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Authority E.O. 12958

By WJ NARA Date 10-12-01

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MEMORANDUM

~~SECRET~~

NATIONAL SECURITY COUNCIL

ACTION

1974-2-6 Faisal, Kissinger

February 1, 1974

MEMORANDUM FOR:

SECRETARY KISSINGER

FROM:

CHARLES A. COOPER
HAROLD SAUNDERS

SUBJECT:

An Approach to the Saudis on Oil Prices

The short-run oil price issue is going to be very difficult to handle during the Energy Conference. If we were certain about what the Saudis were going to do on this matter, we would be in a very much better position to manage this issue during the Conference. Even though we can presumably count on an early end to the embargo, we do not know what position the Saudis will take regarding an expansion of production and a roll back of prices. There is reason to believe there are good prospects for early favorable decisions by the Saudis in these areas. However, if consumers appear to take too united a position as regards the necessity of a roll back, King Faisal may feel that he is compelled to take his own position more as a leading member of OPEC than as a politically independent country. We run the risk that by stressing the economic interests at stake, we impair Faisal's ability to deal with these matters on a political basis.

In these circumstances, we believe that it is desirable for Ambassador Akins to raise the price and production issues with Faisal and to acquaint him with our plans for the Energy Conference in order to avoid any intemperate reaction by him subsequent to the Conference, and to see whether anything we are proposing would give him serious political problems. A draft message from you to Ambassador Akins is attached for your consideration at Tab A.

It may also be desirable to try to influence Faisal's decisions re-enforcing the correct impression some of Faisal's associates have that basic Saudi political interests are being jeopardized by Yamini and others who are dragging Saudi Arabia into the grubby OPEC arena where others have real interests, but Saudi Arabia does not. The way to do this would be to send some blunter talking points to

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is attached at Tab B for your consideration.

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E.O. 12958, as amended, Sect 3.5

NAN 01-29-13

By WJ Date 10-12-01

E.O. 12958, 3.3(b)(1)(6) Mr. [REDACTED]

6 pages

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