent and the establishment of diplomatic relations thereupon by accrediting our Ambassador in Kuwait as non-resident Ambassador.<sup>6</sup>

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<sup>5</sup> In telegram 2845 from Jidda, August 14, Thatcher noted that United States recognition should follow that of Saudi Arabia, but should Saudi Arabia not recognize Bahrain, then U.S. recognition should follow "at least" that of Kuwait, Iran, and UAR. (National Archives, RG 59, Central Files 1970-73, POL 16 BAHRAIN IS) Faisal signaled his acquiescence to Bahraini independence August 15. (Telegram 2853 from Jidda, August 15; *ibid.*, Nixon Presidential Materials, NSC Files, Box 1276, Saunders Files, Persian Gulf)

<sup>6</sup> Nixon initialed his approval of both recommendations. The United States recognized Bahrain on August 15, one day after it declared independence. (Telegram 149358 to COMDEASTFOR and Dhahran, August 14; *ibid.*, RG 59, Central Files 1970-73, POL 16 BAHRAIN IS) The United States recognized Qatar on September 6. (Telegram 1140 from Dhahran, September 6; *ibid.*, Nixon Presidential Materials, NSC Files, Box 1276, Saunders Files, Persian Gulf)

### 103. Memorandum of Conversation<sup>1</sup>

London, July 20, 1971.

#### SUBJECT

US/UK Bilaterals July 20—Persian Gulf

#### PARTICIPANTS

Sir Alec Douglas-Home, British Secretary of State for Foreign and  
Commonwealth Affairs

John N. Irwin II, Under Secretary of State

Sir Alec said that after endlessly patient negotiating by Sir William Luce, it appeared that a union of 6, or perhaps 7, might be formed.<sup>2</sup> Bahrain and Qatar will probably stay independent. This would be a satisfactory outcome for the British, but they still had “mild trouble” on two counts: Faisal’s continued opposition (Faisal would accept a Federation of 9, but not of 7), and the islands. Faisal has succeeded in frightening Bahrain somewhat, but he thought they would go through with independence.

On the islands, Sir Alec said the Shah seemed determined to brook no compromise: he not only insisted on having the islands, but wanted the British to deliver them. The British could find no way of doing so without bringing down the wrath of the Arabs on their heads. It was now conceivable that the Shah might attempt to seize the islands before British withdrawal.

The Under Secretary asked about the scheme that had once been talked about of having an Iranian military presence on the islands with

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<sup>1</sup> Source: National Archives, RG 59, Central Files 1970–73, POL UK–US. Confidential; Limdis. Drafted by B. Scott Custer and approved on July 30 in U. This is Part 8 of an 8-part memorandum of conversation that recorded discussions on the Middle East, Southeast Asia, and Europe. Parts 1–7 are not printed.

<sup>2</sup> On July 18, after a week-long meeting in Dubai, the seven Trucial States announced agreement on the establishment of a federation to take place before the British military withdrawal from the Persian Gulf. The federation would have a Supreme Council, a cabinet, and a legislature, with Sheikh Zayid of Abu Dhabi the most likely first president of the new United Arab Emirates. Ras al-Khaimah refused to sign the agreement due to disagreement over representation in the legislature. On October 1 Saunders and Neaheer informed Kissinger that the British did not respond to the Dubai announcement because they were working on the island dispute and because Iran had perceived the Dubai announcement as British manipulation. (President’s Saturday Briefing Paper, October 1; *ibid.*, Nixon Presidential Materials, NSC Files, Box 1276, Saunders Files, Persian Gulf) Telegram 1286 from Dhahran, October 1, summarizes the status of the six-member federation, emphasizing their determination to declare independence by year’s end. (*Ibid.*)

the issue of sovereignty being fudged, at least initially. Luce said the British were presently negotiating with the Iranian Ambassador in London. The two rulers (Shah and Faisal) have agreed that there can be an Iranian military presence. What the Arabs have not as yet accepted is the cession of sovereignty to Iran, and whether or not the question is publicly mentioned. The British were now talking to both sides about the length of the interim period before the rulers would withdraw the token police force, and the further interim period during which the sovereignty issue would be fudged. Sir Alec said he thought some solution still possible but noted that the Shah's position has been getting harder over the past few months. Sir Alec suggested that the Shah had had too great a success in the oil negotiations and this had gone to his head. Godber asked what the US proposed be done. The Under Secretary indicated we hoped the British would be able to work out some solution.

The Under Secretary asked about the Shah's attitude on oil and economic aid. Luce confirmed that the Shah is prepared to be generous: but the difficulty for the Arabs is in appearing to sell out Arab interests. The formation of a union may help in this respect by shifting at least part of the onus to seven rather than two.

Sir Alec said that Britain is continuing to work for a compromise. He wondered what advice the US is giving the Shah. The Under Secretary said we are continuing to urge him to reach a compromise solution: the results for everyone, including Iran, would be better than an arbitrary takeover.

In closing, Sir Alec repeated it is conceivable that the Shah might decide to move before the British are out. He said the Shah calculates that there would be no reaction if he seizes the islands. Shaking his head, Sir Alec said "I'm not sure he's right."

#### 104. Telegram From the Department of State to the Embassies in Saudi Arabia and Iran<sup>1</sup>

Washington, July 21, 1971, 0041Z.

131518. Ref: Jidda 2536; Tehran 3923.<sup>2</sup> Subj: Federation of United Arab Emirates; Saudi Position.

1. Commend your presentation to Mas'ud encouraging SAG to speak out in support of July 18 step by Gulf rulers towards formation of six-member federation. We are concerned that if Faisal withholds his support for Federation of Trucial States he will considerably weaken prospects for its success.

2. You are therefore authorized in your next meeting with Mas'ud to make on instructions points contained para 6 Jidda 2536.<sup>3</sup> You should state in addition that we have been giving careful consideration to King's views, most recently expressed to Vice President Agnew,<sup>4</sup> about the undesirability of a Gulf federation of less than nine states. King is aware USG has from beginning hoped that all nine Gulf states would find way to unite prior to UK withdrawal. July 18 decision of six Trucial rulers to form Federation has added to mounting evidence that prospects for nine state federation this year are nil. Our own judgment is that grouping of majority of Trucial States is prerequisite for stability in that part of Peninsula. We share with SAG its goal of orderly progress for Gulf and consider it essential to defense against such troublemakers as Iraq and PDRY that Saudi Arabia, Kuwait and Iran assist whatever political entities emerge this year in the Gulf, while continuing to urge on these entities the longer term goal of greater regional unity.

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<sup>1</sup> Source: National Archives, RG 59, Central Files 1970–73, POL 16 UAE. Secret; Priority; Exdis. Drafted by Twinam and Murphy; cleared in NEA/IRN, NEA, and S/S–O; and approved by Sisco. It was repeated to Kuwait, London, and Dhahran.

<sup>2</sup> In telegram 2536 from Jidda, July 19, Thacher reported that the Saudi Government had not developed a position on the newly announced UAE although he had urged Mas'ud to endorse it as soon as possible. Thacher asked that he be instructed to relay to Mas'ud that the United States approved and that the King should be so informed. (Ibid.) In telegram 3923 from Tehran, July 19, MacArthur wrote that Zahedi seemed "relatively relaxed" about the announcement, but that Iran's overall position on the islands remained unchanged. (Ibid., POL 33 PERSIAN GULF)

<sup>3</sup> In paragraph 6 Thacher requested that he be instructed to inform Mas'ud that the United States "warmly endorses" the UAE, notes with "particular approval that door has been left open for adherence of other states," sees the signing of the temporary constitution as "a welcome and tangible step toward a new political era in Gulf," hopes that other governments and Saudi Arabia "in particular" will give early encouragement to UAE, and that these points be "passed promptly and clearly to King Faisal."

<sup>4</sup> Agnew met with King Faisal on July 8. See footnote 2, Document 155.

3. In making above presentation you should note that we are of course mindful of the unsettled problem concerning the Gulf islands in dispute between Iran, Sharjah and Ras al-Khaimah. We have not and will not take sides over the merits of the conflicting claims in these cases but understand that Britain and Iran are working diligently to find solutions. We are hopeful some accommodation will be reached prior to actual establishment of Federation and moves by it to seek formal international recognition.

4. Should Mas'ud ask US position on Bahrain's and Qatar's status, you may comment that while we continue to hope those states will one day associate themselves with Federation, we accept likelihood that Bahrain and Qatar will soon seek independent status and for period at least follow course independent of Trucial States. We consider both states better equipped in comparison with individual Trucial States to stand on their own.<sup>5</sup>

5. *For Tehran.* Department is pleased that Zahedi's initial reaction to July 18 announcement has been "relatively relaxed." We share the view you put to Zahedi that nothing has happened to challenge Iranian position on islands. We are heartened that majority of fractious Gulf rulers seem prepared to put aside welter of rivalries and grudges to cooperate in larger, more viable political unity. We hope that Iran will continue its search for an amicable solution concerning islands and that in expectation of success it will forego public positions complicating plans for a UAE. If asked, you may confirm that we have spoken favorably to the Saudis about this development which in our view does no violence to Iran's position.

**Rogers**

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<sup>5</sup> Telegram 2571 from Jidda, July 22, details Thatcher's presentation to Mas'ud. (National Archives, RG 59, Central Files 1970-73, POL 16 UAE)

### 105. Telegram From the Department of State to the Embassies in the United Kingdom and Iran<sup>1</sup>

Washington, September 13, 1971, 2106Z.

167792. Subj: Gulf Islands: Secretary's Letter to Douglas-Home. Ref: Tehran 4970.<sup>2</sup>

1. Following is text of Secretary's letter to Douglas-Home which is being pouched London for delivery. Request Embassy deliver text prior to receipt of signed original.<sup>3</sup>

"The Right Honorable, Sir Alec Douglas-Home, K.T., M.P., Secretary of State for Foreign and Commonwealth Affairs, London. Dear Alec: Since we discussed the Gulf Islands dispute in London last April<sup>4</sup> I have followed this difficult problem with continuing interest. I now understand that Sir William Luce has negotiated an agreement in principle with the Iranians on an arrangement which would satisfy basic Iranian demands.<sup>5</sup> I consider this a significant and encouraging development and wish to express my great admiration for the skill displayed on your side in bringing about this agreement.

We have received a message from the Shah indicating that the terms to which he has agreed<sup>6</sup> are as far as he can go in being accom-

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<sup>1</sup> Source: National Archives, Nixon Presidential Materials, NSC Files, Box 729, Country Files, Europe, United Kingdom, Vol. VII. Secret; Priority; Exdis. Drafted by Twinam; cleared in NEA, NEA/IRN, NEA/ARP, and EUR/BMI; and approved by Rogers. It was repeated to Dhahran, Ankara, Kuwait, and Jidda.

<sup>2</sup> In telegram 4970 from Tehran, September 7, the Embassy reported that the Shah and Britain had reached an agreement in principle. For the British, this agreement depended on concurrence from the Sheikhs. MacArthur recommended that the United States press the British to get the Sheikhs' agreement. (*Ibid.*, Box 602, Country Files, Middle East, Iran, Vol. IV)

<sup>3</sup> Delivered September 15. (Telegram 8552 from London, September 15; *ibid.*, Box 729, Country Files, Europe, United Kingdom, Vol. VII) In telegram 167813 to London, September 13, the Department suggested that, when delivering this letter, Annenberg state that in the event the Sheikhs responded negatively, the British should consult with the United States to determine whether an American approach to either Iran or the Sheikhs would be desirable. (*Ibid.*)

<sup>4</sup> See footnote 2, Document 98.

<sup>5</sup> A reference to ongoing Luce-Afshar talks, which the British disclosed to the United States on August 5. As reported in telegram 7280 from London, Acland told Annenberg that the Shah had recently shown flexibility on the issue of how to blur sovereignty. Moreover, if the Shah agreed to the criteria then under debate, Luce would be able to wrap up the islands issue by the end of August, paving the way for a federation. (National Archives, Nixon Presidential Materials, NSC Files, Box 728, Country Files, Europe, United Kingdom, Vol. VI)

<sup>6</sup> In a September 8 paper, Saunders summarized the terms of the "London Formula." In it, the Shah agreed to the following principles: 1) withdrawal by the two sheikhdoms of their official presence from the islands 12 months from the date that Iran

modating on this question. He has told us that if the Arab Shaykhs refuse to accept the terms to which the United Kingdom and Iran have agreed, Anglo-Iranian relations will be seriously jeopardized, Iran will denounce the proposed Federation of Arab Amirates, and Iran will reserve its rights to take such action as it deems necessary to protect its national interest. I am informed that the Shah has conveyed a similar message to you.

I fully understand the difficulty of bringing the Arab Shaykhs to accept this arrangement. I am confident, however, that the terms which you have negotiated on their behalf are as good as the Shaykhs can expect.

I know we are fully in accord that an amicable settlement of this nature is essential if there is to be cooperation and stability in the Gulf in the future. In looking at ways we might assist, I see little we could add to your efforts at this time to influence the Gulf Shaykhs. We do intend, however, to reply to the Shah that we are confident that the United Kingdom will make every effort to bring this promising opportunity for a settlement to a successful conclusion. With best personal regards, sincerely, William P. Rogers."<sup>7</sup>

2. When London has delivered text Ambassador MacArthur may wish to reply to Shah's message giving assurances indicated last sentence of letter.

**Rogers**

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established its presence; 2) silence on the issue of sovereignty for 18 months from the same date; and 3) an annual payment of \$1.5 million to each of the sheikhdoms for 10 years, in addition to a generous sharing of any oil or other mineral revenue by Iran. Saunders concluded: "the issue for us is whether to leave the British and the Shaikhs alone at this critical point or weigh in with one or both sides." (Paper prepared for inclusion in the President's September 9 Daily Briefing; *ibid.*, Box 1276, Saunders Files, Persian Gulf)

<sup>7</sup> Douglas-Home responded on September 21 that while he took the Iranian position very seriously, he thought the Shah was anxious to achieve a negotiated settlement. Moreover, the Shah "may have anxieties about having his bluff called since he cannot want to use force if he can avoid it, thus jeopardising his relations both with the Gulf States and the whole Arab world. There is a chance therefore that he may not have spoken his last word. He is, of course, as we all know, a very accomplished brinkman." Failure to achieve a settlement acceptable to the Shah would have an "undesirable" effect on British-Iranian relations, but Britain could not just hand the islands over to Iran since this would harm Britain's relations with the Persian Gulf states. (Telegram 175137 to Dhahran, September 23; *ibid.*, Box 630, Country Files, Middle East, Saudi Arabia, Vol. III)



## 106. Memorandum From the President's Assistant for National Security Affairs (Kissinger) to President Nixon<sup>1</sup>

Washington, undated.

### SUBJECT

US Relations with Lower Persian Gulf States

With your approval this summer, the US has recognized the independent states of *Bahrain* and *Qatar* in the Persian Gulf and is establishing diplomatic relations with them by accrediting your Ambassador in Kuwait as non-resident Ambassador.

This leaves two entities to be dealt with—the proposed Federation of the seven remaining “Trucial” states and our relations with the tenth state, *Oman*, which will not be joining any federation for the foreseeable future.

Following a review of our Persian Gulf options last year, you approved in principle the establishment of diplomatic relations with the lower Gulf states. *Secretary Rogers is now recommending specifically that you:*

—approve US recognition of the proposed Trucial States Federation when it becomes formally independent and the establishment of diplomatic relations by accrediting our Ambassador in Kuwait as non-resident Ambassador [Tab A];<sup>2</sup>

—approve informing the Sultan of Oman of the US readiness to establish formal diplomatic relations (the US has recognized Oman since 1833) and accrediting our Ambassador in Kuwait as non-resident Ambassador. [Tab B]

*Background:* The British have been working at an increasing pace to leave behind an orderly pattern of Gulf state relationships when the formal UK treaties terminate at the end of this year. The pattern that has emerged has become one of (a) two independent states (Bahrain and Qatar), (b) a federation of the remaining seven tiny states and (c) Oman, which has been independent through the years.

—The Federation of seven was considered the most viable alternative to the original scheme for nine as Bahraini and Qatari intentions to go it alone became clearer this year. The Trucial state rulers have issued a declaration of “intent” to form a federation but are momentarily holding up formal announcement pending resolution of the dispute

<sup>1</sup> Source: National Archives, Nixon Presidential Materials, NSC Files, Box 647, Country Files, Middle East, General, Vol. VIII. Confidential. Sent for action.

<sup>2</sup> Attached but not printed at Tabs A and B are October 5 memoranda from Johnson to Nixon. All brackets are in the original.

between the Shah and two of the states over three small islands at the entrance to the Gulf. The negotiations between the British, Iranians and Arab rulers are, incidentally, in the final stages and will hopefully reach some compromise settlement. The Shah has made clear, however, that he will frustrate the formation of any federation until the issue is settled; hence, formal announcement of a federation is being held in abeyance. The British are moving ahead with plans to transfer powers to a budding federation bureaucracy and hope that the new entity can be formalized by mid-December. Your agreement to extend recognition would permit State to be forthcoming on the question of relations, although the timing would be reviewed when the actual circumstances become clear.

—Through the years, *Oman* has maintained a very close relationship with the British and always friendly—if limited—contacts with the US. At the entrance to the Gulf, Oman has substantial oil wealth and a population larger than all nine lower Gulf states combined. With the general awakening of the Gulf area, the Sultan of Oman (who deposed the near-medieval rulership of his father last summer) has begun to develop contacts with the outside world and is in the process of establishing ties with India, Japan and Pakistan. He has approached the USSR and has engaged Arab government and UN support. Finally, he has expressed the desire to have a formal indication of US interest in establishing diplomatic relations. The Sultan has decided to concentrate on domestic priorities for the foreseeable future rather than linking up with other Gulf states, since he is coping with a longstanding insurrection in his Dhofar province fed by radical forces in neighboring South Yemen. The Secretary believes it would be appropriate to round out our development of a diplomatic presence in the Gulf by offering to have ties with Oman.

*Recommendations:*

1. That you approve in principle recognition of the Federation and establishment of diplomatic relations with exact timing to be reviewed in the light of the situation when the Federation's independence is proclaimed.
2. That you approve indicating to Oman our willingness to establish diplomatic relations.<sup>3</sup>

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<sup>3</sup> Nixon checked his approval of both recommendations. The United States recognized the UAE on December 3 and established diplomatic relations with Oman on October 20.

**107. Telegram From the Embassy in Iran to the Department of State<sup>1</sup>**

Tehran, November 15, 1971, 0803Z.

6452. Subject: Gulf Islands. Ref: State 207380.<sup>2</sup>

1. Sir William Luce (accompanied by Amb Ramsbotham and British DCM Murray) briefed me November 13 much along lines of reftel, on status of his meeting with Shah at Caspian November 12. Luce confirmed Shah had demonstrated considerable flexibility and said two sides were very close on all points except for oil concession arrangements in Abu Musa area.

2. Luce said he left session with impression Shah was no longer as preoccupied as he had been over question of sovereignty and was now more interested in security aspects of island arrangements.

3. Virtual agreement reached on:

(A) Area of Abu Musa to be occupied by Iranians and Sharjah (during meeting Shah drew new and more generous line across map giving Sharjah well, Khalid's grandfather's grave and deep water needed for oil facility).

(B) Public statement by Khalid.

(C) Khalid's request for agreement in writing. (Shah was opposed to signing agreement with Sharjah but accepted Luce's suggestion that agreement be in form of exchange of letters between Iran and UK followed by exchange between UK and Sharjah. Luce believes he can sell this to Khalid.)

(D) Territorial waters, with both sides recognizing each other's 12-mile limit.

(E) Right of Abu Musa inhabitants to fish around islands.

4. Shah also accepted exploitation of oil resources off Abu Musa to be conducted by company designated by Sharjah (earlier in day Ely told us this would be Buttes).<sup>3</sup> Agreement also reached on 50/50 split

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<sup>1</sup> Source: National Archives, Nixon Presidential Materials, NSC Files, Box 602, Country Files, Middle East, Iran, Vol. IV. Secret; Priority; Exdis. It was repeated to Brussels (Priority) for Ambassador MacArthur, London (Priority), Dhahran, Jidda, and Kuwait.

<sup>2</sup> Telegram 207380 to Tehran, November 12. (Ibid., RG 59, Central Files 1970–73, POL 33 PERSIAN GULF)

<sup>3</sup> Northcutt Ely, an American lawyer, was hired by Shaikh Khalid to represent Sharjah in its offshore concession boundary disputes and to protect the entirety of its interests in regards to Abu Musa. Ely also represented Buttes Oil Company. (Telegram 2806 from London, April 14, 1970; *ibid.*) Sharjah had granted Buttes Oil Company drilling

of oil revenues. However question of oil concession terms still unresolved. Shah rejected phraseology that oil operations conform to OPEC standards and said operations must be carried out in conformity with relevant laws and regulations of Iran. Luce said Iranian insistence on this point was last remaining hurdle and it was proving to be a difficult one because Sharjah decrees and Iranian laws on mineral resources are basically incompatible and negotiators are having trouble finding formula under which company can operate in manner acceptable to both Sharjah and Iranian laws.

5. Luce is clearly troubled by difficulties he has encountered on this point. Matter is now being discussed with Ambassador Afshar, who Luce says is legalistic, and with NIOC lawyers. Frustrating point is that there is agreement in principle on oil concession but language has not yet been worked out to reflect this agreement and Luce fears this aspect of negotiation will be bogged down in legalistic fine print unacceptable to Sharjah which could threaten entire agreement. Ely is now hard at work on language but if lawyers cannot agree Luce believes he will have to go back to Shah for decision based on political rather than legal considerations.

6. Basic agreement has no time limit although separate agreement on financial assistance specifies that Iran will provide aid for period of nine years. During meeting Shah said he wanted to append statement to basic agreement reserving right to intervene if security of Iranian forces in Abu Musa threatened or if stability of Gulf endangered. Luce said touchy point for Sharjah but he thought Khalid letter of last March accepting principle of stationing troops on Abu Musa in interest of security of Gulf might provide loop-hole to get around this problem. Luce added that, during private moment with Shah, he again stressed overall agreement as now envisaged gave Iran everything it needed from security viewpoint. He urged Shah not to be precipitous in exercising right of intervention and let matters develop gradually.

7. Assuming question of oil concession can be worked out, Luce said remaining problems are:

(A) Arranging for adequate provision for Umm al-Qaiwain and Ajman from Iran's half of oil revenue. Shah has agreed in principle to paying these sheiks but amounts and methods of payment have yet to be worked out. Shah is reluctant to pay sheiks directly because their dispute is with Sharjah and Iran is not a party thereto.

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concession rights in Abu Musa territorial water, an offshore area contested by Umm al-Qaiwain, and, as MacArthur reported in telegram 1420 from Tehran, April 13, 1970, by Iran, which claimed Abu Musa itself. MacArthur thought Khalid's actions might have been a bid to get the United States involved in the dispute. (Ibid.)

(B) Language of Sharjah's public announcement re basic agreement, as well as public statements which Iran and UK will have to make to their parliaments. Luce had assumed agreement will have to go to Majlis but Shah seemed undecided whether this would be necessary. In any event Luce foresees problems if language of these announcements does not follow same general lines. There is also problem that agreement in form of exchange of letters between Iran and Sharjah through UK is planned to be confidential. Luce said much more homework need to be done on this point.

(C) Timing of arrangements. Luce has stressed to Iranians that he has roughly two weeks to reach final settlement and time is rapidly running out. He said sheikdoms plan declare establishment of federation on December 4 in time to apply for UN membership at this session of UNGA. Working backwards from that date, agreement re islands must be ready for signature; Sharjah, UK and GOI must have public statements in symmetry and Iranian forces should be in place on islands. Luce visualizes stationing of Iranian forces on islands should take place day or so before public announcement, most likely period being between November 30 and December 3. This is a complicated and tricky scenario hence Luce's itchiness to get all details worked out in Tehran in next day or so so he can proceed immediately to Sharjah for final settlement.

(D) Tunbs Islands. Luce confirmed Ras al-Khaimah would not agree to voluntary cession of islands and refused to take Iranian money for them. He so informed Shah who said Iran would nevertheless be "generous" in financial settlement once Iran had islands unless Ras al-Khaimah created major fuss. British solution to this apparent impasse appears to be simple one, i.e. acquiescence in Iranian take-over to be implemented during November 30–December 3 time-frame. Luce said he believes Ras al-Khaimah would cave when faced with fait accompli. In any event in reply to inevitable questions in Commons on Tunbs, HMG proposed to state that Iranian take-over of Tunbs Islands was consistent with arrangements for security of Gulf as envisaged in overall settlement of island dispute—or words to that effect.

8. It was during discussion with Shah over timing of Iranian take-over of Tunbs Islands that Luce raised question of British participation in MIDLINK, noting this would overlap with Iranian garrisoning of forces on islands. Shah for obvious reasons made immediate decision to postpone MIDLINK exercise (ref Tehran 6441).<sup>4</sup>

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<sup>4</sup> Telegram 6441 from Tehran, November 13, reported that Shah and Luce had discussed the question of British participation in MIDLINK; the Shah decided to postpone the exercise. (Ibid., DEF 6-2 CENTO) MIDLINK, the annual CENTO naval exercises in the

*Comment:* In spite of several nagging details both sides appear to be very close to agreement and Luce is now more cautiously optimistic than after previous visits here this year. Given package that Luce brought with him from Sharjah, British acquiescence on Tunbs Islands and Shah's flexibility and desire to reach settlement quickly, we agree with Luce's cautious optimism. However, even if agreement signed we are not entirely out of woods and some contingency planning will be necessary on:

(A) What comment USG makes in answer to questions at time agreement is announced and Iranians have their forces on the islands. Luce expressed hope that we would take generally same line as British. However matter is not simple one because, according to Luce, once agreement reached and implemented, HMG apparently plans pull back and adopt position that agreement is between Iran and Sharjah, and not between Iran and UK on behalf of Sharjah.

(B) Position USG should take if issue goes to Security Council. Luce seems to be of impression Iraqis may well take matter to UN.

(C) Luce asked we not raise these two points with HMG in London or Washington until he has had opportunity to go over them with his own government back on London after which HMG will be in touch with us. *End Comment.*

9. Luce concluded with expression of appreciation for our continuing offer of assistance. He still did not think this necessary but if there is a final "crunch" in next few days over last minute impasse on such items as oil concessions he may recommend that we weigh in with Shah. He asked that we be ready for such eventuality because if we agreed to support British we would have to move quickly.

10. Ely also gave us briefing Nov 13 along same lines as Luce and left with us copies of documents on which State 203594<sup>5</sup> based. He asked us not divulge to British that we in possession these papers.

**Heck**

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Indian Ocean operations area, was to be held November 27 through December 7. In a November 10 memorandum, Saunders informed Haig that there was some question as to whether the British would participate given the "delicacy" of their final negotiations in the Persian Gulf. (Ibid., Nixon Presidential Materials, NSC Files, Box 1276, Saunders Files, Persian Gulf)

<sup>5</sup> In telegram 203594 to Tehran, November 8, the Department noted that Ely had provided a "virtually identical rundown" of the final Iran-Sharjah deal that resulted from recent Luce talks. He did add "refinements," the main one being that neither Iran nor Sharjah would give up its claim to Abu Musa nor recognize the other's claim. (Ibid., Box 602, Country Files, Middle East, Iran, Vol. IV)

**108. Telegram From the Embassy in Kuwait to the Department of State<sup>1</sup>**

Kuwait, November 17, 1971, 0737Z.

1293. Subject: Kuwaiti Internal Security and Defense Programs.

1. *Summary.* There has been a remarkable shift in the past two years in Kuwaiti attitudes toward the United States. Today we have excellent possibilities of working out mutually beneficial relationships in the security, military and commercial fields which should spin-off beneficially in all directions. All of this could be locked-in in the course of the next few months, although detailed contracts will naturally involve time. Hundreds of millions of dollars in export sales are potentially involved<sup>2</sup> as well as the possibility of making a major contribution to the peace and prosperity of this region. All of this is occurring against the back-drop of the turbulence of the region and the unresolved Arab-Israeli conflict. As the Kuwaitis have quietly contemplated their future in the midst of turbulence, they have decided that their future rests with us. The doors are open.

*End summary.*

2. In the course of the past two years there has been a remarkable reversal of GOK attitudes toward the United States. Starting from a position of bristling antagonism they have come full circle to a position of intimacy and basic trust. This is particularly true in respect to internal security and defense matters.

3. Long and patient discussions with senior Kuwaiti officials have contributed to their high level decision to strengthen their internal security and defense forces in coordination with the United States. This decision now has been formally confirmed by the Supreme Defense Council.<sup>3</sup>

4. Two years ago Kuwait internal security was a forbidden city to all foreigners, except the British, and it was evident that there was an inner sanctum closed to them. Gradually, however, the Kuwaitis re-

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<sup>1</sup> Source: National Archives, RG 59, Central Files 1970–73, POL 23 KUW. Secret; Exdis.

<sup>2</sup> Walsh made this argument during his August consultation trip to Washington. During this trip, Walsh told representatives of the Department of Defense that Iran was not the only answer to problems in the Persian Gulf and that the Arab governments were both willing to act responsibly as the British withdrew and to form closer ties with the United States. The United States, he argued, could not afford to ignore a military market in Kuwait of \$100 million. (Memorandum from Lieutenant General Donald V. Bennett, Director, DIA, to Moorer, August 23; *ibid.*, RG 218, Records of the Joint Chiefs of Staff, Records of Admiral Moorer, Box 17, 091 Kuwait)

<sup>3</sup> As reported in telegram 1227 from Kuwait, October 24. (*Ibid.*, RG 59, Central Files 1970–73, DEF 12–5 KUW)

laxed in respect to US with the first breakthrough being in the field of physical security and narcotics. The superb performance of the Secret Service during the Vice President's visit was quite helpful. Subsequently the Minister of Interior requested our help in terms of training, equipment and technical assistance in establishing a security command center. This, in turn, led to the successful visit of Major General Abdul-Latif al-Thowaini to the United States. It is my expectation that in the weeks ahead we will complete arrangements with the Kuwaitis which will prove of inestimable value here and elsewhere in the region for years to come. It should cover the entire spectrum of security interests.

5. When I arrived in Kuwait I found the Crown Prince, the Minister of Defense and Interior, and other significant Kuwaitis bristling over the fact that Kuwait was not eligible for FMS treatment. The ultimate removal of this anachronism had a significant effect on their reactions to US and to me as an Ambassador. It has had broad and favorable ramifications on many issues.

6. In the defense field it has opened up a new game with most promising implications for our export sales, our relations with Kuwait, and our possibilities of contributing to peace and cooperation in the Gulf area. The small Kuwaiti military forces have been traditionally equipped by the British, although American trucks and sundry other commercial-type equipment show up in their inventory. Our first major equipment sale consisted of two Lockheed Hercules aircraft (L-100-20).<sup>4</sup> The negotiation was extended, enlightening to both sides, and extremely valuable in terms of our mutual relations. There have been many spin-offs from it. When it was over Shaykh Sa'ad apologized for their indecisiveness. He and Major General Mubarak explained that it reflected lack of experience with our documentation and negotiating methods, and their bitter experience with the British over the years. No one should misunderstand the bitterness of the Kuwaitis in respect to their past contracts with the British. They are absolutely convinced that they have been consistently cheated—and there is some evidence to support their beliefs.

7. Last summer Shaykh Sa'ad told me that the government had decided to strengthen its military forces across the board and wished the United States to help them. This led to a GOK request to Lockheed to manage their planned air defense system program. Lockheed produced its first rough cut last month and will return in about a week with a more detailed draft.

8. Meanwhile in an absolutely astounding reversal of traditional Kuwaiti customs, Major General Mubarak has raised with me the possibility of seconding an American military officer directly to him as a

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<sup>4</sup> See Document 78.



technical adviser and the Minister of Defense has sent me a letter requesting that “the authorities concerned in the Department of Defense in Washington be contacted to send a team, expert in air defense matters to prepare the necessary studies and research to set up an air defense system for Kuwait.” While eschewing a negative response I have suggested that Lockheed is quite capable of preparing the basic air defense study. We now have, however, a direct invitation for the introduction of American military advisers in Kuwait. The potential advantages and disadvantages should be carefully studied in Washington.

9. Lockheed is proceeding on the basis of a number of assumptions given to them by the Kuwaitis and variously influenced by me, namely, 1) in the next ten years the primary potential enemy is Iraq; 2) an objective is military/political collaboration with Saudi Arabia, Bahrain, the Federation, and hopefully, Iran; 3) there must not be a confrontation with Iran; 4) weaponry in region should be compatible. This essentially means Lockheed, Northrop, Raytheon, and Bell in Saudi Arabia, Kuwait and Iran; 5) Lockheed has been told by Major General Mubarak to leave the Lightnings out of its calculations and has been asked to act as the GOK’s agent in disposing of all air equipment currently held by the Kuwaiti Air Force except the two Hercules.

10. The throttles are down and the companies are swarming in. Lockheed’s President was here in late October and we believe we have set the stage for the sale of three Jet Stars, and I suspect two more Hercules. They will be back in about one week with the second stage of their air defense study and with a firm Jet Star proposal, embodying Kuwaiti requests for technical modifications of the inner configuration of the plane which appear reasonable.

11. About ten days ago Northrop made a first class opening sales pitch to which the Kuwaitis responded by requesting thirty planes (6 trainers and 24 FSEs). Northrop will return about Nov 27 with a technical team. If this contract can be worked out, it will significantly help the Northrop production line.

12. In response to Shaykh Sa’ad’s request to me, a Bell Helicopter representative is expected here soon. Sa’ad tells me flatly they wish to buy Bell helicopters and I suspect the opening number is sixteen.

13. Raytheon was also here last week with an attractive GCA proposal in response to Sa’ad’s approach to me and my subsequent visit to Andover. Down the road a bit, and dependent upon the Lockheed air defense study, a request for a Hawk briefing team is possible.

14. The proposal by Fitzgeralds Laboratories for a small navy is also under study but the Kuwaitis wish to delay this until January while they focus on air defense. They simply do not have the skilled manpower to do everything in a tight span.

15. On the army side, I have persuaded Sa'ad to put the possibility of TOW missiles on the shelf and to concentrate in the interim on 106 recoilless rifles. In a practical sense, they have no anti-tank equipment today.

16. Manifestly there are big export possibilities in this picture with many potential commercial spin-offs. To cite but several, we would not today be on a verge of Jet Star sales if the need had not been made apparent to Sa'ad and others over a long time and if Lockheed had not done such a good sales job on the Hercules. Lockheed, in turn, clearly sees the sales possibilities for further Hercules and the 1011, although Douglas is a competitor. Again, the Lockheed people have done quite a job in demonstrating the need for GCA equipment. This and our chipping away is pushing the Kuwaitis into belatedly getting at the task of modernizing their airfield. I have now been informally asked if we could make available an FAA adviser to the Ministry of Public Works. In conjunction with them we are trying to develop the technical justification. If this can be worked out it would enhance our chances to get the construction and management contract for the field. Northrop, among others, is warmly interested in competing for this lucrative contract. It is clear to me that we have a splendid opportunity to work out with the Kuwaitis a complete association in the civil and military aviation field. This would enhance our sales position in the entire region and could, again, contribute to fruitful relationship between the people of the region.

17. All of this also carries over into intellectual circles. The Kuwaitis now invite us into their university and we are trying to work out relationships between Kuwait University and American universities involving American professors here. One slide-off possibility is a Smithsonian scientific chair and a Smithsonian/Kuwaiti/others oceanography study of the Gulf. The potential benefits should be manifest. Our STAG lecturers are now enthusiastically received. Two years ago they could not get a visa.

18. If what I have outlined can be worked out, it would involve several hundred millions of dollars in export sales and great possibilities of mutual benefit for US and the people of the region. Furthermore, it would undoubtedly contribute to a lucrative spin-off in terms of non-military equipment. The Kuwaitis have been so burned, or at least have felt deeply so, by the British, French and Commies in past deals that they are absolutely set to go American.

**Walsh**

### 109. Telegram From the Department of State to the Consulate General in Dhahran<sup>1</sup>

Washington, November 27, 1971, 2111Z.

215001. Subj: Ras al Khaimah Request for U.S. Support. Ref: Dhahran 1560.<sup>2</sup>

1. Dinsmore requested personally deliver following reply to Deputy Ruler Ras al Khaimah:

“Your Highness:

I have received your letter of November 27 asking the United States to reconsider Ras al Khaimah’s earlier request for recognition and support in light of the decision by the United Kingdom to terminate the treaty relationship with Ras al-Khaimah on December 1.

During our recent discussion in Washington and in your subsequent talks with other American officials<sup>3</sup> we tried to convey the sincere friendship of the United States for Your Highness, His Highness the Ruler, and the people of Ras al Khaimah and our appreciation for the difficult decisions facing Ras al Khaimah during this period of historic transition in the Gulf. I would like to reiterate our concern for the welfare and prosperity of Ras al Khaimah and of all its neighbors. As you know, the United States Government considers it in the interests of those Gulf states becoming independent this year to join in the largest and most effective grouping possible. I believe that Ras al Khaimah and its neighbors are also dedicated to this concept of cooperation and unity.

As the Gulf states enter a new era of independence, each will face numerous difficult problems calling for cooperation to enhance mutual security and prosperity. From our own American experience in forming a union, we recognize that initial arrangements need not be permanent and that states with the need and will to join together can eventually find workable arrangements. Therefore, I urge that Ras al

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<sup>1</sup> Source: National Archives, RG 59, Central Files 1970–73, POL TRUCIAL ST-US. Secret; Immediate. Drafted by Twinam; cleared by Davies and Atherton; and approved by Sisco. It was repeated Immediate to Beirut, Jidda, London, and Manama, and Priority to Kuwait and USUN.

<sup>2</sup> Telegram 1560 from Dhahran, November 27, transmitted a letter from Khalid Bin Saqr al-Qasimi, Deputy Ruler of Ras al-Khaimah. (Ibid.)

<sup>3</sup> Sheikh Khalid and his delegates had lobbied the United States for recognition of Ras al-Khaimah as an independent state outside of the federation, U.S. good offices in settling the islands dispute with Iran, and a 1-year U.S. AID program. In return, Sheikh Khalid offered the United States a military base anywhere within Ras al-Khaimah’s sovereign territory. (Telegram 176693 to Dhahran, September 24; telegram 203909 to Dhahran, November 9; and telegram 206438 to Beirut, November 12; *ibid.*)

Khaimah not take decisions now that might set it unilaterally on a course away from future cooperation with her neighbors, and that you reconsider the possibilities of joining with other Gulf states in the coming months.

I assure Your Highness that the position of the United States Government is based on concern for Ras al Khaimah's security and welfare. Personally, I wish to reiterate my pleasure in meeting Your Highness during your recent visit to Washington and to stress my hope to soon again have the pleasure of renewing our acquaintance and of meeting His Highness, the Ruler.

Warmest personal regards,  
Sincerely, Joseph J. Sisco"

2. In view travel problems cited your immediate message just received suggest you go to Bahrain morning November 28 to coordinate timing of delivery above message with Residency in light possible British "last try" with Ruler of RAK. Whether or not British see Ruler again believe it would be helpful for Khalid to have above reply not later than November 29. While it might be additional help for you to deliver it to him personally and to convey its substance to Ruler, leave this to your judgment in light of fast developing and British orchestrated situation in area.<sup>4</sup>

3. Request London brief FCO on above.

4. FYI We have not received Khalid's letter of November 24.<sup>5</sup> *End FYI.*

**Irwin**

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<sup>4</sup> Sisco's letter was delivered on November 29. The Deputy Ruler's response was one of "resigned bitterness," followed by a statement of intent to declare independence. (Telegram 1582 from Dhahran, November 30; *ibid.*)

<sup>5</sup> The letter was pouched in airgram A-140 from Dhahran, November 30, and received in the Department on December 9. (*Ibid.*, POL 19 RAS AL KHAIMAH)

**110. Memorandum From the Executive Secretary of the Department of State (Eliot) to the President's Assistant for National Security Affairs (Kissinger)<sup>1</sup>**

Washington, December 1, 1971.

SUBJECT

Persian Gulf Situation

On the morning of November 30 Iranian forces landed on the disputed Persian Gulf islands of Abu Musa, Greater Tunb and Lesser Tunb. The Abu Musa landing was in accordance with the British-negotiated arrangement between Iran and the Ruler of Sharjah. The Iranian troops were welcomed by Sharjah officials and occupied a pre-determined portion of the island with the remainder left under Sharjah's civil administration. Prior to the landing, the Ruler of Sharjah had announced the terms of the arrangement with Iran.

The landing on the Tunbs was made with British acquiescence and was an implicit part of the Abu Musa settlement. The Ruler of Ras al-Khaimah has consistently refused British urging that he cede the Tunbs to Iran in return for Iranian financial assistance. He was notified the Iranian forces would land on the Tunbs but failed to advise his six-man police force on the Greater Tunb which opened fire on the 30-man Iranian occupying force. Three Iranians and four Ras al-Khaimans were killed in the exchange. Ras al-Khaimah has publicized a strong protest to the British, stressing its continuing claim to the Tunbs. The Iranian Government has announced to the Majlis its occupation of the Tunbs and the landing on Abu Musa stressing Iran's desire to cooperate with all the shaykhdoms on the Arab side of the Gulf.

*Arab Reaction:*

Prior to the landings, the British briefed Egypt, Saudi Arabia and Kuwait on the Abu Musa arrangement and the Iranian plan to occupy the Tunbs. All were noncommittal in response, although Saudi Arabia and Egypt indicated the possibility of adverse Arab reaction.

The Kuwaiti, Iraqi, and Syrian governments have now publicly denounced the Iranian occupation, and Iraq has broken diplomatic relations with the United Kingdom over the event. Some Kuwaiti National Assembly members have called for breaking relations with the United States and the United Kingdom as well as Iran.

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<sup>1</sup> Source: National Archives, Nixon Presidential Materials, NSC Files, Box 647, Country Files, Middle East, General, Vol. VIII. Secret.

Iraq has called for Arab League action and is exploring the possibility of bringing the matter to the United Nations Security Council. According to the British, the Kuwaiti delegation in New York has been instructed to "be reasonable" and we understand Egypt is not eager to pursue the matter in either the United Nations or the Arab League.

*British Assessment:*

Sticking to their timetable, the British terminated their treaty relations with the Trucial shaykhdoms December 1. The United Arab Emirates is still scheduled to be fully established December 2. The British anticipate making an official statement in Parliament on the Gulf developments December 2.

A Foreign Office spokesman has expressed regret for the loss of life on Greater Tunb. The British, of course, anticipated some adverse Arab reaction, although Iraq's breaking relations seems to have come as a surprise to them. On balance, the British do not seem unduly concerned about the reaction to date, although they recognize that the unfortunate loss of lives on Greater Tunb will be a peg for more intensified Arab reaction than might have otherwise been the case.

R.H. Miller<sup>2</sup>

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<sup>2</sup> Miller signed for Eliot above Eliot's typed signature.

**111. Telegram From the Departments of State and Defense to the Embassy in Kuwait<sup>1</sup>**

Washington, December 10, 1971, 0039Z.

222618. Subj: Kuwait Internal Security and Defense Programs. Ref: Kuwait 1293, 1358.<sup>2</sup> Joint State/Defense Message.

1. State and DOD wish to commend Ambassador for effective manner in which he has kept U.S. private firms rather than USG in front as Kuwaitis consider various possible military equipment purchases mentioned reftel. We agree that any of these sales would represent attractive commercial opportunity for American private companies and that those companies under consideration would appear capable of performing necessary training and maintenance services involved.

2. GOK and commercial firms wishing to sell military equipment and services to Kuwait should clearly understand that U.S. would prefer to see any sales handled on cash, progress payment, or private credit basis and that there is no assurance that FMS credits or guarantees would be available. Given Kuwait's growing foreign exchange reserves, we would assume credit would not be major problem in these transactions. Moreover, present and foreseeable future financial position of GOK is such that reasonable additional military expenditures would not deprive civil sector of essential development funds. Each type of equipment under discussion, F-5's, Hercules, Bell helicopters, Hawk missiles, would appear in itself a reasonable item for GOK to acquire. Question arises, however, when one looks at "total package" Kuwaitis appear to be considering, including 30 F-5's, 16 helicopters, and Hawks. Before considering sale of such item USG would require fairly firm knowledge of totality of near term GOK equipment wishes. Problems we foresee are appropriateness of total package to reasonable Kuwait defense requirements and Kuwait's ability to utilize and maintain total package. We need to strike proper balance between desires of American companies to pursue individual sales initiatives and desire of USG to not see Kuwait saddled with more military equipment than

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<sup>1</sup> Source: National Archives, RG 59, Central Files 1970-73, POL 23 KUW. Secret; Exdis. Drafted on December 9 by Twinam; cleared in draft by Noyes (DOD/ISA), Kelly (DOD/ISA/SA), and Reed (DOD/ISA/NESA); cleared in substance by Padel Ford (NEA/RA) and Dorrough (PM); and approved by Davies. It was repeated to CINCCEUR, CINCSTRIKE/CINCMEAFSA, COMIDEASTFOR, and CINCUSNAVEUR.

<sup>2</sup> Telegram 1293 is Document 108. In telegram 1358 from Kuwait, December 4, the Embassy reported that Kuwait was actively considering the purchase of six F-5B and 24 F-5E aircraft to replace existing Hawker Hunters, Lightnings, and Jet Provosts. (National Archives, RG 59, Central Files 1970-73, DEF 12-5 KUW)

it can effectively use, maintain, and integrate into its armed forces. There is an additional question of disclosure of security information in foreigner-impacted society such as Kuwait's and, of course, assurances as to use and non transfer of any equipment sold to Kuwait.

3. With these considerations in mind, it would be desirable for DOD to have its own independent assessment of Kuwait's needs and capabilities. Reftel para 8<sup>3</sup> indicates GOK interest in DOD assistance with studies and research in air defense matters. While we fully support Ambassador's efforts to turn GOK into private channels for advice, we wonder if this request does not provide fortuitous opportunity for brief DOD survey of overall GOK military requirements and capabilities without commitment to subsequent sales of U.S. equipment. Would appreciate Ambassador's assessment of desirability of such survey team as partial response to Kuwaiti request para 8 reftel. Team could visit early in 1972 to take look at overall Kuwaiti defense requirements. Team would also be available to advise GOK on general air defense and other requirements and might be useful in discouraging any Kuwaiti desires in excess of reasonable needs. Survey team would also provide basis for informed USG decisions on any sales request which might result from current private company efforts to interest GOK in U.S. military equipment and services. For moment would appreciate Ambassador's views on basis his present assessment Kuwaiti attitudes and wishes without raising with GOK officials possibility that such survey team might be forthcoming.<sup>4</sup>

**Irwin**

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<sup>3</sup> Reference is to telegram 1293, Document 108.

<sup>4</sup> In telegram 1401 from Kuwait, December 13, Walsh explained the activities of Lockheed, Northrop, Bell, and Raytheon in Kuwait and noted that he had consistently emphasized the need for a requirements and capability study, and that the Minister of Defense had requested a Department of Defense in-country survey team, which Walsh supported. (National Archives, RG 59, Central Files 1970-73, POL 23 KUW) In telegram 225995 to Kuwait, December 15, the Department suggested that Walsh raise the subject with General Mubarak. (Ibid., DEF 1 KUW)



**112. Memorandum From Secretary of State Rogers to President Nixon<sup>1</sup>**

Washington, December 16, 1971.

## SUBJECT

Persian Gulf

The British decision to terminate the protective treaty relationship with the lower Gulf shaykhdoms has now been fully implemented. While the Gulf will continue to present its share of problems, the statesmanship demonstrated to date by the principal parties concerned augurs well for the future evolution of that important region. The independent states of Bahrain, Qatar and the United Arab Emirates have emerged, enjoying United Nations and Arab League membership and the recognition of most countries interested in the area including the United States. Ras al-Khaimah has not yet joined the United Arab Emirates but is likely to do so in the near future.

Successful implementation of the British decision involved dealing with several longstanding and difficult territorial problems: Iran's claim to Bahrain, the dispute between Iran and two Trucial States over three small Gulf islands, and the Saudi boundary dispute with Abu Dhabi. Iran relinquished its claim to Bahrain in the spring of 1970. The dispute over the islands of Tunbs and Abu Musa was resolved as the Trucial States became independent, through

- a) agreement between Iran and Sharjah with respect to the largest island, Abu Musa, and
- b) Iranian occupation of the sparsely populated Tunbs, with the knowledge but not the acquiescence of the Ruler of Ras al-Khaimah.

Saudi Arabia is withholding recognition of the United Arab Emirates pending solution of its boundary dispute with Abu Dhabi, but there are indications this problem will be resolved in an atmosphere of friendship.

There has been considerable verbal Arab reaction to the Iranian occupation of the Tunbs. Iraq broke relations with Iran and the United Kingdom over this issue, and the Qadhafi regime used it as a pretext for nationalizing British Petroleum interests in Libya. On balance, how-

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<sup>1</sup> Source: National Archives, RG 59, Central Files 1970–73, DEF 1 NEAR E. Confidential. Drafted on December 13 by Twinam; concurred in in draft by Miklos; and concurred in by Atherton and Pelletreau (AF/N).

ever, the transition in the Gulf has taken place in a manner permitting a continuing British role in support of the security of the region and offering reasonably good prospects for the stability of the newly independent political entities.

In these developments we have played a supporting role in close consultation with the British, encouraging their efforts to resolve the problems of withdrawal while urging Iran and the Arab states concerned to approach these problems in a cooperative and flexible manner. As the difficult transitional period in the Gulf ends, Anglo-American cooperation in the area remains unimpaired as do our relations with the littoral states. We are proceeding to implement your decision to extend our diplomatic representation to the newly independent states. We are also negotiating with Bahrain stationing arrangements to permit the continued presence of the U.S. Navy's Middle East Force in the Persian Gulf and Indian Ocean.

**William P. Rogers**

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### **113. Memorandum From the President's Assistant for National Security Affairs (Kissinger) to President Nixon<sup>1</sup>**

Washington, March 13, 1972.

#### SUBJECT

U.S. Presence in the Persian Gulf—Summary of Developments

In November 1970 you approved a basic strategy for the Persian Gulf as British "withdrawal" approached. [NSDM 92 at Tab B].<sup>2</sup> The NSC Under Secretaries Committee was instructed to develop an imaginative US presence. With the British treaties formally terminated at the end of 1971, the Committee is now reporting to you at Tab A on

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<sup>1</sup> Source: National Archives, Nixon Presidential Materials, NSC Files, NSC Institutional Files (H-Files), Box H-220, National Security Decision Memoranda, NSDM 92. Secret. Sent for information. A notation on the memorandum indicates that the President saw it.

<sup>2</sup> Tab B is Document 91. Brackets are in the original.

the steps that have been taken.<sup>3</sup> A map is attached to complement the following summary:<sup>4</sup>

### *Diplomatic Representation*

You had approved the expansion of diplomatic representation to the Lower Gulf and the accreditation of our Ambassador in Kuwait to posts there.<sup>5</sup> Late last year the final political configuration of the Gulf emerged with four independent entities: *Bahrain*, *Qatar*, the *Union of Arab Emirates* (the seven tiny Trucial states<sup>6</sup> of which the largest, Abu Dhabi, is taking a lead) and *Oman* (independent since 1833).

—These four states have all been accepted as members of the United Nations with our support.

—You have sent letters congratulating the heads of each state on their independence (and to Oman on our establishing diplomatic relations). You have received warm replies. Your letters were delivered personally by the Deputy Assistant Secretary of State for the area.

—You have accredited our new Ambassador to Kuwait (William A. Stoltzfus) as our first Ambassador to the Gulf states.<sup>7</sup> His impressive performance as our DCM in Saudi Arabia promises an imaginative presence.

—State plans three *Missions* at the Chargé level—in *Bahrain*, in *Abu Dhabi as the capital of the UAE* (it will also serve Qatar) and in *Oman* at the very tip of the Gulf. Bahrain, as the more developed state, has been the first priority and a Chargé was dispatched there last fall to set up our machinery.<sup>8</sup> As facilities can be arranged, State will be moving to create the remaining two missions with emphasis on an imaginative rather than quantitative presence. Some upgrading in our Kuwait embassy on the economic/commercial side is required since they will bear prime immediate responsibility for overseeing regional cooperation in this field.

### *Assistance and Exchange in the Gulf*

The heart of our presence will be US technical and educational assistance and cultural exchange through private and public channels.

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<sup>3</sup> Attached but not printed at Tab A is a December 23 memorandum from Irwin to Nixon. The report, "Diplomatic Representation in the Persian Gulf and Oman," was contained in an August 16 memorandum from Sisco to the Chairman of the Under Secretaries Committee. Kissinger approved the report on November 9. (National Archives, Nixon Presidential Materials, NSC Files, NSC Institutional Files (H-Files), Box H-220, National Security Decision Memoranda, NSDM 92)

<sup>4</sup> Attached but not printed.

<sup>5</sup> See Document 106.

<sup>6</sup> The UAE accepted Ras al-Khaimah as a member in January 1972. (Telegram 115 from Dhahran, January 18; National Archives, Nixon Presidential Materials, NSC Files, Box 1187, Saunders Files, Persian Gulf Cables)

<sup>7</sup> Stoltzfus was appointed Ambassador to Kuwait on December 9, 1971; confirmed by the Senate on January 7, 1972; and presented his credentials on February 9. Resident at Kuwait, he was also accredited to Bahrain, Oman, Qatar, and the United Arab Emirates.

<sup>8</sup> The Embassy in Manama opened on September 21, 1971, with John N. Gatch, Jr., as Chargé.

These states have their own oil money and do not need economic aid. This will require new kinds of effort and programs. To this end, the Under Secretaries Committee is recommending (1) increasing State's budget for scholarship and exchange fellowship activities in FY 73; (2) focusing now on opportunities to provide technical advisors on a reimbursable basis and on concessionary terms when legislative authority and appropriations can be obtained; (3) encouraging the private US sector to become interested in meeting the needs of the Gulf.<sup>9</sup>

### *Military Presence*

The Under Secretary will be forwarding separately a study and recommendations on arms sales to the Lower Gulf. On your approval, however, steps were taken to place Kuwait on the list of countries eligible to purchase arms under FMS credits.<sup>10</sup>

In December, we concluded an arrangement by Executive Agreement to retain—with Bahraini, Saudi and Iranian approval—our small naval presence of three ships which have been there for the last twenty-two years.<sup>11</sup> We will be utilizing a consolidated 10% of the base formally used by the British and replacing the obsolete flagship with a larger and more modern one which will increase somewhat the numbers of US personnel involved. In short, the size of the force remains the same, and the Bahrainis rather than the British are now our landlords. Nevertheless, there has been some reaction in the Arab countries and on Capitol Hill.<sup>12</sup>

One comment that might be made in conclusion is that the transition in the Gulf has at least begun with more ease than we—or the

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<sup>9</sup> The recommendations are in the report, "U.S. Policy Toward the Persian Gulf: Technical, Educational and Cultural Programs," transmitted to the Under Secretaries Committee by Irwin, August 4. (National Archives, Nixon Presidential Materials, NSC Files, NSC Institutional Files (H-Files), Box H-220, National Security Decision Memoranda, NSDM 92)

<sup>10</sup> See Document 92.

<sup>11</sup> See footnote 3, Document 91. In telegram 187449, November 16, 1970, the Department notified regional posts that it would inform the British of the decision on MIDEASTFOR and advised the posts of the order in which the Gulf states would be similarly informed. (National Archives, Nixon Presidential Materials, NSC Files, Box 629, Country Files, Middle East, Saudi Arabia, Vol. III) As reported in telegram 190369 to London, November 20, the Department had already notified Britain in confidence of the decision to maintain MIDEASTFOR. (Ibid., RG 59, Central Files 1970-73, POL 33 PERSIAN GULF)

<sup>12</sup> In a December 14 letter to Rogers, J. William Fulbright, Chairman of the Senate Foreign Relations Committee, wrote: "It is apparent from the documents which have been furnished to the Committee on Foreign Relations that the plan to establish a naval base on Bahrain reflects a considered decision on the part of the Executive Branch. . . . Sharing a British base is one thing, but establishing a base of our own is quite another matter. In the past our role in the Persian Gulf has been subsidiary to that of the British. With their departure from the Gulf and with the establishment of a U.S. base, we will immediately become directly involved in all matters affecting the Gulf." (Ibid., DEF 15-4 BAHRAIN-US)

British—dared hope. In addition to Oman (independent since 1833), Bahrain, Qatar and the Union are now launched and we are moving into a relationship with each.

There have been two minor ripples; both are largely viewed as products of internal, endemic squabbling.

—The ruler of Sharjah, member of the Union, was assassinated by his cousin last month. The UAE troops helped install the deputy ruler of Sharjah as the new ruler to maintain the line of government against the plotting cousin. This was, incidentally, the first time the UAE acted in the interests of Gulf security. There was a strong suggestion of complicity in the assassination by another Union member and Union members have made their displeasure known.<sup>13</sup>

—Recently, Qatar's deputy ruler deposed the ruler and assumed office. The new ruler has long been regarded the chief executive in fact while the ex-ruler has been known to vacation abroad at great lengths.<sup>14</sup>

This is just to point out that while the transition went reasonably well there is still potential for instability.

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<sup>13</sup> Telegram 516 from Tehran, January 25, relayed confirmation of the assassination. (Ibid., POL 23–9 UAE) Sheikh Zayid, the new President of the UAE, told Dinsmore that Sheikh Saqr of Ras al-Khaimah "triggered the action." (Telegram 317 from Dhahran, February 16; *ibid.*) An account and assessment is in Intelligence Note RNAN-6, "Persian Gulf: Coup and Countercoup in Sharjah," February 4. (*Ibid.*)

<sup>14</sup> On February 22, Deputy Ruler and Prime Minister of Qatar Khalifa bin Hamad Than replaced Sheikh Ahmad in a coup. The overthrow was announced the following day in Qatar. (Telegram 368 from Dhahran, February 23; *ibid.*, POL 23–9 QATAR) This required Stoltzfus's credentials to be rewritten to reflect the new ruler. (Memorandum from Eliot to Kissinger, March 2; *ibid.*, POL 15–1 QATAR) United States officials conveyed their desire to reaffirm a friendly relationship. (Telegram 33390 to Dhahran, February 29; *ibid.*)

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#### 114. Telegram From the Embassy in Kuwait to the Department of State<sup>1</sup>

Kuwait, March 16, 1972, 0600Z.

427. Subject: US Military Sales to Kuwait.

1. Saw Chief of Staff General Mubarak Mar 15. Said I wanted to consult with him on current state of play regarding possible US mili-

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<sup>1</sup> Source: National Archives, RG 59, Central Files 1970–73, DEF 12–5 KUW. Secret.

tary sales to Kuwait.<sup>2</sup> As I understood it DOD survey team's report was to provide basis (A) for Kuwaitis to determine their defense needs and (B) for USG determine what we prepared offer Kuwait in terms of weapons, spare parts and training. Until report received,<sup>3</sup> GOK would not take any decision to buy any major military items connected with air defense from anyone. Gen Mubarak said this was exactly right. He expected US report to "open our eyes" as to Kuwait's defense needs. Once these needs identified, GOK would be requesting US equipment and help. Mubarak said he required report urgently.

2. I said frankly was glad obtain this reading from Gen Mubarak since we did not want to be told later, or read in newspapers, that GOK had tired of waiting for USG reply and had decided make its purchases elsewhere. Gen Mubarak replied GOK did not intend sign any air defense related contracts before studying USG report. "We still intend to go US on these military requirements," he said.

3. I said as Gen Mubarak aware, number of American companies were visiting Kuwait wanting to see highest level Kuwaiti military and financial government officials. What did he advise? I added it would be useful if our company reps were able see knowledgeable officers in Kuwaiti military who would listen to their briefings and receive materials on weapons systems. Such information would be valuable at such time as Kuwait began to make firm decisions on purchases. Gen Mubarak said it would be premature for company reps to see him or MinDef. However, obtaining information on various weapons systems useful. He said he would assign Col Sayegh and working military committee to be points of contact for any US companies interested in military programs for Kuwait. He added any discussion with GOK reps of possible commercial financing for military sales also premature.

4. Gen Mubarak said GOK had made decision to "go government-to-government" on US military contracts. I observed we had been

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<sup>2</sup> On January 13, Selden wrote Laird that "Kuwait clearly intends to lessen its dependence on British arms and, if the U.S. is unable to respond, will undoubtedly turn to French or other third country alternatives. The U.S. already has a considerable stake in Kuwait, principally in oil, and would stand to preserve and enlarge the stake by a well-conceived and successful arms sales program." Selden argued that this could best be met through a Department of Defense survey team. Laird signed his approval. (Ibid., RG 218, Records of the Joint Chiefs of Staff, Records of Admiral Thomas Moorer, Box 17, 091 Kuwait) The team, which included Wrampelmeier, arrived in Kuwait on February 19. (Telegram 21113 to Kuwait, February 4; *ibid.*, RG 59, Central Files 1970-73, DEF 12-5 KUW)

<sup>3</sup> While General Mubarak received an advance copy, the report of the survey team was submitted to the Kuwaiti Government on April 12. (Telegram 601 from Kuwait, April 10, and telegram 635 from Kuwait, April 13; *ibid.*, DEF 6 KUW) No copy of the report was found. The Kuwaiti Government was to have transmitted the results of its review of the report to the United States by June 27. (Telegram 1094 from Kuwait, June 18; *ibid.*) However, no evidence that Kuwait actually transmitted a formal response to the survey team's report was found.

thinking in terms company-to-government, and there many advantages to this arrangement which I would be glad review. Mubarak replied he familiar with pros and cons of both routes. "Our decision to go government-to-government is final," he said.

5. In answer my question, Gen Mubarak said he planned send Kuwait AF team (Kuwait 0186)<sup>4</sup> to US "about June." I asked him let me know as much in advance as possible in order insure our companies ready to receive team. Mubarak agreed.

6. *Comment:* Foregoing puts present situation in clear perspective: (A) GOK wants team report soonest, (B) GOK at this writing not contemplating signing military contracts connected with air defense with anyone prior receipt our report, (C) until report received and studied it premature for our companies to expect do any serious negotiating with GOK, or indeed to see any Kuwaiti military figures higher than working committee, (D) GOK expecting report to contain specific recommendations re weapons systems for Kuwait; it obviously to our interest do so, within limits our laws. More specific we are, quicker and smoother will be our road to actually signing contracts. Freewheeling competition only calculated confuse Kuwaitis and give advantage to competitor nations who free to push individual firms.

7. Suggest Dept brief our interested companies on present state of play as described above.

8. Obviously sooner we obtain survey team's report and can deliver it to GOK, sooner we able get off pad on US military sales in Kuwait.

**Stoltzfus**

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<sup>4</sup> Dated February 8. (Ibid.)

## 115. Telegram From the Department of State to the Embassy in Kuwait<sup>1</sup>

Washington, May 24, 1972, 2233Z.

92049. Subj: Military Equipment Sales to Gulf States. Ref: Kuwait 768.<sup>2</sup> Joint State–Defense Message.

1. State and DOD concur in observations para 4 reftel that we do not wish to stimulate sales of US military equipment in Gulf and that there is need for official monitoring insofar as possible of contacts between private American companies interested in stimulating such sales in Lower Gulf states. Problem is to find most effective and realistic method of monitoring which will on one hand serve to dampen Gulf state enthusiasm for unnecessary equipment while on other assuring that American commercial firms rather than USG are in forefront of those equipment supply relationships which may develop. A basic problem is that we cannot, nor should we, declare Gulf states off limits to American firms interested in the supply of equipment when competitors from other countries are working the territory. Moreover, when interest of Gulf states in certain types of equipment comes to USG's attention, there are problems in contacting suitable American firms. To call in one American company to exclusion of others would amount to USG's selection of "chosen instrument" to sell a particular type of equipment in the area. On the other hand, if interest in the type of equipment is developed by one American firm, there are inhibitions on USG's passing the sales opportunity to the attention of its competitors.

2. Although USG cannot prevent American firms from contacting Gulf states, we can maximize use of existing controls to partially meet the problem. In cases where requests for a license to export technical data or equipment come directly to Munitions Control from American private firms, USG will exercise responsibility to approve or deny requests on a case-by-case basis in accordance with guidelines of US arms policy for Lower Gulf and, when US classified military information is involved, in accordance with our security policy. When, as in the Sullivan case,<sup>3</sup> an American firm asks us for policy guidance prior to

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<sup>1</sup> Source: National Archives, RG 59, Central Files 1970–73, DEF 12–5 UAE. Secret. Drafted by Twinam; cleared in NEA/ARP, NEA/RA, DOD/ISA, DOD/ISA/SA, MC, PM/MAS, and JCS/J5; and approved by Atherton. Also sent to Jidda, Tehran, London, and USCINCEUR.

<sup>2</sup> In telegram 768 from Kuwait, May 1, the Embassy discussed the need for a flexible U.S. policy toward the sale of arms to the lower Persian Gulf, and suggested ways to deal with Sheikh Zayid's desire for arms. (Ibid.)

<sup>3</sup> Not further identified.



making unclassified presentation, USG will endeavor to discourage it from stimulating interest in equipment which under guidelines of US arms policy for Lower Gulf we would prefer not to see sold to Lower Gulf states. As general rule, in situations in which we learn second hand that Lower Gulf state may be interested in US arms we will ask diplomatic posts to check out seriousness of host government interest in equipment. We would probably not follow this procedure in cases involving insignificant amounts of items such as small arms, but would, as a general rule, follow it in all significant sales cases and in cases raising policy problems. Action on sales cases of latter type would not be taken until diplomatic post involved has confirmed that host government interest in equipment was indeed serious. Beyond above restraints, burden will fall largely on diplomatic posts in area to monitor US sales promoters.

3. In cases where Gulf states officials raise directly with area posts their interest in American equipment, Lower Gulf arms policy when finally approved, should be guideline for initial response. Formal requests through diplomatic channels should be, of course, forwarded to Washington for decision.<sup>4</sup>

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<sup>4</sup> Printed from an unsigned copy.

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#### **116. Telegram From the Embassy in Kuwait to the Department of State<sup>1</sup>**

Kuwait, June 15, 1972, 1145Z.

1085. Dept pass Cairo. Subject: Kuwaiti Views on Mideast and Peninsula/Gulf Region.

*Summary:* Kuwaiti Foreign Minister expressed worry over Soviet and Chinese encroachment in area which he believes abetted by US Mideast policy. Kuwait also feeling squeezed between conflicting interests of three bigger neighbors, Iraq, Saudi Arabia and Iran. USG should not be building up Iranian and Saudi military machines whose presence (A) might result in establishment of military regimes in both

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<sup>1</sup> Source: National Archives, RG 59, Central Files 1970–73, POL 27–14 ARAB–ISR. Secret. It was repeated to Amman, Beirut, Jidda, London, Manama, Tehran, Tel Aviv, and Abu Dhabi.

countries and (B) encourage their aggressive tendencies in Gulf. Kuwait wants better relations with Iranians who must stop their public blasts against Kuwait. Saudi tough policy toward Abu Dhabi and South Yemen counterproductive. Foreign Minister was told US had no chosen instruments to carry out policy of polarization or carve out exclusive sphere of influence in Mideast, including Israel. US wanted just settlement of Arab-Israeli dispute and believed Gulf security responsibility of local states themselves. US did not expect Kuwait to walk around hand in hand with it in public but Kuwait should remember fundamentals, most important of which is that Kuwait interests lie with West. *End summary.*

1. Called on Foreign Minister Sabah June 14 for hour's chat. Told him I proceeding Washington on business (did not mention British connection)<sup>2</sup> and would be seeing Mr. Sisco and others who would be interested in latest Kuwaiti views on Mideast in general and on Peninsula/Gulf in particular.

2. Sabah said Kuwaiti view of USG policy on Arab-Israeli question quite clear. Aside from rights and wrongs of situation, GOK deeply worried about steady [garble—rapid?] spreading of Soviet and Chinese presence in Mideast, problem with inevitable spill-over into Peninsula and Gulf. GOK believes US Mideast policies greasing wheels of this process which is not in Western nor Arab interest. Unable budge Israel themselves, Arabs have no choice but turn to Communist powers. These are facts, and no need belabor them.

3. Sabah said survival of Kuwait, situated as it is between three larger states of Iraq, Saudi Arabia and Iran, was tricky business. No use criticizing Kuwait for taking special pains stay on good terms with Iraq which had been aggressive in past and could be again. Not at all clear that someone ready pull Kuwaiti chestnuts out of fire if trouble with Iraq erupted. Moreover, while Baathis bad enough, Communists worse, and GOK believed its policy of assistance and close ties with Iraq was factor helping to prevent Communist takeover in Iraq.

4. Similarly, Sabah said, Kuwait held out its hand to South Yemen because country poor and people hungry. No one helping except Russians and Chinese. GOK believed radicalism of PDRY dictated more by these factors than love of world revolution and Communism. Saudi efforts push South Yemenis to wall very expensive and likely lead to very opposite result.

5. Sabah said he concerned about US build-up of military forces of Iran and Saudi Arabia, two main friends of US beside Israel in area. Such build-up dangerous because (A) it greatly increased possibility of

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<sup>2</sup> Presumably a reference to ongoing U.S.-U.K. negotiations over Persian Gulf issues.

leftist military take-overs in these countries where internal opposition to both regimes is growing (B) encouraged aggressive action by both countries in Gulf which likely lead to unhelpful counter-action by radical states and big power rivalry as well.

6. Sabah said Kuwait sincerely wanted closer relations with Iran. But Iran needs understand that Kuwait must live with Iraq and that violent anti-Kuwaiti statements in Iranian press only make rapprochement more difficult.

7. Kuwait trying its best to play constructive role in Gulf both on its own and in cooperation with Saudis, but Saudis no help. SAG had some good people like Kamal Adham, Saqqaf and Pharaon but King Faisal unbending and tough beyond all reason. He still actively claiming Kuwaiti islands and large part of present-day Abu Dhabi, despite fact he has huge country, most of oil in world and has need for stability and friends on his eastern flank. Shaikh Zayid could not be blamed for wanting Soviet mission in Abu Dhabi; Soviets in any case would be no less dangerous if forced carry out their activities behind Zayid's back. US should point out to both Saudi Arabia and Iran realities in Gulf and ill effects of their bulldozer approach to this region.

8. I thanked FonMin for his frank comments which I would convey to Washington. As smallest of three countries but also largest and most experienced of Gulf states, I said, Kuwait had unique role to play which fortunately well understood and appreciated by rest of Gulf states. USG thus valued Kuwait's views and looked to Kuwait as well as Iran and Saudi Arabia to help preserve stability and promote progress in Gulf area. Kuwait's financial and project help throughout Arab world also well known to US. It important that GOK not infer that USG had chosen instruments in Mideast to carry out policy of polarization of area or carving out exclusive US sphere of influence. Israel not American tool in Mideast; we only trying help arrive at just solution to problem between Israeli and Arab friends. Iran, Saudi Arabia and Kuwait not tools of US; on contrary they responsible for security and progress of Peninsula and Gulf not we.

9. I said most people wanted a just end to Arab-Israeli dispute, but no one could say when settlement would come. In meantime, among realities of current Mideast scene was US Mideast policy, which was sincere effort to help, like it or not. I personally hoped Kuwait would not lose sight of fundamentals. Mutual US-Kuwaiti interests very important in long run, and both US and Kuwait would be making mistake by drifting apart. US and Kuwait did not need publicly walk around area hand in hand, but they should consult closely and frequently and keep eye on essential question: what needs to be done to promote orderly development of area and its people. US and Kuwait could work together in quiet way. Kuwait should not wear coat of too many colors which was confusing to budding states of Gulf and could

be sometimes misunderstood by Kuwait's friends, including US. Incidentally, Zayid should be unequivocally discouraged from allowing Russians establish mission Abu Dhabi at this time. Such step would rip it with Saudis for long time to come.

10. Regarding arms to Iran and Saudi Arabia, I said it was not US policy to pour weapons into any Mideast country. However, we did not control these governments; they were friends and deserved our support. We always tried to respond as reasonably as possible. We would do same for Kuwait. Our assessment was that Saudi and Iranian regimes here to stay for foreseeable future.

11. I said we trying do what we could as friends both sides to encourage Saudi-UAE rapprochement. Anything Kuwait could do would be in all of our interest. Sabah said he not sanguine but would help as possible. He wished us luck.

12. *Comment:* Sabah was most cordial and I think appreciated opportunity pass to USG some of GOK's current worries. Believe conversation also beneficial in conveying to Sabah idea that while we can understand its desire cover its left flank, we think Kuwait needs to show a little more spine; that is, in not always trying hide fact that its true interests lie with West.

**Stoltzfus**

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**117. Telegram From the Department of State to Secretary of State Rogers in Australia<sup>1</sup>**

Washington, June 28, 1972, 0153Z.

Tosec 93/116175. Kuwait pouch for Abu Dhabi, Oman, and Manama. Tokyo for Asst. Sec. Sisco. Subj: US-UK Talks—Persian Gulf.

*Summary:* US and UK exchanged assessments Persian Gulf situation, revealing broad unanimity of views and cautious optimism about overall situation in Gulf. Both sides agreed on general approach to difficult question of arms sales in area. British expressed concern about

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<sup>1</sup> Source: National Archives, RG 59, Central Files 1970-73, POL UK-US. Secret; Exdis. Drafted by Twinam; cleared in NEA/ARP, S/S-O, and EUR/BMI; and approved by Atherton. It was also sent to London, Paris, Tehran, Amman, Jidda, Tokyo, Kuwait, and Sanaa. Secretary Rogers was in Australia to attend the SEATO and ANZUS Council meetings.

UAE developments. British stressed intention to maintain “high profile” active role in support of Gulf stability. Re Secretary’s Kuwait visit, in response query UK suggested it might be useful for Secretary to urge Kuwaitis to act more firmly in their own self interest, especially in Gulf and oil matters, and not bend so easily to Arab nationalist pressure.<sup>2</sup>

1. UK group headed by Assistant Under Secretary Parsons met with NEA group headed by Assistant Secretary Sisco in Washington June 26 to discuss Persian Gulf situation. Sisco opened talks by saying US and UK efforts in Gulf are parallel. US Gulf presence limited and in many respects UK in better position to assess situation there. We need to share assessments. Gulf is very much to forefront in US thinking and much thought has been given to US role over last year or two. We want to make certain we are marching together with UK. We particularly interested in how FCO sees UK role developing. As US proceeds to develop diplomatic contacts we are trying to make clear that USG not attempting to assume former British role in Gulf. We are encouraging littoral states, especially Iran, and Saudi Arabia, to take the lead while recognizing ongoing British role, especially in Oman. On the whole, we do not feel Gulf situation going too badly. Newly independent states appear to be approaching their new situation sensibly and generally cooperative thrust is encouraging. We also see role for Jordanians in Gulf and have talked with them about importance of coordinating activities with UK, Saudi Arabia and Iran.<sup>3</sup> For the moment, we are softpeddling possible Kuwaiti participation in connection with the Jordanian cooperative role since we uncertain how far we could push Kuwaitis to cooperate with Jordan given Arab nationalist pressures in Kuwait. Sisco continued USG has fielded limited team of diplomatic representatives into Gulf, testing what eventual representation requirements might be. We are being pressed by Qatar for resident representation but we have budgetary problems.<sup>4</sup> Re technical assistance, we prefer our help to be in civilian sector through entities such as Peace Corps and want our efforts to complement British activities and stimulate regional cooperation. Military assistance is touchy problem. While recognizing we can not ignore requests from Gulf states

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<sup>2</sup> Rogers was in Kuwait from July 3 to July 4 as part of a longer trip to Sri Lanka, the Middle East, Eastern Europe, and Italy, which took place between July 1 and July 11. A summary of his talks in Kuwait, Bahrain, and Yemen is in Document 118.

<sup>3</sup> A report on British thinking on the uses of Jordanian troops in Oman is in telegram 5349 from London, June 9. (National Archives, Nixon Presidential Materials, NSC Files, Box 729, Country Files, Europe, United Kingdom, Vol. VII)

<sup>4</sup> As reported in telegram 489 from Kuwait, March 27. (Ibid., RG 59, Central Files 1970–73, POL 17–1 US–QATAR) In telegram 228979 to Jerusalem, December 19, the Department notified the Embassy that it had just created the position of chargé for Qatar. (Ibid.) The Embassy in Doha, however, was not established until February 24, 1973.

we are not keen to do too much in this field, do not want to stimulate arms race, and do not want to replace British.

There is also political climate in US against extending overseas commitments. Re equipment sales, we must work on case-by-case basis. Case provisions re Bahrain Stationing Agreement reflect essentially domestic political issue in which many Senators voting to cut funds unless agreement submitted to Senate do not disagree with substance of our naval presence in Gulf. We hope problems with Senate will be straightened out this week. Sisco also wanted to mention Secretary's brief planned visits to Bahrain and Kuwait which are intended to manifest US interest in Gulf.

2. Parsons said that over large part of Gulf area things are going better than British expected. In Oman, Sultan's campaign is going well though Omani situation is still fragile. Qatar is better off under new Ruler who is most sensible man in Gulf. Bahrain more stable than UK had thought it would be. Kuwait is "going on in its usual way." There are, however, serious problems in UAE. In Gulf, British have diverted from "conventional withdrawal policy" and have decided to have "high profile." UK has modernized its relations. Arab world, except Qaddafi, seems to be satisfied with new British role which is designed to bolster confidence of small states by indicating British have not "gone away." There is fairly substantial UK physical presence bolstered by treaties of friendship. There is military advisory team in the UAE. This year Royal Navy has made two of its planned 3-4 Gulf visits. Assistance to police and special branch offices continues. UK carrying on technical assistance although phasing out payments for this purpose in view wealth of small Gulf states. Strong cultural role through British Council continues. Long term British objective is to maintain this role so long as it is not damaging to local regimes. Although FCO's thinking is only tentative so far there is recognition of eventual need to phase our British presence in defense forces to permit "Arabization." UK will be discussing this with Ruler in next year or two. This is where Jordanian role in Gulf comes in. Conventional Arab pressures against new UK role do not seem to be developing at least so far. British think they can stay for sometime, running down presence slowly in coordination with Gulf rulers.

3. Arms Policy: In response Parson's question, Sisco summarized recommendations on US policy toward supply of military equipment to Lower Gulf now awaiting approval.<sup>5</sup> Policy recognizes interest of American commercial firms in arms sales and recommends making Gulf states eligible for FMS but seeks as general rule to approve sale

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<sup>5</sup> See Documents 119 and 120.

of equipment which would enhance internal security capability Gulf states and not approval sophisticated offensive weapons which might be destabilizing factor. Policy also seeks avoid US military presence in Lower Gulf in maintenance or training functions and to avoid undermining UK advisory role. Sisco noted policy must be implemented on case-by-case basis and USG wants to stay in close touch with British and to complement not compete with UK role. Sisco added we want to emphasize civilian economic development side in our contacts with Gulf shaykhdoms in effort to strengthen structure of these states. Parsons said this “very fair policy” and that US and UK in agreement. It unrealistic to attempt Anglo-American-French effort to impose arms limitation since rulers such as Zayid would turn to Soviets. There is no tidy solution and we must realistically recognize conflict between commercial interests US and American arms salesmen. On political level, however, we are in agreement and are convinced must try to find area outside commercial competition where we can cooperate in restraining flow of unnecessary arms to Gulf states. Sisco noted UK could play useful role in assuring close consultation not only with USG but also with French Government.

4. Two sides then shared assessments situation in individual Gulf and Peninsula states. (Details follow by memcon).<sup>6</sup> Highlights:

(A) Re Bahrain, UK noted internal stability going well with regime keeping a step ahead of popular opinion. “Kuwaiti-type” constitution will be announced 2–3 weeks to take effect in 2–3 months. It will probably not recognize labor unions but GOB confident it has labor situation under control. Special branch under Ian Henderson major prop to internal security. Bahrain defense force is cause for some worry as possible source future coup. Sisco assured British proposed US coastal surveillance team will work closely with British advisors to stress police rather than conventional naval aspect any expansion Bahraini coastal patrol capability. Re Middle East force Stationing Agreement, Sisco said we regret publicity and are trying again with Senate this week to remove problem. We doubt Bahrainis in position to enter treaty with US re Middle East force but do not wish to remove naval presence from Gulf. Parsons asked if we had considered Das Island as alternative for Middle East force; Sisco said we would examine this.

(B) Qatar: UK encouraged by Qatari development under Khalifa’s rule, including political liberalization and overtures for better relations with Bahrain. Presence deposed Qatari ruler and his son in Dubai hurting Qatar’s relations with UAE. British contemplating weighing in with Dubai ruler, and asking Shah to weigh in also, to urge deposed ruler be

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<sup>6</sup> Not found.

sent to Switzerland. Parsons opined USG will eventually have to open resident mission in Qatar and that present chargé-level resident relations with other Gulf states may be only interim solution. Gulf states will put great emphasis on resident Ambassadorial representation. American Ambassador in UAE for example could "breathe down Zayid's neck" to offset Soviet or Iraqi influence. Sisco explained funding limitations on any early expansion US diplomatic representation in Gulf. Parsons thought Iran should swallow its pride and press for Ambassador in Abu Dhabi rather than Consul in Dubai. French will have resident Ambassadorial representation in each of Gulf states.

(C) Kuwait: Two sides agreed labor situation is worrying, National Assembly more virulent and government seems in sort of paralysis preventing its pursuing Kuwait's real interests for fear of reaction of Iraq, Qaddafi and National Assembly. Parsons said prosperity is what keeps Kuwait afloat but foreign policy toward Iran and Jordan particularly worrying. Parsons added primary UK concern re confrontation between Iraq and IPC was assessment that Iraq could persuade GOK to cut off oil to the West. Parsons hoped Secretary Rogers might get across to GOK leaders that while we understand pressures on them it not necessary to yield to Arab revolutionary sentiment to extent GOK does. Suggested Secretary might urge that Kuwaitis particularly seek to restore strong, underlying relationship with Iran although public posture towards Iran need be no more than "correct." Parsons said Iran could do much to check any Iraqi pressure on Kuwait but is disinclined to do so given present state of Iranian-Kuwaiti relations. British suggested GOK might be advised to keep strong "pro-Arab" stance on Palestine question, if this seems necessary, but to stand for Kuwait's own self interest in Gulf and economic matters. Parsons mentioned recently reported Kuwaiti offer to train Egyptian pilots in Lightnings. Two sides agreed that UK in no political position to oppose this and that purpose of such training appears to be essentially to manifest Arab political solidarity.

(D) British assess UAE situation as "worrying." While it miracle that there is any federation at all. There no doubt that Zayid has been extremely foolish in external policy, alienating Faisal and Shah as well as Rashid of Dubai, failing to improve relations with Oman and currying favor with wider Arab world which cannot help him while neglecting close neighbors who can. There is real possibility Dubai may pull out of UAE. Re Saudi-Abu Dhabi border both sides agreed that standing Saudi offer is reasonable and Parsons described it as "good deal" for Zayid. Parsons said UK simply unable last year to persuade Zayid to accept and has less influence on him now. Re Iranian desire to see Zayid replaced, British side said it unworkable and noted Zayid for all his faults in foreign policy extremely popular in Abu Dhabi. Parsons reviewed British role in police and military in UAE assessing it as ample. British noted inability to effectively coordinate Special Branch



functions in each state but felt basic internal security apparatus, focused in UAE defense force, sound and adequate under British leadership. British reverted to concern about Iranian irritation with Zayid saying they had promised Iranians that they would work on Zayid at home and in London during summer and that Shah had indicated he might send emissary to Abu Dhabi in September. Sisco said USG will support British effort with Iranians.

(E) Oman: Parsons said progress Sultan's campaign has been encouraging but he has to keep winning for next year or so to have reasonable prospects disinfecting Dhofari hinterland from significant rebel presence. British enthusiastic about Jordanian interest in role in Oman but coordination with UK, US, Saudis and Iranians essential. Coordination should start in Amman and should link up with the ground coordinating effort in Oman itself. At present, UK officer role essential in Oman but Jordanians provide good start to "Arabization-Omanization" which will take 20 years. Both sides agreed that cooperation in support of Oman should appear as Omani initiative and that US and UK should be in background. Sisco noted we had weighed in hard with Prince Sultan<sup>7</sup> for greater Saudi support of Oman and he had indicated Saudis will be forthcoming on economic side, but have limited capability for direct military assistance. Both sides agreed there are problems in Jordan's desire for US and UK financing of its role in Oman and Gulf. Both sides agreed Kuwait should be kept out cooperative effort in Oman for the moment.

(F) Subversion: British said PFLOAG certainly effective in Dhofar but Sultan's growing acceptance in Arab world weakening PFLOAG's position even in Oman. Outside Oman, PFLOAG is weak and to extent that subversive threat exists it would come from Iraqi influence most notable in Abu Dhabi. Parsons noted that most significant factor insofar as subversive capability in Gulf is concerned was June 1967 War which "knocked the stuffing" out of Nasserists and other Arab revolutionaries. As a result, Egyptian influence in Gulf has been at worst passive and at best constructive and it was agreed this situation unlikely to change in foreseeable future.

(G) Saudi Arabia: British noted their difficulties in their relations with Saudi Arabia and expressed concern about stability after Faisal. Parsons said UK concerned by lack of "forward Saudi policy" toward Gulf, with resultant decline in Faisal's influence in Gulf situation over last decade and corresponding increase in Iranian role. In present circumstances, if UAE went radical, for instance, Shah might feel compelled to intervene directly since he uncertain Faisal would. Sisco gave detailed US

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<sup>7</sup> Prince Sultan of Saudi Arabia was in the United States in mid-June. See Documents 161 and 191.

assessment of Saudi situation, considerably more optimistic than British, noting favorable internal developments, good relations with Iran, improved Saudi morale as a result of rapprochement with Egypt and evidence of growing constructive Saudi role throughout the Peninsula.

(H) Yemen and PDRY: Both sides agreed Saudi support of Yemen important and should be directed development of civil economy to strengthen structure of state rather than dissipated in fomenting anti-PDRY para-military activity. Parsons said UK would like to see US resume relations with YAR. Both sides agreed PDRY should be left to stew in its own juice. British noted internal conflicts in PDRY between pro-Soviet and pro-Chinese factions and PDRY's isolation in Arab world. HMG feels that PDRY wishes to maintain its relations with UK, however strained they may be.

(I) Iraq: Parsons felt Soviets might step in to help Iraqis if real confrontation between Iraq and IPC developed. Both sides agreed that there would be political motivations for such Soviet intervention but that Soviet interest in Iran would be inhibiting factor. US side noted economic limitations on increased Soviet role in Iraqi oil. Both sides agreed there limitations on extent to which Iraq is "Soviet stalking horse" in Gulf particularly in view of Iraq's internal weaknesses. Parsons opined Soviet approach toward Lower Gulf regimes might be to "play it quiet" as in Kuwait.

(J) Chinese role in Peninsula: Both sides agreed PRC views Peninsula essentially as an area of rivalry with the Soviets. Chinese recognition of Bahrain and Qatar had irritated PDRY. Chinese have influence in PFLOAG but PFLOAG's impact is limited mainly to Oman.<sup>8</sup>

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<sup>8</sup> Printed from an unsigned copy.

## 118. Paper Prepared by Harold Saunders of the National Security Council Staff<sup>1</sup>

Washington, July 11, 1972.

### SUMMARY

#### SECRETARY ROGERS' TALKS IN THE PERSIAN GULF

The following is a summary of the Secretary's talks with heads of government in North Yemen, Bahrain and Kuwait. It follows the route which the Secretary took. On the last page is a rundown of the line which the Secretary took on the Mid East problem.

##### *North Yemen*

The Secretary was warmly received by *President Al-Iryani* and *Prime Minister Al-Aini*. The highlight of the trip, of course, was the resumption of US/Yemen relations.<sup>2</sup>

[*Background:* Yemen is a highly underdeveloped desert country. Throwing off a backward-looking tribal leader in 1962, Yemen then became a battlefield between royalists/moderates supported by the Saudis, and more radical types supported by the Egyptians; Saudis and Egyptians ultimately clashed and the situation was not relieved until Nasser, tied up with the Arab/Israeli problem, began pulling out his troops after the 1967 war. By 1970 the moderates, with Saudi help, won and Yemen began to become an acceptable family member among our friends in the area. At a time when the US is less able to do so directly, Yemen is badly in need of assistance. We made clear that resumption of ties would not mean large-scale assistance; nevertheless, acknowledging that, much of Yemeni discourse revolves around their requirements for aid.]

The Yemeni leaders made the following points:

—*The greatest danger to Yemen, and to the Arabian peninsula, is the spread of communism from South Yemen (Aden) next door which the Soviets supply wholeheartedly.* [They made no reference to Chinese support.]

<sup>1</sup> Source: National Archives, Nixon Presidential Materials, NSC Files, Box 953, VIP Visits, Secretary of State's Visit to the Mid-East and European Countries, 28 June–7 July 1972. Secret. All brackets are in the original. The paper was transmitted to Kissinger under a July 11 covering memorandum from Saunders as part of briefing material prepared for Nixon's projected meeting with Rogers on July 13. Rogers met with Nixon in San Clemente on July 15 and 17; no memoranda of conversation or tape recordings of the meetings were found.

<sup>2</sup> Rogers's account of his visit with President Iryani is in telegram Secto 203/3315 from Belgrade, July 7, and his account of his visit with Prime Minister al-Aini is in telegram Secto 212/3328 from Belgrade, July 8. (Ibid.) The Embassy in Sanaa was re-established on July 1, 1972, after the Yemen Arab Republic severed relations with the United States on June 7, 1967.

—*Saudi Arabia and Libya are helpful* militarily but they provide the equipment to rebel tribal groups rather than to the Yemen Government and military; the latter should be properly built up, rather than wasting aid on tribal groups who have not been successful to date. They should understand.

—The Soviets promised military aid to North Yemen but sent nothing; *there is a virtual "Soviet conveyor belt" to South Yemen.*

—Yemen can hardly pay government salaries; the government will lose the confidence of the people if it cannot produce some results. Nevertheless, *Yemen understands the US position and will not ask for military aid. But it desperately needs economic assistance*, hopes we can speed up old projects and initiate new ones, lobby for Yemen in international institutions, draw private American business to Yemen. Still, Yemen must be militarily prepared.

—*Yemen felt from talks with Saudis that Saudis said the US would be very helpful about assistance once Yemen resumed ties.*

—*Yemen* hopes something can be worked out on the Mid East. In the absence of peace, the Soviets are gaining in presence. They *applaud your Peking/Moscow trips.*

—President Al-Iryani appreciated the Secretary's hope he might visit the US. (He has never been here.)

—*Yemen is still sensitive to Arab activist views on its decision to resume ties.* They hope we can acknowledge publicly our interest in contributing to Yemen so that Yemen can show something tangible.

The Secretary wants good follow-up on Yemen's needs within the circumstances, and continued consultations with the Saudis.

### *Bahrain*

Secretary Rogers warmly received by the elderly *Amir*, Crown Prince and Foreign Minister, *was gently reminded—by old friends who stand with the US—that the Arab Mid East is important to us* and hope we appreciate that.<sup>3</sup>

[*Background:* The Bahrainis, much like but weaker than the Saudis, consider themselves steadfast friends who feel we need their wise counsel and hope we understand their purpose in delivering it. They were proud to have followed through with the US on the vote on China's UN entry last fall, while others' delegates at the UN—Morocco, Oman, Cyprus—caved in to Arab pressures. By the same token, they expect our understanding of the delicacies they feel they must deal with on our COMIDEASTFOR in Bahrain. Concerned about Arab radical reaction to

<sup>3</sup> Rogers's account of his visit with Bahraini officials is in telegram Secto 210/3326 from Belgrade, July 8. (Ibid.)

“imperialist” forces there, they were naturally upset with Congressional and press publicity on the Case resolution (Azores and Bahrain agreements to be submitted as treaties). They are pleased the matter has subsided with last month’s Senatorial deletion of Bahrain from the amendment.]<sup>4</sup>

The Bahrainis made the following points:

—*They are pleased the “acutely embarrassing” problem of the Bahrain naval facility has subsided; it should not now affect US/Bahraini relations. Bahrain stands with its friends.*

—*The greatest threats to regional stability are (1) the spread of communism from South Yemen and (2) the gnawing Arab/Israeli impasse which is being felt in the Gulf. The US must help its Arab friends in this regard.*

—*Bahrain wishes to maintain its good relations with the US and UK and has noted with pleasure US ties with Yemen and enhanced prospects with Sudan, Algeria, etc. We have many friends but we must support them.*

—*The Arab/Israeli problem is at the heart of Bahrain’s worries and having increasing repercussions in the Gulf—where the US has huge investments. It is difficult to predict the future and Bahrain does not wish to be forced into taking hostile positions to the US. The US concentrates on specific problems such as reopening the Canal, whereas the broad trends are the real threat—nationalization for one, Arab public opinion for another.*

—*Arabs are becoming increasingly anti-US; the Israeli problem must be “frozen.” The US doesn’t seem able to support its friend Lebanon in the UN Security Council when resolutions come up. Bahrain wants the US to be fair; a strong US in the Mid East is important for Bahrain.*

—*Arabs’ greatest need is to save face. Talks should be held between the parties but it requires a good atmosphere. Israel has to make some gesture to demonstrate flexibility, and do this itself without using the US as its interpreter. For the Arab part, Egypt, not Jordan, is key.*

—*Bahrain is grateful for US efforts and stands by it. American investment is welcome.*

### Kuwait

Secretary Rogers had “lively” discussions with the Acting Amir and Crown Prince (Amir away) and it would appear received a *fair dose*

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<sup>4</sup> The Case Resolution, introduced by Senator Clifford P. Case (R-NJ) and four other members of the Senate Foreign Relations Committee, called on the Nixon administration to submit the executive agreements with Bahrain and Portugal on basing rights to the Senate as treaties, and thus subject to Senate approval. The non-binding Resolution passed March 3 by a vote of 59–6.

of modern Kuwaiti pro-Palestinian, anti-Israeli feelings and inflexibility on US positions.<sup>5</sup> The Kuwaitis did not compromise.

[*Background:* Kuwait, once of the Saudi, Bahraini traditional ilk, has become increasingly strident in support of more radical Arab views. Despite Kuwait's traditional pro-Western pull, this is partly a function of (1) the fact that over half of Kuwait's population is non-Kuwaiti—most of these are Palestinians in a time of revived self-consciousness and constitute a domestic political challenge to the ruling family; (2) the fact that Kuwait is reaching accommodation on border problems with Iraq—which once claimed Kuwait territory and scares Kuwait—and thus adopts positions important to Iraq but not necessarily vital to Kuwait. One of these is Iraq's vocal stance on Iran's seizure of three islands—protectorates under the UK but claimed by the Arabs—when the British withdrew last fall. Kuwait's support of Iraq's claims of "Arab sovereignty" over these three islands enrages the Shah.]

The Kuwaitis made the following points:

—Kuwait welcomed the visit as a gesture of good US/Kuwaiti relations, but:

—*Great powers need not solve the Gulf problems* after the UK withdrawal; the Gulf should avoid great power associations and assume common responsibility for the region.

—*Kuwait regrets the US did not prevent Iran from forcibly taking the three Gulf islands.* That action contributed to the mood for a Soviet/Iraqi friendship treaty. *At the same time, US shouldn't be interfering in Gulf affairs.* [The Crown Prince could not explain this inconsistency.]

—*Re the Arab/Israeli impasse, your policy is not like President Eisenhower's and you have given more arms to Israel than anyone else.* [This is a favorite theme.] The US policy now is contradictory—it claims not to believe in force, yet supplies Israel with military means to retain the occupied territories. Consequently, *Arabs are forced to turn Soviet.*

—The US lost its credentials of impartiality after the 1967 war and is acting against its own interests.

—*Kuwait does not support Security Council Resolution 242 because it is against Arab interests; it will go on supporting the despairing fedayeen.* Kuwait does not care what the parties "directly concerned" feel about 242—they can do what they wish.

—Ducking questions about whether Israel had the right to exist or whether Egypt might agree to a settlement with it, the Crown Prince said

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<sup>5</sup> Rogers's account of his visit with Kuwaiti officials is in telegram Secto 213/3330 from Belgrade, July 8. (National Archives, Nixon Presidential Materials, NSC Files, Box 953, Secretary of State's Visit to the Mid-East and European Countries, 28 June–7 July 1972)

*Israel must withdraw from all Arab territories.* The Kuwaitis would welcome whatever the Palestinians agreed to, including continued fighting.

—*Fatah leader Yasir Arafat, who receives Kuwaiti as well as Saudi coffers, is the true spokesman; others, leftists, are useless.*

—*Kuwait believes in peaceful solutions but could not accept peace at the price of misery for the Palestinians.*

—*Regardless of what Egypt does, Kuwait would never deal directly with Israel.*

*Secretary Rogers in all his Gulf talks took the following line on the Mid East:*

—*The US has—and will continue to—work hard for a settlement with Resolution 242 as the basis; the problem is that both sides interpret it differently, Egypt demanding total withdrawal, Israel needing secure borders. The US understands Arab positions; it cannot tell Israel what to do.*

—*The parties should talk, not necessarily face to face but perhaps in proximity with Sisco possibly in between and the US is available. The only solution lies in negotiations between the parties. Everywhere but the Mid East opposing parties are talking; in the Mid East they are unwilling, yet there is flexibility on both sides behind the scenes.*

—*Among the main obstacles are (1) the presence of significant numbers of Soviet troops in Egypt, giving a great power dimension to the Arab/Israeli problem; (2) that Arabs speak with more than one voice: supporting extremists is senseless. The US tried to resist an arms provision to Israel but had to maintain the balance.*

—*A territorial settlement is still the best hope for progress.*

—*In our view, (1) Hussein is reasonable and entitled to have most of his lands back; (2) most of the territory occupied by Israel should be returned but Israel should have some degree of security; (3) any arrangement would probably involve a demilitarized zone. (In North Yemen, the Secretary referred to the 1969 Rogers Plan as the US view of the best route.)*

—*The Arabs must accept Israel.*

—*The US encourages Gulf regional cooperation above all.*

## 119. Memorandum From the President's Assistant for National Security Affairs (Kissinger) to President Nixon<sup>1</sup>

Washington, August 14, 1972.

### SUBJECT

Military Supply Policy for the Lower Persian Gulf States

With the transition of the lower Persian Gulf sheikhdoms from complete British protection to independence, we must now decide whether and under what guidelines the US will supply military equipment to these states. When the British maintained them as protectorates, we left the field completely to them. Now, however, some of the states are interested in developing a supply relationship with the US as well.

The Under Secretaries' Committee has completed a study of possible US postures, which Under Secretary Johnson has summarized in the memo at Tab A.<sup>2</sup> A summary of the entire study is on top.

*The central recommendation of that study is that you approve a policy of US readiness to supply arms selectively to these states.* This would be done within the following general guidelines:

—The overall thrust of US policy, as you told the Shah in Tehran,<sup>3</sup> is to encourage the larger friendly states bordering the Gulf (Iran, Saudi Arabia, Kuwait) in cooperation with other interested states like Jordan, gradually to assume the main responsibility for the security of the entire Gulf area and Oman.

—The British should be encouraged to remain as heavily involved as possible, especially in assisting the development of local security forces. We should consult carefully with the British on our policy toward the Gulf in order to avoid creating any impression that we are trying to assume a role as primary protector of the Gulf states.

—Attempting to preserve the British role in the area of security, we should not, however, forego direct sale of US arms but should try to strike a balance between our interest in preserving the British role

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<sup>1</sup> Source: National Archives, Nixon Presidential Materials, NSC Files, NSC Institutional Files (H-Files), Box H-236, National Security Decision Memoranda, NSDM 186. Secret. Sent for action. Haig initialed the memorandum for Kissinger. A handwritten notation on the memorandum indicates the President saw it.

<sup>2</sup> Attached but not printed at Tab A is a memorandum from Johnson to the NSC Under Secretaries Committee, April 24, which forwarded to Kissinger the undated report, "Sale of Defense Articles and Services to Lower Persian Gulf Shaykhdoms and Oman." Earlier drafts of the paper are *ibid.*, Box H-255, Under Secretary's Study Memorandums, U/SM 70-73.

<sup>3</sup> Nixon visited Tehran May 30 and 31 on his return from the Moscow Summit. See *Foreign Relations, 1969-1976*, volume E-4, Documents on Iran and Iraq, 1969-1972, Documents 200-202.



and our political and commercial interest in the closer direct relationship which would emerge from the direct supply of arms to these states.

—The US Government would support efforts by private firms to sell reasonable amounts of defense equipment and services to these states and we would make these states, where commercial channels are inadequate, eligible to purchase equipment under the Foreign Military Sales Act.

—We would try to avoid situations in which US military personnel would be in these states except perhaps briefly to provide temporary advisory or maintenance instruction with new equipment.

—We would review carefully sales of large quantities of heavy equipment to minimize disruption of the relationships which are in our broader interest.

*The main decision being made here is the decision to move from a position of providing no significant equipment to one of providing some military equipment, moving cautiously so as not to disrupt other relationships in the area that are important to us.<sup>4</sup> The basic decision is whether to supply or not.*

A follow-on decision is, if we are going to supply arms, whether to set guidelines for ourselves which would require review of each significant sale in the light of how it would affect the Saudis, Iranians and British and how it would affect the general level of equipment in the area. Such guidelines would seem important at least to protect the role and sensitivities of the British, Iranians, Saudis and Kuwaitis. In addition, there is an issue whether or not we are going to try to encourage some limits on the kinds of arms these states procure once we have taken into account the sensitivities of our friends in the area. The only practical answer seems to be that an eye should be kept on this while recognizing that our ability to affect the level of arms in the Gulf will be limited. The Gulf states will try to procure advanced weapons, and because they have the money, they will probably be able to buy them somewhere. Our ability to win the cooperation of other suppliers is limited. So our main concern is to be sure that our sales are understood by our friends and are consistent with the broad regional cooperation we are encouraging.

*Recommendation:* That you approve US supply of military equipment to the Persian Gulf states subject to review of each major case in the NSC Under Secretaries' Committee in the light of its effect on our general policy of encouraging the principal states of the area to assume primary responsibility for its stability. If you approve, the decision memorandum at Tab B will be issued.<sup>5</sup>

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<sup>4</sup> In telegram 2535 from Jidda, July 2, the Embassy detailed the caution that needed to be exercised in U.S. arms policy so as not to negatively impact relations with Saudi Arabia, and not to create centrifugal rather than unifying forces in the newly established states. (National Archives, RG 59, Central Files 1970–73, DEF 12–5 FAA)

<sup>5</sup> The President initialed his approval. Tab B is Document 120.

**120. National Security Decision Memorandum 186<sup>1</sup>**

Washington, August 18, 1972.

TO

The Secretary of State  
The Secretary of Defense  
Chairman of the NSC Under Secretaries' Committee

SUBJECT

US Military Supply Policy for the Lower Persian Gulf States and Oman

The President has considered the report of the Under Secretaries Committee forwarded with the memorandum of April 24 from the Acting Chairman of the NSC Under Secretaries' Committee, "Sale of Defense Articles and Services to Lower Persian Gulf Shaykhdoms and Oman."<sup>2</sup>

The President has directed that our policy on this subject should be based on the principles that the primary responsibility for the stability of the Gulf region should fall upon the states of the region, that the US should encourage cooperation among them for that purpose, that a continuing British role should be encouraged and that, within that overall context, the US should play an active and imaginative direct role. Maintaining this US posture will require continuing close consultation with the British and with the friendly states primarily involved in promoting stability in the Gulf area.

The President has approved the provision of military equipment to the states of the Lower Persian Gulf and Oman on a selective basis as described in the memorandum of the Under Secretaries' Committee. Specifically the following position is approved:

—American private firms should be supported in selling to these states reasonable amounts of defense articles and services of a type which will meet their security needs.

—In cases where commercial channels are inadequate, these states should be made eligible to receive United States military equipment and services under the Foreign Military Sales Act when that is consistent with the objective of furthering cooperation among the regional states.

—As a general rule, the sale of equipment should be arranged in such a way as not to require the presence of United States military

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<sup>1</sup> Source: National Archives, Nixon Presidential Materials, NSC Files, NSC Institutional Files (H-Files), Box H-236, National Security Decision Memoranda, NSDM 186. Secret. Copies were sent to Helms and George Shultz, Director, Office of Management and Budget.

<sup>2</sup> See footnote 2, Document 119.

personnel in these states on other than a temporary basis for providing advice or maintenance. Private American companies should not be discouraged from providing, in connection with the supply of United States equipment, administrative and training personnel to the region, but every effort should be made not to undermine the ongoing British advisory role there.

—The sale of weapons and other types of equipment which could be destabilizing will be carefully reviewed in the light of broader U.S. interests in the area.

The NSC Under Secretaries' Committee should oversee the implementation of this policy and should provide for review of major requests for sale before licensing or credit is approved.

Haig<sup>3</sup>

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<sup>3</sup> Haig signed for Kissinger above Kissinger's typed signature.

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## 121. Telegram From the Embassy in Kuwait to the Department of State<sup>1</sup>

Kuwait, September 10, 1972, 1050Z.

1666. Subject: Possible Kuwaiti Purchase of French Mirages. Ref: Kuwait 1491 and previous (notal).<sup>2</sup>

1. In conversation with MinDef and Interior Shaikh Saad, I asked him status of Kuwaiti study of its military requirements, US survey team report and when he planned send team to Pakistan, Europe and US. Was there anything further US companies such as Northrop could do help Kuwaitis make up their minds re aircraft or other equipment they wanted?

2. Saad replied GOK had still not made up its mind finally on aircraft. Mirage and Harrier were still in running in addition to F-5s and A-4s as proposed in US report. What about F-4, he asked. I replied

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<sup>1</sup> Source: National Archives, RG 59, Central Files 1970–73, DEF 12–5 KUW. Secret. It was repeated to Amman, Beirut, Islamabad, and Tehran.

<sup>2</sup> In telegram 1491 from Kuwait, August 10, the Embassy reported that the Kuwaiti Air Force had completed its study of the Department of Defense survey team report; that the Kuwaiti Army was now evaluating its portion; and that, eventually, a Kuwaiti team would visit several countries and prepare a final report for the Minister of Defense. (Ibid.)

that, as we had explained before, F-4 simply not suitable weapon to defend against threat as agreed upon between Kuwaiti military and US military survey team.<sup>3</sup> Moreover, said I thought GOK should think hard before acquiring odd and incompatible assortment of weapons from various countries. Such approach might make sense politically, but certainly not militarily or economically. Compatibility of one's own system internally, and with friendly neighbors (Saudi Arabia, Iran, Jordan) very important also. I said these points argued strongly for US equipment throughout including F-5s, since US equipment best in world.

3. Saad replied emphatically that politics not involved in GOK decision re aircraft or any other military item. Added he hoped have additional info for me "in about two weeks."

4. I saw Saad again at function Sept 9 and said would be glad ask Northrop reps visit Kuwait again if he felt this would be useful in helping make up Kuwaiti minds re aircraft to buy. Saad sidestepped question but asked me see him again Sept 14.

5. *For Tehran:* Re Tehran 5400,<sup>4</sup> Emb here in close touch with Kuwaitis on their military program and plans. For Pitts' info, Northrop rep Rogan in Beirut fully clued in on status Northrop offer of F-5s to GOK. We obviously cannot guarantee Kuwaiti eventual decision to purchase F-5s but we and Rogan working hard on it. See no need at moment for additional Northrop effort here but of course this decision is Northrop's to make.

**Stoltzfus**

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<sup>3</sup> The Departments of State and Defense had earlier identified Iraq as the only real threat to Kuwait. (Memorandum of conversation, August 11, 1971; *ibid.*) Kuwait also identified significant internal security threats. (Telegram 1796 from Kuwait, September 27; *ibid.*)

<sup>4</sup> In telegram 5400 from Tehran, September 7, the Embassy reported that Kuwait was seriously considering the purchase of French Mirage aircraft that would be based in Pakistan. Northrop had thought Kuwait would purchase F-5s, and was now trying to get King Hussein of Jordan to convince Kuwait to purchase the F-5s. (*Ibid.*)

**122. Intelligence Memorandum Prepared in the Central Intelligence Agency<sup>1</sup>**

Washington, September 21, 1972.

## The Persian Gulf: The End of Pax Britannica

The Pax Britannica in the Persian Gulf has ended after more than 150 years, and three newly independent states have emerged. They will be seeking their way without the threat of British intervention or the comfort of British protection. Singly or in tandem, Iran and Saudi Arabia have been touted as candidates to fill the vacuum left by the British. If military power were the sole prerequisite of leadership, Iran could provide a Pax Persica, but the Shah is embroiled in disputes with Kuwait and Iraq at the head of the gulf and Abu Dhabi down the coast. Cultural and historical differences are added impediments to the exercise of leadership by Iran. Saudi Arabia seems precluded from the role of protector for many of the same reasons, although it does have a good deal of influence with the ruling families in Bahrain and Qatar.

Two non-gulf states, Jordan and Pakistan, have stepped forward, primarily to offer trained and politically safe military and security personnel to replace British forces. But neither country is likely to become an effective force in gulf affairs. Regional cooperation or security arrangements will probably not develop in the near future, but the chances of success would be brightened if the difficulties that the United Arab Emirates is having with Iran and Saudi Arabia could be resolved.

[Omitted here are 12 pages of background on crises, bringing all issues up through September 1972. A short conclusion states that the UAE dispute with Saudi Arabia and Iran represented a major problem that could impede regional cooperative security arrangements. Even if resolved, it was doubtful the new UAE would join in any formal or informal arrangements. Moreover, the region faced potential subversion and threats from extremist dissidents in Oman.]

*Background*

Britain's decision of January 1968 to terminate its treaties of protection with nine Persian Gulf sheikhdoms and to withdraw its military forces from the area by the end of 1971 signaled the conclusion of the last vestige of the 19th century's Pax Britannica. The dismantling of the British advisory and defense arrangements opened the way for

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<sup>1</sup> Source: Central Intelligence Agency, Office of Current Intelligence Files, Job 79–T00832A. Top Secret; [codeword not declassified]. Prepared in the Office of Current Intelligence in the Directorate of Intelligence and coordinated within CIA.

political changes in the sheikdoms and ordained that their isolation from international affairs would be a thing of the past. Many knowledgeable observers believed that the British exodus would bring upheaval in its wake and open the area to revolutionary movements.

Three independent states—Bahrain, Qatar, and the seven-member United Arab Emirates—were established in the second half of 1971 as the British completed their withdrawal. An effort by the UK to get all nine of these sheikdoms to federate was wrecked by traditional antipathies and the fear of some rulers that they would be eclipsed by others. For Bahrain and Qatar, the transition from the status of protected sheikdoms to sovereign nations was a relatively painless procedure. The union of the other seven sheikdoms into the United Arab Emirates, on the other hand, was difficult. Three years of negotiations were required before the feuding sheikdoms, formerly known as the Trucial States, accepted union. Iran's threat to oppose a union of the Trucial States unless the Shah's claim to ownership of three gulf islands—Abu Musa and the two Tunbs—was recognized also inhibited the establishment of the union.

The oil wealth of the sheikdom of Abu Dhabi guaranteed that its ruler, Sheik Zayid, would be the dominant figure in the union. Now the president of the United Arab Emirates, Sheik Zayid has energetically involved himself in Arab world politics. He has traveled extensively and has contributed gifts and loans to other states. Zayid sees his international connections as potential assets if support is needed against Saudi Arabia or Iran and also thinks these connections will increase his prestige at home.

The rulers of Qatar and Bahrain, on the other hand, have been content to devote themselves to domestic affairs, and their countries remain in the backwater of Arab life. Qatar's ruler, Amir Khalifah al-Thani, was momentarily in the limelight in February 1972 when he deposed the former ruler, his cousin, in a quiet palace coup. Amir Isa, the ruler of Bahrain, is preparing a constitution and planning for the election of a constituent assembly. These political changes will probably be effected by the end of 1972.

Bahrain, with more than 200,000 people, has the largest and most sophisticated population of the gulf sheikdoms, but is not as richly endowed with oil as Qatar or Abu Dhabi. Qatar, whose population is about 130,000, had an oil income in 1971 estimated at \$200 million. Abu Dhabi, with a population of perhaps 60,000, had an estimated oil income of \$440 million in 1971. In per capita terms, it is the richest state in the world, although only ten years ago it was sunk in the traditional penury of desert isolation. Dubai, the largest of the seven members of the United Arab Emirates, has a population of about 75,000. It is the commercial center of the lower gulf coast with a flourishing entrepot

and gold smuggling trade and has recently begun to exploit an offshore oil field. The population of the other five sheikdoms—Sharjah, Ajman, Umm al-Qaiwain, Ras al-Khaimah, and Fujairah—range from about 5,000 to 35,000. These sheikdoms are scarcely more than strips of desert and lagoon interspersed with poor fishing and agricultural villages. Only Sharjah has pretensions to prosperity. The principal sources of income for these sheikdoms are bizarre excursions into the field of international philately, rents obtained from oil companies for exploration concessions that have so far proved unrewarding, and stipends from Sheik Zayid. Their main hope is that some day they too may strike it rich with oil.

Critics of Britain's decision to end its military and political commitments argued that, in the absence of a regional security system, the gulf would become subject to subversive movements, persistent conflicts between rival Arab states, and international tension between Arabs and Iranians that would be exploited by the Soviet Union. The result, they said, would be grave peril to Western oil interests and supplies. The political transition was relatively orderly, however, and the dire predictions have not yet been borne out. Although there has been wrangling and some tension, overt external military attack on any of the gulf sheikdoms seems unlikely. The political institutions of the new states are fragile, however, and their security may be threatened by other developments. Intra-ruling family disputes may lead to palace coups, which are usually unrelated to ideology; territorial disputes, revolutionary movements, or external disruptive influences could cause trouble; indeed, the union itself could break up.

#### *Breakup of the union*

Sheik Zayid's oil wealth is a powerful adhesive for the union, but at the same time it has led to jealousy and has raised questions in the minds of the rulers of the other six members of the union about the Sheik's intentions. Zayid's efforts to enlarge the Abu Dhabi Defense Force rather than the union army provide evidence for those who suspect that the Sheik's goal is to become the sole ruler of the union. Some of Zayid's actions on the international scene—his recognition of the Soviet Union without consulting the other rulers and his controversies with Iran and Saudi Arabia—are regarded as high-handed and unwise by [*less than 1 line not declassified*] and some of the other rulers.

[Omitted here is a photograph of Sheik Zayid chairing a meeting of the union's council of rulers.]

While none of the poorer sheikdoms seems likely to pull out of the union soon, several are keeping their options open by maintaining contact with Saudi Arabia and Iran. Ajman, Umm al-Qaiwain, and Ras al-Khaimah either have been securing, or are negotiating for, financial aid

from King Faysal or the Shah. Zayid and the union government understandably oppose direct foreign assistance to a sheikdom and have requested that all aid be funneled through the union government.

The fragility of commitment to the union is also demonstrated by Fujairah's and Ras al-Khaimah's approaches to the Sultanate of Oman on possible union. Worsening relations between Saudi Arabia and Abu Dhabi, or Iran and Abu Dhabi, could lead to problems for the union.

### *Territorial disputes*

The numerous territorial disputes in the Persian Gulf—most of them related in one way or another to oil issues—are probably the greatest threat to regional stability and cooperation. Prominent among them is the longstanding quarrel between Abu Dhabi and Saudi Arabia that has disturbed relations between Sheik Zayid and King Faysal. The Saudi monarch refuses to establish diplomatic relations with the union until the matter is settled. Zayid's decision in early 1972 to exchange diplomatic missions with Moscow, although it has not yet been implemented, further irritated the Saudi monarch.

The core of the Abu Dhabi–Saudi dispute is popularly, but inaccurately, believed to be the ownership of the Buraimi Oasis. Its nine towns and villages are now divided between Abu Dhabi and the Sultanate of Oman, but, it is said, all are claimed by Saudi Arabia. In fact, King Faysal has indicated that he is willing to abandon his claim to Buraimi in return for border modifications elsewhere. As a face-saving device, King Faysal has suggested that a referendum be held in Buraimi to determine the residents' wishes. This was done in Bahrain in 1970 when Iran's claim to the island was laid to rest. The real barrier to reaching a settlement is the Saudi demand for a corridor to the Persian Gulf, to run between the Qatar border and a point west of Abu Dhabi's oil terminus at Jebel Dhanna. This would give the Saudis access to a bay that could be developed into a port. The Saudi territorial plan is known as the "Riyadh Line of 4 May 1970."

Sheik Zayid is reportedly willing to cede the Saudis a corridor to the gulf (though narrower than that sought by Faysal), to redefine the border, and to share potential oil revenues in certain disputed territories. But the Sheik contends that to give in to King Faysal's full demands would lead to the dismemberment of Abu Dhabi and the loss of at least a third of its territory. If the Saudis were to acquire a corridor and a stretch of the coast, it is not clear what this would mean for the existing Daruma offshore oil concession area. Oil has not yet been found in commercial quantity, but the prospects seem promising.

Zayid's proffered concessions have been rejected. A Saudi official has stated that unless Saudi demands are met by Abu Dhabi, his government may reassert the even more extensive claims it made in 1949.



King Faysal's demand for a "window on the gulf" is publicly justified by the Saudis on the rather vague grounds of economic development and defense needs. More specifically, the Saudis want a corridor so they can lay a pipeline from the new, and not yet producing, Shaybah oil field to the coast. [3½ lines not declassified] The most economical outlet for a pipeline would be a route straight north to the Abu Dhabi coast. The Saudis' corridor plan is designed to provide a site within Saudi jurisdiction that would serve not only Shaybah, but also any other Saudi fields in the Rub al-Khali area. Otherwise, output from this area would have to pass far to the north to the Saudi coast, through Abu Dhabi or Oman—the latter undesirable for security reasons.

A Saudi military take-over of a gulf corridor is not likely; such an effort would be difficult to mount logistically and would have adverse political repercussions. Nevertheless, Saudi Arabia displayed its military capability when it moved several thousand National Guard troops to Salwah on the Qatar border in early 1972. This was presumably done to bolster the new Amir of Qatar following his ouster of the former ruler, but the troop movement may also have been designed to impress Sheik Zayid.

The US has tried to get the Abu Dhabi–Saudi territorial dispute off dead center, but the Saudis have been intransigent, talking about "sacred Saudi soil" and sticking to what appears to be a "take-it-or-leave-it" offer to Sheik Zayid. King Faysal is not convinced by US arguments that Sheik Zayid would be less likely to enter into ties with Iraq and other Arab radicals if the Saudis improved their relations with the United Arab Emirates. King Faysal's displeasure with Zayid was increased by Abu Dhabi's acquisition of jet fighter-bombers and tanks. The Saudis, who suspect that the weapons would only be used against them, have called the purchase "criminal and senseless." King Husayn of Jordan, wishing to carve out a role for himself in the area, has offered to serve as a mediator in the dispute. Husayn plans to visit Saudi Arabia in the near future and has already met with Sheik Zayid. The Jordanian monarch sought to convince Zayid that better relations with the Saudis and Iranians are a prerequisite for regional stability, but his efforts to resolve the territorial issue have so far shown no signs of success.

Relations between Sheik Zayid and the Shah of Iran are also marred by a territorial dispute. In late 1971, shortly before the termination of the British role in the gulf and just prior to the formal establishment of the union of the Trucial States, Iran took over three islands in the gulf—Abu Musa and the two Tunbs. Iran's claim to the small and sparsely populated islands had an historical basis. But more important was the Shah's conviction that the islands were strategically essential to Iran. If they were in unfriendly hands, he contended, they could provide bases from which Iran's vital shipping routes might be

attacked. The Shah therefore made it clear that he would oppose any union of the gulf states unless he controlled the islands. The ruler of Sharjah [*less than 1 line not declassified*] eventually agreed to give in to the Shah in return for financial and economic aid from Iran. On 30 November—one day before the British responsibility for defense of the Trucial States lapsed—an Iranian naval task force landed a small garrison on Abu Musa without incident. As for the two Tunbs, the ruler of Ras al-Khaimah refused to negotiate. Nonetheless, an Iranian force landed there and skirmished briefly with the Ras al-Khaimah police. The message of this operation was not lost on the gulf rulers. Nonetheless, it aroused considerable resentment and provoked a loud outcry throughout the gulf.

Essentially, the islands dispute is a conflict between the different cultures, Arab and Persian. The Arabs resent Iranian intrusion into the gulf, and Sheik Zayid has not been content to drop the issue. In his travels and reception of Arab leaders, the Sheik has gone out of his way to flag the matter by frequently referring to Arab ownership of the islands and to the need to preserve the “Arab character” of the gulf. Zayid has probably been under some pressure from radical Arabs to pursue the issue, and Iraq has been the cheerleader for Zayid’s comments, apparently hoping to reduce Iran’s influence in the gulf by keeping the dispute alive. The Shah, who had felt that the gulf islands issue had been put to rest, has reacted angrily to Zayid’s carping. Some Iranian officials, perhaps as a stratagem to frighten Zayid into silence rather than with serious intent, have suggested that Iran is “tempted to do something about Zayid.” [*less than 1 line not declassified*] pointed out to the Iranians that the removal of Zayid would open a Pandora’s box of dynastic feuds in the gulf and could well produce an even more irresponsible successor. Moreover, Iranian adventurism on the Arab side of the gulf would engage [*enrage?*] the Saudis and jeopardize any hopes the Shah might have of injecting Iranian influence into the area. Relations between the United Arab Emirates and Iran have been so strained that ambassadors have not been exchanged, although Iran has been given permission to open a consulate in Dubai.

There were indications in July 1972 that the differences over the islands were being resolved. Low-level talks between union and Iranian officials were under way, and negotiations for a meeting in Europe between Sheik Zayid and a personal emissary of the Shah were in progress. Since then, however, many of the Arab states, including the United Arab Emirates, have again publicized the dispute over the islands, this time via a letter to the UN Security Council. As a result, it seems unlikely that the Shah or any Iranian official, except perhaps the Iranian ambassador in London, will now meet with Zayid. The Shah has threatened to withdraw diplomatic recognition from the United

Arab Emirates by 30 September if the controversy is not resolved to his satisfaction.

Another source of territorial disputes centers on oil exploration and exploitation in the Persian Gulf. A number of states have signed median-line agreements to set off areas for exploration, but not all have been able to reach accords. Currently under review are conflicting claims for exploration rights advanced by competing US oil companies that involve the offshore boundaries of Sharjah and Ajman and of Sharjah and Umm al-Qaiwain. On land, conflicts between the member sheikdoms of the United Arab Emirates resulting from complex family and tribal jealousies and the profusion of enclaves have led to frequent territorial disputes and to occasional violence. The latest outbreak of armed conflict occurred in June 1972, when Sharjah and Fujairah tribesmen fought over the ownership of agricultural land. The United Arab Emirates Defense Force (the former Trucial Oman Scouts) and the Abu Dhabi Defense Force intervened to end the clash.

#### *Revolutionary Movements*

Revolutionary movements also pose a threat to the gulf states. Operating under the banner of Arab nationalism, a number of leftist clandestine groups are continuing to encourage domestic discontent. The unpopularity and conservatism of some ruling families, traditional tribal and dynastic rivalries, and the disorientation of populations swept into new social and economic situations by oil wealth are all sources of discontent. Until the 1967 Arab-Israeli war, much of the external support for subversive movements came from Cairo, but changing Egyptian policies since then have opened the field to other contenders for the revolutionary spoils, such as Iraq and Yemen (Aden).

Of the new gulf states, Bahrain is probably the most susceptible to revolutionary movements. [4 lines not declassified] Order and stability may be enhanced by the adoption of a constitution and popular representation; in the long run, however, political reforms will probably only whet the appetite of extremist groups. Bahrain has a variety of extremist popular front groups, such as the Arab Nationalist Movement, the National Liberation Front, and Baathists. The Bahraini Baathists—only some of whom have close ties to Iraq—assert that they favor evolution over violent revolution and have kept pressure on the ruling family to share its political power.

Among the other lower gulf states, dissident organizations are disunited and ineffective. Local security forces, usually British-led, will probably be able to cope with domestic threats for some time to come.

The Baathist regime in Iraq, which is hostile to all sheiks, sultans, and shahs and has been trying to extend its presence and influence in Kuwait, Bahrain, and the United Arab Emirates, poses a threat to the gulf states. The Iraqi Government has established a number of commercial

enterprises in gulf states (banks, insurance companies, and trade centers) that function as centers for the collection of information, propaganda dissemination, and support for local revolutionaries. Iraq apparently marked Bahrain for special attention during the first half of 1972, but its efforts were inept and largely unsuccessful. The sheikdom of Ras al-Khaimah, a member of the United Arab Emirates, is also considered to be a center of Iraqi activity. [3 lines not declassified] Baghdad has long believed that it has a legitimate and important role in gulf affairs, and it is anxious to expand its trade and presence in the region. Suspicion of Iraqi intentions is strong in the area, however, and the Baathists' ability to achieve influence is limited, given Iraq's domestic troubles with the Kurds, its current financial problems, and its preoccupation with disputes with Iran. Although Iraq, the self-appointed leader of "progressive" forces in the region, has scored points with gulf radicals by championing the Arabs' condemnation of Iran over the islands issue, Baghdad's meddling in the gulf is still only a nuisance, not a serious threat.

Another subversive element of considerable importance to the three new gulf states is the "Popular Front for the Liberation of Oman and the Arab Gulf," a movement first organized in 1963 to oppose the rule of the former sultan of Oman. Most of the Popular Front's activity is still limited to Oman, but the movement has branches throughout the Persian Gulf. The Popular Front is supported and influenced by the radical regime in Yemen (Aden); there have been persistent reports of Chinese advisers and Soviet and Chinese arms filtering from Aden to the rebels in Oman's Dhofar Province. The rebels' grip on the interior of Dhofar and the threat of their eventual expansion from the mountains of Oman into the gulf sheikdoms were one reason for the palace coup of July 1970, when Sultan Qabus overthrew his autocratic and eccentric father Sultan Said. Oman is spending more than half of its revenue for defense purposes, although the Popular Front has never had a force numbering more than a few thousand.

### *External Influences*

Several external influences affect the gulf. The residue of the old British presence makes some contribution to stability. The British are still using airfields in the gulf as staging posts for the Royal Air Force, there are occasional British naval visits to gulf ports, and gulf facilities provide special desert training for small British army units. More important is the incorporation of seconded and contract British officers into local military and public security forces. In addition, London will continue to give de facto protection to the neighboring Sultanate of Oman, as it has since 1798. On the other hand, there is a risk that the revolutionaries and the discontented will try to use the continuing British presence, no matter how diminished, as a rallying call for action against the governments of the new states.

The British leverage in the gulf, is, of course, declining. Bahrain, Qatar, and the United Arab Emirates are seeking to end their dependence on the UK for military and security advisory personnel and also for military equipment. Sheik Zayid has recently purchased some French military equipment, and all the governments have made inquiries about purchasing US arms. Sheik Zayid's thirst for sophisticated weapons is difficult to quench, causing some of his neighbors, including members of the union, to question his intentions. They accuse him of threatening an expensive arms race in the gulf.

US influence in the gulf is mainly projected by the large US companies that control much of the area's oil production and by a small US Navy detachment operating from Bahrain. US commercial enterprise is a stabilizing force since it produces the cash that all gulf regimes desire. But it is also a target for "anti-imperialist" sloganeering by some. The modest US naval contingent, which consists of a flagship, the 522-foot USS *La Salle*, and two or three destroyers, has operated from Bahrain for over two decades under arrangements with the British; currently it is using these facilities under a rental arrangement with the Bahraini Government. This force is a convenient target for local extremist and Soviet propaganda. The Russians carried out an intensive campaign against the US role in the gulf in mid-1972, charging, among other things, that the US has established a large air base on the island of Abu Musa.

The departure of the UK and the emergence of new independent states in the gulf presents the Soviet Union with an opportunity to introduce its influence into the region. The Soviet Union will probably turn to the standard tools of diplomatic and commercial relations wherever possible and, perhaps, to economic and military aid. In the long run, the USSR may encourage leftist movements, but it is unlikely to provide substantial equipment or support to any group before it has demonstrated its worthiness. There are, in fact, limits to the Soviet Union's freedom of action. Iran, for instance, is sensitive to great power presence in the Persian Gulf, and Iranian-Soviet relations would be tested by evidence of additional Soviet activity. The Shah is already discomfited by the Soviet-Iraq Treaty of Friendship and Cooperation.

Russia moved with alacrity in early 1972 to offer to exchange diplomatic missions with Bahrain, Qatar, and the United Arab Emirates. Only Sheik Zayid of the United Arab Emirates accepted the offer, doing so without consulting the other rulers of the union sheikdoms. Under pressure from several countries, Zayid has postponed the actual exchange of representatives, but he says that the agreement must be honored. An effort is being made to ensure that the Soviet mission in Abu Dhabi is small and that consulates are not set up elsewhere in the union.

Jordan and Pakistan are making intensive diplomatic efforts to establish themselves as significant actors in the gulf arena. King Husayn's growing interest in establishing ties with the gulf states is related, in

part, to Jordan's estrangement from some Arab states such as Egypt. Rebuffed by his neighbors, the King has turned to one of the few areas in the Arab world where Jordan may still exercise influence, make friends, and secure badly needed financial assistance. In addition to offering military and security personnel to the new gulf states and Oman, King Husayn has been active on the diplomatic front. He has recently visited Sheik Zayid and the Shah, and will visit King Faysal soon. Husayn hopes on these trips to mediate Abu Dhabi's disputes with the Saudis and Iranians.

Pakistan has long had commercial interests in the gulf, and thousands of Pakistani workers are employed there. The defeat by India and the loss of East Pakistan last year led President Bhutto to emphasize ties with Muslim states, especially the more affluent ones in the Persian Gulf, where he might tap the oil wealth of the sheikhdoms. By associating himself with Islamic states of the Middle East, President Bhutto hopes to gain political benefits among the Muslims at home.

Pakistan's major effort is being made in Abu Dhabi. In discussions with Bhutto in Islamabad last March, Sheik Zayid requested that Mirage-qualified Pakistani pilots and technicians be assigned to the Abu Dhabi Air Force. Bhutto agreed to the request. In return, Abu Dhabi will provide Pakistan with financial aid for its military reconstruction program. Sheik Zayid has purchased 12 Mirage-5 fighter-bombers from France. They will be based in Abu Dhabi, but will be available to Pakistan if needed.

The fact that Pakistani pilots will fly the Mirages and that a Pakistani has been named commander of the Abu Dhabi Air Force will probably go a long way to mollify Saudi Arabia, which was displeased when Sheik Zayid acquired the sophisticated jets. Both King Husayn and President Bhutto recognize that they must avoid offending the sensibilities of Saudi Arabia and Iran—states to whom both also look for support.

### *Conclusion*

The United Arab Emirates' disputes with Saudi Arabia and with Iran are the major problems in the gulf. Although neither dispute is likely to produce armed conflict, each impedes moves toward cooperative security arrangements. Should the territorial disputes be resolved, however, the new gulf states—proud of their independence and suspicious of their bigger neighbors—are unlikely to rush into formal or informal arrangements with more powerful nations. In addition, the gulf states all suffer from domestic stresses and strains that could be aggravated by subversive elements. Important factors in determining how long the gulf states have to put their own houses in order will be the ability of the new states to hold external subversive influences at bay and whether the neighboring Sultanate of Oman can hold its extremist dissidents in check.

### 123. Telegram From the Embassy in Kuwait to the Department of State<sup>1</sup>

Kuwait, October 29, 1972, 0952Z.

2072. Subj: Military Sales: Kuwait Views on Arms Procurement. Ref: Kuwait 1753.<sup>2</sup>

*Summary:* Conversation Oct 24 with Kuwait Army Major Shaikh Jaber Hamoud al-Sabah provided frank insight into current status GOK arms procurement. Jaber said travel plans of Kuwaiti military procurement team have been currently shelved. He cited involvement of Crown Prince/Prime Minister Jaber al-Ahmad (his cousin) into routine military affairs and implied this was cause of delay. Jaber also gave strong hint that Kuwaitis were leaning toward improved Hawk, but said final decision would depend on first hand demonstration. Re aircraft, Jaber reiterated remarks of Shaikh Saad (reftel) that only Mirage and Phantom were real possibilities: he said Northrup F-5 was inadequate for technical reasons, primarily its slow speed and lack of range to strike into Iraq. *End summary.*

1. On Oct 24, EmbOff made call on Army Major Shaikh Jaber Hamoud Sabah (member ruling family and cousin Prime Minister) to pass information received from Washington re schedule Hawk live-firing demonstration.<sup>3</sup> In resulting hour-long conversation, Jaber gave frank expression his views regarding weapons procurement. Jaber's comments, while admittedly personal, are also indicative of current GOK thinking re arms (reftel). Highlights of conversation are described below:

2. Kuwaiti military procurement team: Jaber said that travel plans of military team had been shelved for time being. He himself was unhappy over delay and expressed dissatisfaction with whole arrangement. Jaber said army had completed its study several weeks ago and

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<sup>1</sup> Source: National Archives, RG 59, Central Files 1970–73, DEF 12–5 KUW. Secret; Priority; Exdis.

<sup>2</sup> In telegram 1753 from Kuwait, September 20, Stoltzfus reported that during a September 14 meeting with Shaikh Sa'd, the Shaikh insisted that Kuwait wanted to purchase Phantoms and implied that the French Mirage was the second choice. Stoltzfus had urged the Shaikh to look more carefully at the F-4s, as had Saudi Arabia, and suggested to the Department that A-4s be offered also. (Ibid.)

<sup>3</sup> Following a formal presentation of material on improved Hawk and TOW systems, the Kuwaitis made a formal oral request for live demonstrations of the systems in the summer of 1973. (Telegram 1907 from Kuwait, October 10; *ibid.*) The Embassy noted strong competitive pressure from the French. (Telegram 2020 from Kuwait, October 24; *ibid.*) The Department of the Army agreed in principle to the request for a live demonstration, but insisted that Kuwait pay for it despite French competition. (Telegram 200110 from the Departments of State and Defense to Kuwait, November 3; *ibid.*)

was ready to make inspection tour. He said “politicians” were interfering and holding up team’s trip. Jaber asked how much advance notice would be needed to set up US portion of trip. EmbOff replied that we would like to have minimum one month’s notice in order arrange appropriate program. Jaber noted this but indicated that it was anybody’s guess when and if team would actually depart.

3. Role of Crown Prince: Jaber indicated that CP/PM Shaikh Jaber al-Ahmad was becoming more directly involved in day to day affairs of GOK military procurement team. He said Jaber al-Ahmad was now making all decisions including most routine ones re team’s schedule, itinerary, and composition and implied this was real reason why things were moving so slowly. Interestingly, name of MinDef Shaikh Saad or Chief of Staff Mubarak did not come up at all during conversation.

4. Improved Hawk: Jaber said Kuwaitis were satisfied with Raytheon’s presentation and that next step would be see actual live firing of improved Hawk in order get better idea about its capabilities. Jaber said he had already done research on Swiss, Italian, and French air defense systems. He hinted strongly that Kuwaitis were leaning toward Hawk but that it was imperative see system first hand before making final decision. He noted there would be no Hawk firings in November and December and indicated this would be taken into consideration in scheduling team visit.

5. Northrop’s F-5: Jaber said Kuwaitis do not consider Northrop’s F-5 as best choice of aircraft to replace British Lightnings for several reasons: F-5, when fully loaded with armament and topped off with fuel, did not have sufficient range to cover northern areas of Iraq past Baghdad and could barely make it from Kuwait to Bahrain. F-5’s speed was another weakness cited. Jaber said MiG-21s presently deployed in Iraq near Kuwaiti border had speed of Mach 2.2, F-5 had only Mach 1.7 capability which he personally felt was closer to Mach 1.5.

6. Mirage and Phantom: Jaber said Mirage (F-1) and Phantom were only real choices for Kuwait. Phantom had greater capability but also required more maintenance. Mirage, he said, had advantage of being single engine aircraft. He stated that Phantom was not real possibility anyway since Washington would probably never sell it to Kuwaitis. EmbOff replied that decision re selling Phantom as well as other types aircraft was still in hands of Washington. Jaber was specific in singling out Iraq as main source of threat; he did not touch upon Arab-Israeli considerations. Jaber also voiced concern about Russians’ MiG-23 Foxbat which he said had successfully overflown Israel without detection. His real worry was that Foxbat would be deployed in Iraq. F-5, he said, would be hopeless against this threat.

7. *Comment:* Jaber’s remarks constitute first time Kuwaitis have openly expressed their views to us at this level. It should be noted Jaber



is key member of MOD military procurement team and one of few officers who attended both Hawk and TOW briefings two weeks ago. Jaber's comments also echo remarks made to Ambassador by Shaikh Saad himself, particularly re aircraft. Although Jaber is only an Army Major, he is a Sabah and probably well informed on Kuwaiti military affairs. We have no reason to doubt his remarks re plans of the military procurement team or other subjects discussed. We were impressed by his specific reiteration of point made by Shaikh Saad that Mirage and Phantom were only ones now in running and his rationale, presumably after he had seen memo Northrop rep had sent General Mubarak re comparison of Mirage and F-5. Jaber's unprecedented frankness on subject may have been another warning GOK was going to buy the Mirage—or just more pressure on US to offer Phantom. We tend to accept his sentiments as one more straw in the wind, while realizing that the final decision will be taken by the Crown Prince after consideration of the views of Shaikh Saad and General Mubarak and that different considerations may come into play.

McClelland

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#### 124. Telegram From the Department of State to the Embassy in Kuwait<sup>1</sup>

Washington, November 7, 1972, 0129Z.

202365. Subject: Military Aircraft Sales to Kuwait. Ref: (A) State 187880. (B) Kuwait 1753. (C) Kuwait 2072.<sup>2</sup>

1. Re question raised in para 5 reftel (B)<sup>3</sup>—State and Defense have decided it not in US interest, nor in long-term interest GOK, that F-4, in any configuration, be acquired by Kuwait Air Force. We believe F-4

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<sup>1</sup> Source: National Archives, RG 59, Central Files 1970–73, DEF 12–5 KUW. Secret; Priority; Exdis. Drafted by G.Q. Lumsden, Jr. (NEA/ARP); cleared in draft by Scotese, Stackhouse, and Miklos; cleared by Dickman, Atherton, Norland (PM), Sanford (PM/MC), and Timberlake (DOD/ISA); and approved by Sisco. It was repeated to USCINCEUR.

<sup>2</sup> In telegram 187880 to Kuwait, October 13, the Department stated that the Ambassador should tell the Kuwaitis to examine all possible aircraft, continue to recommend against F-4s, and recommend that Kuwait buy no more than one type of combat aircraft. (Ibid.) For telegram 1753 from Kuwaiti, see footnote 2, Document 123. Telegram 2072 from Kuwait is Document 123.

<sup>3</sup> Stoltzfus had asked if he was correct in assuming that the Department was not willing to sell F-4s to Kuwait in any configuration.

too sophisticated and too difficult for GOK to support and maintain, and that USG would be doing GOK disservice by selling it aircraft which could well produce another Lightning problem. As result this decision, USG will be unwilling consider F-4 sales to GOK, and we will not schedule visit to F-4 factory by Kuwait military procurement team when and if it comes to US.

2. We believe GOK needs small, highly-effective air force equipped with one type high-performance aircraft capable meeting both air-to-air and air-to-ground requirements. This aircraft should (A) have relatively low initial and operating costs, (B) require minimum training and logistics support, (C) eventually be operated and maintained by Kuwaiti personnel with minimum outside support, and (D) should be compatible with aircraft of neighboring friendly states. We firmly believe F-5E best meets these requirements.

3. In addition to logic para 2 above, which you should stress in your discussions with Kuwait MOD, several other factors have influenced our decision. Although these should not be passed on to any foreign sources, we feel you should know our decision was influenced by our strong belief that F-4 sale to Kuwait might saddle GOK with program it could never hope manage successfully without continuing intensive supplier-country maintenance of the type which has sometimes been lacking in Lightning program. This could, in long run, impair our relations and harm our commercial reputation both in Kuwait and Gulf. F-4 sale would also complicate US relations with Saudi Arabia, which has been persuaded to buy F-5 rather than F-4, and with Israel and Iran. Our relations with Jordan could also be affected; if we make such a sale, we would be hard put to refuse Hussein.

4. Rationale countering argument voiced by Major Sabah in reflet C follows by septel.<sup>4</sup>

5. We welcome your comments as to manner and timing our informing GOK of decision described para 1 above.<sup>5</sup>

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<sup>4</sup> To counter statements voiced by Major Jabel al-Sabah and following discussion with USAF experts, the Department wrote a detailed technical comparison of the various systems under consideration in terms of their usefulness in an air war with Iraq: the Northrop F-5E, the Dassault F-1 air-to-ground attack aircraft and day fighter, and the Fishbed J version of the MiG-21. The Department suggested that a small team of USAF experts brief Major Jabel on the comparative features and that the Ambassador make the strongest possible presentation in favor of the F-5E before Kuwait reached a final decision on aircraft purchase. (Telegram 214153 to Kuwait, November 24; *ibid.*)

<sup>5</sup> Printed from an unsigned copy. In telegram 2337 from Kuwait, November 22, Stoltzfus noted that since the Kuwaiti Government had not yet decided on the type of military aircraft it wished to buy, he believed it best to avoid any mention of F-4s until Kuwait raised the subject. When and if this occurred, he would argue the F-4s were too complex, requiring a level of maintenance and number of trained personnel beyond present Kuwaiti capabilities. (*Ibid.*)

**125. Memorandum From the Director, Arabian Peninsula Affairs (Dickman) to the Assistant Secretary of State for Near Eastern and South Asian Affairs (Sisco)<sup>1</sup>**

Washington, December 12, 1972.

## SUBJECT

Saudi Abu Dhabi Border Issue

## REF

Your note on Abu Dhabi's 735<sup>2</sup>

I have come to the conclusion that the best thing we can do concerning the long-standing Saudi–Abu Dhabi boundary issue is to continue and make both sides realize it is in their best economic and security interests to settle the issue. In so doing, we should not get involved in offering a specific solution. Shaykh Zayid, who feels the US has great influence with King Faisal, would very much like to transfer responsibility for solving the boundary problem to our shoulders. However, this issue can only be resolved directly by the two parties. We have, as you know, tried a number of different approaches this year:

In April we discussed with the British a proposal where they would urge the UAE and we would urge the Saudis to meet in Europe or in the US to discuss the border issue. The British felt that the time was not ripe for a settlement and that neither the US nor the UK would benefit from becoming involved in the issue. Embassy Jidda basically echoed these views. Saudi Foreign Minister Saqqaf's comments indicated that the Saudi position on the boundary would soften very slowly and Jidda felt we should be cautious in pressing for direct Saudi–Abu Dhabi contacts lest they deteriorate into a confrontation over the boundary question.

In May we tried another tack of using the possibility of UAE–Soviet relations as a point to spur the Saudis to establish diplomatic relations with the UAE leaving the boundary question in cold storage for the time being. Jidda thought this was a non-starter. It felt the Saudis would be incredulous of any deal by which the UAE would promise

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<sup>1</sup> Source: National Archives, RG 59, Central Files 1970–73, POL 32–1 SAUD–UAE. Confidential. Sent through Atherton. A handwritten note by Sisco reads: "I remain unconvinced. I'll sit tight a little while longer and then we'll see." Attached but not printed is a map of the Abu Dhabi–Saudi Arabia boundary.

<sup>2</sup> On telegram 735 from Abu Dhabi, December 9, reporting on a private conversation between Senator Fulbright and UAE President Zayid, Sisco wrote: "Can we intervene usefully on this [the boundary dispute]? JS" (Ibid.)

to hold off further ties with USSR in return for Saudi recognition. Also Jidda felt that it was best for the UK not to become associated in a renewed endeavor to settle the border issue because Saudi suspicions of the British on this matter remain deep.<sup>3</sup>

In June you raised the subject with Tony Parsons during the June 26 Gulf discussions. Parsons told you that while he thought the earlier Saudi proposal for a boundary settlement was reasonable, he did not think Shaykh Zayid would budge, and the UK did not want to reentangle itself with Faisal over the matter.<sup>4</sup>

During the summer we quietly encouraged the Jordanians to play a role. Through Amer Khammash, the Jordanians indicated that they might be able to be of some assistance following their earlier efforts to patch up Iranian-UAE relations at the time of King Hussein's visit with the Shah in late July. So far nothing has come of these Jordanian endeavors.<sup>5</sup>

Early in September, Shaykh Zayid visited London. There he got a talking to from the British who encouraged him to work out an exchange of ambassadors with Iran. At the same time, the British encouraged Zayid to resolve his boundary differences with the Saudis. Zayid at that time welcomed the prospect of Jordanian mediation although he was disheartened at the lack of momentum.<sup>6</sup>

In October, during the UNGA bilaterals, we raised the boundary issue both with the UAE and the Saudis. When UAE Foreign Minister Suwaidi hinted at a direct US role, the Secretary quite rightly told him that the US was prepared to do what it could to help but could not assume a problem in which the US was not previously involved or tell the Saudis how to settle the boundary.<sup>7</sup>

Since then we have heard expressions from Zayid that he wants to settle the issue with Faisal. However, he has been deliberately vague in spelling out how it is to be resolved. The Saudi position which was presented by Faisal in June 1970, and was most recently restated by Saqqaf to a journalist in Tehran on December 11, remains very clear.<sup>8</sup>

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<sup>3</sup> As reported in telegram 740 from Kuwait, April 27; telegram 1346 from Jidda, April 23; and telegram 74841 to Kuwait and Jidda, April 29. (All *ibid.*, POL SAUD-UAE)

<sup>4</sup> See Document 117; also telegram 108505 to Jidda, June 16; telegram 1038 from Kuwait, June 11; and telegram 1964 from Jidda, June 13. (All *ibid.*) The details of the border dispute are in a letter from Hume Horan, Deputy Chief of Mission, Jidda, to Twinam, June 5. (*Ibid.*)

<sup>5</sup> As reported in telegram 3296 from Amman, August 8. (*Ibid.*, POL IRAN-UAE)

<sup>6</sup> As reported in telegram 6068 from Tehran, October 5; telegram 182988 to Abu Dhabi, October 6; telegram 9522 from London, October 6 (all *ibid.*); and telegram 2173 from Kuwait, November 7. (*Ibid.*, POL SAUD-UAE)

<sup>7</sup> As transmitted in telegram 3537 from USUN, September 28. (*Ibid.*, POL UAE-US)

<sup>8</sup> As reported in a December 13 memorandum of conversation. (*Ibid.*, POL 7 UAE)

I do not believe that we will see any progress on the boundary question until both Saudi Arabia and the UAE decide to develop the very valuable oil resources in the Zararah–Shaiba field which remains unexploited. This is probably one of the world’s largest oil fields. It straddles the 23rd parallel, running through both UAE and Saudi territory. Its light-grade crude (low sulphur) is in great demand. Sooner or later, economic forces will probably move both countries to try and work something out that will be acceptable.

In the meantime, all we can do is to support Jordanian mediation, albeit weak, and encourage both the Saudis and the UAE to enter into direct contacts to resolve this issue.

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## 126. Telegram From the Embassy in Kuwait to the Department of State<sup>1</sup>

Kuwait, December 24, 1972, 0955Z.

2707. Dept pass SecDef ISA and USCINCEUR. Subject: Saudi MinDef Visit to Kuwait; Kuwaiti Military Purchases. Ref: Kuwait 2708 (Notal).<sup>2</sup>

1. I told Prince Sultan that, as he probably aware, Kuwaitis had some tentative ideas about strengthening their military defenses. I said that USG not urging Kuwait to buy arms, nor was I arms merchant. However, if Kuwait intended acquire costly defense weapons system, it was only sensible that they be compatible with strong friendly neighbors, namely Saudi Arabia and Iran.

2. Sultan replied he not only agreed hundred percent but he also discussing precisely this subject with Kuwaiti military. Sultan said he urging Kuwaitis to buy “four or five” batteries of improved Hawk and F–5’s, emphasizing re aircraft that Kuwaiti purchase of more sophisticated aircraft than F–5 would be serious and costly mistake. Sultan added he sending some of his officers to discuss defense requirements and Saudi experience with Hawk and F–5’s and has invited Kuwaiti officers to inspect Northrop facilities and operations in Saudi Arabia.

**Stoltzfus**

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<sup>1</sup> Source: National Archives, RG 59, Central Files 1970–73, DEF 12–5 KUW. Confidential; Exdis. It was repeated to Tehran.

<sup>2</sup> Telegram 2708 from Kuwait, December 24, discussed Prince Sultan’s recent visit to Kuwait, Kuwaiti aid to Jordan, Saudi-Abu Dhabi relations, and Kuwaiti plans to purchase military equipment. (Ibid., POL 7 SAUD)