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By **JW** Date **3-20-02**

to **THE SECRETARY OF STATE**

WASHINGTON

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1973-7-31, Faisal, Nixon, letter

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Handwritten initials

7/31/73

July 31, 1973

WH/PND OF PW

MEMORANDUM FOR THE PRESIDENT

Subject: Letter to King Faisal of Saudi Arabia

We have recently received new signals of King Faisal's frustration over the lack of any movement on the Arab-Israeli issue. On July 4 in an impromptu interview with foreign newsmen, including two American journalists, the King for the first time expressed personally in public his view that cooperation with the U. S. in such areas as increasing Saudi oil production will be difficult unless U. S. Middle East policy, as seen through Arab eyes, becomes more balanced. In an interview with the National Broadcasting Company filmed on July 19 for use in a documentary to be released early in September, Faisal went on record as saying that Saudi Arabia will be obliged to limit its supply of oil to the U. S. unless we alter our policy toward Israel and the Arabs.

We are considering steps, including the possibility of sending a high-level mission, to seek inter alia to persuade Faisal of the seriousness of our desire and efforts to facilitate concrete progress toward an honorable settlement. We are also considering how best to be responsive to Saudi Arabia's desire for economic diversification and investment of its capital surpluses to justify continued increases in oil production. Given Faisal's present state of mind and Saudi Arabia's growing inability to absorb its rising oil revenues, the King could at some point decide that some limitation on Saudi oil production is desirable. This would have a disruptive effect on the world energy picture.

POL 15-1 SAU DX POL 27-14 Arab-Isr

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GDS--DECLAS Dec. 31, 1981

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Saudi oil production passed the eight million b/p/d mark during the period, and Petromin held its first sale of participation oil.

A final go-ahead was given to eleven foreign companies to submit bids for the billion-riyal Jidda airport and new decrees significantly lowered customs taxes on a variety of imports.

In mid-June, for the first time in history, the Saudi Foreign Ministry held a conference of all its ambassadors which reportedly led to relatively frank and open discussions.

Amidst rumors of MODA plans to purchase additional British fighters, a \$650 million contract was signed with London, almost exclusively software, to provide continued maintenance, training, and spare parts for the Lightning program.

Saudi-U.S. military relations were further cemented by U.S.G. agreement in principle to provide Phantoms to Saudi Arabia and by a swiftly-planned and executed airlift of F-5 ammunition following an emergency request from Prince Sultan.

During the period, members of the War College visited Riyadh, CINCEUR's General Goodpaster called on the King, and Congressman Howard (D-New Jersey), talked with Embassy officers and met with oil minister Yamani. The director of the Office of Saline Water in the Department of the Interior, Pat O'Meara, visited Saudi Arabia and held talks with Prince Mohammad and Agriculture Minister Mishari in a successful attempt to smooth ruffled feelings resulting from imperfections in the Jidda desalting plant.

Finally, Yamani's headlined interview with the Washington Post, in which he was quoted as tying Saudi oil availability to greater U.S. evenhandedness on the Arab-Israeli question, was backed up by more specific warnings from King Faisal.

I. SAUDI FOREIGN RELATIONS

A. King Faisal's Trip, May-June 1973

1. Egypt: Faisal left Jidda in mid-May en route to Paris for an official five-day state visit. On the way, he stopped off for 24 hours in Cairo, where he reportedly played a significant role in restraining, at least for the summer, President Sadat from his threatened "limited war." Faisal's visit was a

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culmination of Egyptian-SAG contacts on the matter, which had begun the previous month when Egypt's Minister of War Isma'il held extensive talks in Riyadh with Prince Sultan and other high-ranking members of the SAG, underlining Sadat's frustrations and his determination to resolve the situation militarily. During Faisal's visit, there were indications as well that Sadat and Faisal discussed Egypt's impending unity with Libya amidst growing reports of Egyptian apprehension as the day of the proposed merger approached. Although there have been rumors of a Saudi agreement to cut oil production or to underwrite the acquisition of certain military equipment, the Embassy doubts Faisal has made any specific long-term commitments.

2. France: During Faisal's state visit to France (May 14-18) the discussions centered on the outlines of a future settlement in the Middle East and possible arms sales. The absence of a communique at the end of the visit came as something of a surprise, and may have resulted from an inability to reconcile French acceptance of Israel with Faisal's known hard views on the subject. During the political discussions, Faisal stressed the need for Israeli withdrawal to the 1967 boundaries. He also discussed Sadat's present state of mind and expressed some concern about the possibilities of a resumption of hostilities. On the military side, no deals were consummated, but the King was reported to have expressed a definite interest in Mirage aircraft.

3. Morocco: Faisal's Moroccan visit (June 6-7) resulted in little of interest. Faisal had been asked to come by Hassan as perhaps one of the few Arab leaders of stature willing to provide visible evidence of support for the Moroccan monarch. Faisal himself perhaps saw the invitation as an opportunity to enlist Hassan's support for another Islamic summit. A communique implied that the Saudis were prepared to support Morocco's expensive five-year development plan, but there were no indications of how much money was involved.

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