

COMPLETE DISTRIBUTION Memorandum of Conversation

MADE IN S/S-I.

Date 12 MAR 81 1973

Initial MS

SUBJECT: Yemen Internal Security Situation and YAR-Saudi Relations

1973-3-2, Iryani, US, Overall

PARTICIPANTS: The Honorable Joseph J. Sisco
Assistant Secretary of State, NEAH.E. Ahmad Abdu Sa'id,
YAR Minister of State for DevelopmentFrancois M. Dickman,
Country Director, Arabian PeninsulaStephen W. Buck,
Country Officer, YemenDISTRIBUTION: S, D, P, E, T, S/PC Embassy Jidda
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Mr. Sisco opened the conversation by saying that the Secretary's visit to the Yemen last year had been a high point. We are pleased with our developing relations with the Yemen and will try to be helpful in any way possible. The Minister replied that his country was happy with the progress being made on the economic front. A number of AID project agreements would be signed later in the day. His negotiations with the World Bank on a \$16.5 million loan for the agricultural development of the Tihama region (north of Hodeida) had gone well. However, he had not asked to call on Mr. Sisco to discuss economic matters. On behalf of President Iryani he wished to talk with Mr. Sisco on a matter of increasing concern to his government: its need for military and internal security assistance so as to meet the threat from the communist-backed Aden regime.

NEA/APP:SWBuck:rjw

(Drafting Office and Officer)

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In answer to Mr. Sisco's question the Minister said that the unity negotiations with PDRY were not going well. The basic problem was ideological. The regime in the south did not want to give any protection to private property or foreign investment. Also they wished to carry out extensive land reform. The YAR had tried to be as flexible as possible with PDRY but this had not worked. PDRY was using the unity talks as a delaying tactic while it was building itself up militarily and at the same time actively supporting terrorist infiltration of the YAR. In the past few weeks there had been several small scale skirmishes with terrorist bands sent from Aden. The YAR was especially unhappy with the USSR for not supplying spare parts to its army while at the same time pumping in a steady supply of equipment to PDRY.

Sa'id said that President Iryani wished to raise as a major issue for our consideration the threat that would be posed to the YAR's security once the unity talks break down.

Mr. Sisco asked the Minister to assure President Iryani that we wanted to be helpful in the most effective way so that the YAR could stand on its own two feet. The problem was what would be the best way to do this. After careful consideration we have adopted a policy of helping the YAR indirectly in the security field for the following reasons:

- (1) if we supplied direct aid to the YAR, this would be likely to lead to escalatory counter action by PDRY's communist allies;
- (2) direct US aid in the sensitive security field could tend to undermine one of the main supports of the YAR in the Arab world--its nonaligned image and close ties with many varied Arab regimes;
- (3) our overall policy towards the Arabian Peninsula is based on the premise that regional cooperation is the best means for promoting stability in the area. We would hope that friendly Arab countries such as Saudi Arabia and Jordan would be able to lend assistance to the Yemen. Our support for a regional approach in no way implies a lack of concern on our part regarding the threat to the YAR posed by PDRY. We wish to remain in close touch with the YARG regarding this problem. However, we continue to believe that the best way for the US to help the YAR directly is in the economic field.

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Minister Sa'id replied he and President Iryani understood our policy. However, the President feared that indirect assistance would be much too long in coming. Mr. Sisco noted that Ambassador Crawford had mentioned a possible Jordanian role in relation to a Yemeni request for beefing up the military security branch of the army. Although this was very sensitive information he wished to inform the Minister that as a result of the recent visit of King Hussein to Washington, the US has agreed to increase its military and economic assistance to Jordan. In this increase we have taken everything into account, including the support or assistance which Jordan might be providing to Gulf States such as Oman and other countries in the Arabian Peninsula.

Mr. Sa'id said he appreciated the reason behind our policy of regional cooperation. However, Jordan had not yet set up an Embassy in Sanaa and he did not know when it would. As for Saudi Arabia, speaking frankly he had to admit that his government was becoming increasingly unhappy with the way the Saudis were handling their relations with the Yemen. They continue to give subsidies not only to tribal groups but to military officers. This time-honored Saudi policy greatly weakened Yemen's central government by strengthening other sources of power. Saudi subsidies to separate exile groups only weakened exile efforts against PDRY. He and President Iryani could not understand how Saudi Arabia could pursue such a counter-productive policy in the face of a common enemy. He hoped that it might be possible for the US government to raise this problem with the Saudis.

Mr. Sisco replied that there would be two opportunities in the near future. One would be the forthcoming Yemeni-Saudi talks in Riyadh in March. Another would be Prince Fahd's visits to the U.S. in the spring. We would be happy to once again take up the subject with our Saudi friends. We agreed entirely with the Minister that Saudi help to the Yemen should be through its central government. Jokingly, Sa'id noted that one could rent Yemenis but not buy them. Tribal subsidies could not be in Saudi Arabia's long term interest. In fact they were so divisive that they lent credence to an increasingly prevalent belief in the Yemen that Saudi largess was designed to weaken the country. Saudi subsidies were one of the reasons for the YAR's defeat in October 1972 at the hands of the PDRY, since generous Saudi payments to tribal levies lead to friction and conflict with the less well paid army.

Mr. Sisco inquired whether it was not likely that Saudi Arabia would have greater confidence in the new al-Hajri government. Sa'id replied this might be, but it had not stopped subsidies which diverted energy from racing the real problem, PDRY. Unity talks could drag on for a year, but

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once they broke down what would the YAR do? Mr. Sisco repeated that we would raise the problem with the Saudis. We hoped that Saudi Arabia would play a more constructive role since stability in the Yemen was in our mutual interest.

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