

THE WHITE HOUSE

WASHINGTON

SECRET/GDS**1974-6-10, Faisal, Nixon, Meeting**

MEMORANDUM FOR: THE PRESIDENT

FROM:

HENRY A. KISSINGER *HK*

SUBJECT:

Your Talks in Saudi Arabia  
June 14-15Your Objectives

Saudi Arabia is the one state on your Middle East itinerary not directly involved in the Arab-Israeli negotiations, but its interest and wealth make its support for our negotiating effort important. Even more important is the central role the Saudis will play in determining the global supply and price of oil. Your objectives are:

-- To reassure Faisal that we will continue to pursue our diplomatic efforts to achieve an Arab-Israeli settlement and that we see the Egyptian and Syrian disengagement agreements only as first steps toward this goal.

-- To explain to Faisal at your level why it is politically necessary to move carefully toward a settlement taking one issue at a time rather than simply stating publicly a US view on what should be included in a peace agreement.

-- To demonstrate your personal commitment to maintaining the momentum toward closer Saudi-US relations established by my four visits to Riyadh, the April joint announcement of our intent to expand Saudi-US cooperation, and Prince Fahd's June visit to Washington.

-- To discuss in a low-key way the global consequences of continued fuel shortages and high prices and to encourage the necessary de-

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cisions to assure for ourselves and our friends access to Saudi oil in adequate volume and at reasonable prices.

-- To let Faisal know that while striving to reduce points of friction between ourselves and the Soviets, our desire for detente will not be pursued at the expense of our friends in the Middle East; we will continue to play a major role in the Middle East ourselves and will support efforts by Arab states to maintain their independence from Soviet domination.

#### What King Faisal Wants

Your visit to Saudi Arabia, the first by an American President, is the present climax to a period of intense activity in United States-Saudi Arabian relations. From the low point of last October, when Saudi Arabia embargoed shipments of its oil to the United States in retaliation for our support of Israel, we and the Saudis are now moving into a new era in which we intend to deepen and make more concrete our cooperation in the fields of economics, technological and scientific exchange, industrialization, and defense. The joint announcement of this intention on April 5 and Prince Fahd's visit to Washington for substantive talks on bilateral cooperation are the concrete manifestations of this. The mood in Jidda will be upbeat with the Saudis viewing your visit as a further sign of our determination to maintain and expand relations with the Arab world generally and with Saudi Arabia in particular.

Prospects for closer United States - Saudi Arabian bilateral relations have been substantially improved by the success of our efforts to achieve a Syrian-Israeli disengagement agreement. King Faisal had made that agreement a condition for entering into specific cooperation arrangements with us. Faisal considers a peace settlement essential so that he can pursue a policy of good relations with us without being

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attacked by other Arabs and because a settlement will further lessen the interest of Egypt and other Arab states in maintaining close ties with the Soviet Union. As an Arab and Islamic leader, however, Faisal also has a special concern for the status of Jerusalem's Old City and for the fate of the Palestinians, and he insists that the United States continue its peace efforts until Israel withdraws from all of the territories occupied in June, 1967. Were our peace efforts to falter or a resumption of large scale Arab-Israeli fighting to occur, the King would feel obliged to slow cooperation with the United States and would again feel under heavy pressure to reimpose the oil embargo. The King is expected to stress this point in his talks with you.

The Arab-Israel problem will be the dominant issue in Faisal's mind during your talks. Another issue will be what the United States is doing to help moderate Arab regimes resist Soviet and radical Arab nationalist influence. Faisal has supported Sadat's steps to lessen Egypt's dependence on Soviet support and to move closer to the United States. He is also concerned about the threat he perceives to Saudi Arabia and to its smaller Arabian Peninsula neighbors from Soviet-backed radical Arab regimes, notably Iraq and South Yemen. Faisal will seek from you reassurance that our interest in detente with the Soviets will not lead to any lessening in our traditional concern for Saudi Arabia's security or in our willingness to give effective support to Saudi Arabia's efforts to improve stability in the Peninsula.

#### US Strategy

Our strategy is to explain why we must pursue Arab-Israeli negotiations carefully one step at a time and then to concentrate on strengthening US-Saudi cooperation in the pursuit of common interests. Our purpose is to give the Saudis a more concrete stake in their relationship with

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the US so that it will be more difficult for them in the future to move against US interests.

The Saudi stake in the relationship with the US has two principal elements:

- continued US support for Saudi security both in its efforts to strengthen its defenses and stabilize its border areas and in its desire to have the US blunt the effectiveness of Soviet support for the radical Arabs;
- a growing Saudi desire for US help with its development and its management of its large financial resources.

The reason for establishing the joint commissions and having Prince Fahd's party to Washington is to develop Saudi consciousness of this stake and to give it concreteness.

There are two particular points that warrant special mention:

First, Saudi Arabia has a good working relationship with Syria and provides substantial financial support. The Saudis showed some willingness to support our efforts in the recent Israeli-Syrian disengagement negotiations, although we have no evidence that their interventions were either strong or important. Nevertheless, it is worth urging the Saudis to play a persistent role in encouraging President Asad in the moderate course he has now chosen by committing himself to negotiations with Israel. It is in the interest of both Saudi Arabia and the US to split Syria away from Iraq, Libya, and other radical influences.

Second, the Saudis have some influence with the Palestinians as a result of their financial support and their emotional commitment to the Palestinian cause. We do not now want to be drawn into discussion of how the Palestinians may be involved in peace negotiations or of what

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an ultimate solution to the Palestinian problem might be. However, it is worth making the point that the Saudis could help by encouraging the Palestinians to avoid extreme positions which could only stalemate the negotiations and to think in terms of what the political traffic will bear. Faisal must understand that, at this stage, Israel cannot think of negotiating with the Palestinians -- especially when further terrorist attacks are a daily threat -- and that any progress toward a Palestinian solution must begin through Israeli-Jordanian negotiations.

#### Bilateral Issues

In the context of this strategy, our effort to strengthen our bilateral relationship is now focussed on the formation of two joint commissions-- one in the economic field and one in the field of security.

Specifically, among the early tasks of the Economic Commission will be dealing with the following issues:

- cooperation in the industrialization and economic diversification of Saudi Arabia with emphasis on making use of flared gas to expand fertilizer production;
- international monetary and investment issues arising from Saudi Arabia's surplus revenues including investment in the United States;
- negotiation of a reimbursable technical cooperation agreement;
- developing a science/education program and a regional science/technology complex in Saudi Arabia;
- examining feasible cooperative research projects in the fields of solar energy, arid land management, and desalination.

The Security Commission would focus on regional security problems, most immediately on modernizing and equipping North Yemen's army which is threatened

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by the growing military power of the radical and Soviet-supported South Yemen regime. Separately, and in a bilateral context, we are also developing a master plan for the development of Saudi armed forces over the next decade which will build on the extensive military sales and training programs which we already have underway.

The oil embargo underscored the Free World's dependence on Saudi Arabia and other Middle Eastern oil producers and the ease by which they could unilaterally influence oil supply and prices. Saudi Arabia, being the world's largest oil exporter and with the greatest potential for continued expansion in production, holds the key to the world energy picture. We and the Saudis agree that for political as well as economic reasons, the price of oil should be brought down, although not to the level we would like. We have had a dialogue with Saudi Oil Minister Yamani on this issue which was continued during the visit of Prince Fahd. Your visit provides an important opportunity to express your view of the serious consequences for the global economy if high oil prices continue, to confirm that King Faisal seeks lower prices, and to offer him our encouragement and cooperation.

#### Points to Avoid

-- Faisal is inclined to talk at length on what he views as the twin dangers to peace of Zionism and Communism. This is an unprofitable line of conversation to pursue and you should look for an early opportunity to change the subject.

-- You will not want to emphasize US-Soviet cooperation to bring peace to the Middle East. We want to retain the initiative ourselves and to demonstrate that it is only the US which has a chance of producing what the Arabs want.

-- You will not want to make any commitment on the ultimate status of Jerusalem or on the eventual role of the Palestinians in negotiations or in a settlement. The best line in response is: These are problems that will have to be dealt with in the negotiations at the appropriate time.

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-- Political relationships within the Saudi Royal Family and matters regarding the succession to the Throne.

Talking Points

-- I intend to persevere in our diplomatic efforts to achieve a just and durable Middle East peace. We are grateful for the support and encouragement which Saudi Arabia has given to our efforts and to our moves to improve our relations with Arab countries.

-- We welcome Your Majesty's efforts to strengthen the forces for moderation in the Middle East. ~~Saudi Arabia's support for President Sadat~~ has been a major factor in this regard as has Saudi Arabia's continued support for Jordan. Now that President Asad has committed himself to the negotiating process, I will welcome whatever Your Majesty can do to encourage him on this moderate course.

-- We do not take Saudi Arabia's friendship for granted but seek a relationship of genuine partnership. I consider that our talks with Prince Fahd last week were very useful. I have asked Secretary Kissinger to give his personal attention to the joint security and economic commissions we propose to establish.

-- A strong and stable Saudi Arabia remains a primary American interest in the Middle East. Our military experts are currently working with your own for modernization of your armed forces to enable them to meet their national defense and regional security responsibilities through the remainder of this decade. We will continue to view sympathetically all Saudi requests for the sale of military equipment which will contribute to our mutually agreed defense program objectives.

-- At the same time, I am aware of the importance Your Majesty attaches to the Kingdom's development. I believe the United States can make a unique contribution to the development of the Kingdom's human and natural resources. We are plan-

ning to work with you on expanding fertilizer production and diversifying your economy, negotiating a technical assistance agreement, helping you establish a scientific/technical education and research complex, and undertaking cooperative endeavors in solar energy and arid lands development.

-- Recent developments have underlined the need for closer consultation and coordination between our two governments on energy and international monetary problems. We are glad that Your Majesty's government agrees that prices should be lower. Present oil prices are affecting the economic development of many consumer countries. This has very serious implications for their continued political stability and for the stability of the Free World. We expect to remain in close touch with your government on this important question.

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Issues and Talking PointsU.S. - Soviet DetenteAnalysis/Background

The Saudis have traditionally felt that a strong association with the United States was a means of protection against efforts by the Soviet Union and other communist states to undermine the Saudi monarchy and the Kingdom's conservative course. King Faisal and other Saudi leaders have had questions in their minds over the ultimate consequences of our detente with the Soviet Union, our rapprochement with China, and our withdrawal from Southeast Asia. Faisal feels that any accommodation with the communists will only serve to strengthen the hand of those forces which Faisal believes are out to undermine the Kingdom, as well as US interests in the Middle East.

Knowing of your forthcoming trip to Moscow, Faisal will want to hear directly from you your perception of detente and, specifically, what tangible results the United States hopes to achieve on a global scale from the current policy of detente. The Saudis themselves have continued to resist Soviet blandishments for diplomatic relations and continue to keep Soviet and other communist state citizens out of Saudi Arabia.

Your Talking Points

-- Detente does not mean a diminution of the United States' support for governments like Saudi Arabia that wish to protect themselves from internal or external Communist subversion. We intend to maintain our close association with Saudi Arabia whose security and economic development are so important to the economic health of the Free World.

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-- Rather, detente should be viewed within the context of the world's interest in avoiding nuclear war. The United States is pursuing this policy because there is no true alternative to detente which envisages a commitment by both superpowers to avoid nuclear military confrontation.

-- In following a policy of detente, the United States has scrupulously avoided arrangements or commitments with Moscow which jeopardize the interests of our allies or friends in the Middle East. We intend to continue to play the intermediary role in the Middle East as long as it is needed and until a final peace settlement satisfactory to all parties directly involved is reached.

-- We do not regard detente as interfering with our mutual objectives of lessening the dependence of Egypt and other Arab states on the Soviet Union and discouraging the encroachment of communist influence into the Arabian Peninsula.

Department of State  
June 1974

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CONTINGENCY TALKING POINTSU.S. Relations with Other Arab StatesAnalysis/Background

Over the past three years King Faisal has assumed an increasingly significant leadership role in Arab world affairs. This development arose from the King's prestige as an experienced and conservative Arab and Islamic statesman; the elimination, with the death of Nasser, of his leading Arab antagonist; Saudi Arabia's economic importance as the world's leading oil exporter and a potential source of aid and investment funds; the Kingdom's relative prosperity and political stability; and Faisal's well-known close ties and presumed influence with the United States. During this time Faisal has sought to develop closer relations with Egyptian President Sadat, Algerian President Boumediene and, since October 1973, with Syrian President Asad as a means to lessen their dependence on the Soviets and to isolate and weaken Faisal's principal Arab enemies --- Libya's Qadhafi and the radical nationalist regimes in Baghdad and Aden. Similarly, the Saudis give political and economic support to Fatah leader Yasir Arafat, whom they regard as a "moderate", to keep the Palestinian liberation movement from falling under the control of hostile radicals under Soviet or Chinese influence.

The key dimension in Faisal's Arab policy in the recent past has been his friendship and support for Sadat. Faisal encouraged the Egyptian leader to dismiss his Soviet military advisers in July 1972 and, like Sadat, was disappointed this step did not immediately lead to a new U.S. diplomatic initiative to resolve the Arab-Israeli impasse. Faisal has continued to support Egypt's moves to reestablish ties with the United States and to restructure the Egyptian economy to attract Western private investment.

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The King will probably urge that the United States appreciate and support Sadat's moderation, since he fears Sadat's overthrow would give rise to a militant and probably pro-Soviet regime in Cairo inimical to both U.S. and Saudi interests. He will probably ask that we be as generous in providing economic aid to Egypt and other Arab countries as we have been to Israel. The possibility of U.S. help in facilitating the re-equipping of Egypt and possibly other Soviet-armed Arab armies with Western, including U.S., arms may also be raised. The Saudis are nevertheless somewhat concerned that the United States might come to give our relations with Egypt greater importance than those with Saudi Arabia (as the Saudis felt we did during the early 1960's). The Saudis will seek ways to remind both us and the Egyptians that they do not intend to be taken for granted.

The Saudis have a good working relationship with Syria and provide substantial financial support. They showed some willingness to support our efforts in the recent Israeli-Syrian disengagement negotiations although the extent of their interventions is unknown. The Saudis share with us an interest in splitting Syria away from Iraq, Libya, and other radical influences and in encouraging the Syrians to move closer to the West. The Saudis also have some influence with the Palestinians as a result of their financial support and their emotional commitment to the Palestinian cause. There are press reports that the Saudis have offered financial backing to a Palestinian authority on the West Bank provided that it would not be a threat to King Hussein's rule in the East Bank. The King may urge that we offer aid to Asad and ask how we view Palestinian participation in the settlement process. The King will likely disclaim any ability to discourage Palestinian terrorism, correctly noting that the Saudis have little influence with the more extremist fringe groups among the fedayeen.

#### Your Talking Points

-- The United States wishes to have good relations with all Middle Eastern states, Arab countries as well as Israel. Diplomatic relations

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with Egypt have been restored. Our relations with Algeria and Syria have improved and we hope resumption of full diplomatic ties may soon be possible. We are moving to strengthen our presence in the Gulf states by assigning resident ambassadors in Bahrain, Qatar, the United Arab Emirates, and Oman.

-- We have requested Congress to authorize the \$250 million in U.S. funds for economic reconstruction in Egypt and an additional \$100 million for a special fund that could be used to support reconstruction in other areas as the process of disengagement progresses. We are now helping Egypt with the removal of obstacles in and along the Suez Canal. We are encouraging American private companies to consider seriously the possibilities for doing business in Egypt.

-- (If raised) We are aware that President Sadat would like to replace his Soviet arms with those from Western sources. Secretary Kissinger has discussed this during his last visit.

-- We share an interest in encouraging President Asad in the moderate course he has now chosen by committing himself to negotiation. We hope that Saudi Arabia will continue to use its good relationship with him to encourage Syria to continue the pursuit of a negotiated settlement with Israel.

-- We know that Your Majesty is particularly concerned about the Palestinians and their role in the settlement process. It would help if you could encourage them to avoid extreme positions which could only stalemate the negotiations and to think instead of what the political traffic will bear. While terrorist attacks are a daily threat, the Israelis cannot think of negotiating with the Palestinians. Any progress toward a Palestinian solution must therefore begin through Jordanian-Israeli negotiations.

-- We are grateful for the support and encouragement which Saudi Arabia has given to moves to improve U.S. relations with the Arab countries. I want to reassure Your Majesty that we do not take Saudi Arabia's friendship for granted but will continue to work in close cooperation with you as we develop a fruitful and mutually beneficial relationship with all Middle Eastern countries.

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