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Authority 969000
By [initials] Date 7/1/02

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PA/HO Department of State
E.O. 12958, as amended
June 21, 2006



15th June, 1970.

Dear Mr. President,

I thank you for your letter of 8th June, and I appreciate very much your thoughtfulness in sending to me a copy of the text of your interim report on the Cambodia operation which I have read with great interest.

My Minister for Foreign Affairs, following his return from Washington, has given me a detailed account of his discussions with you and the members of your Government which took place entirely in an atmosphere fraught with cordiality and an understanding of Iran and its requirements.

All this is a source of great encouragement and gratification. However, in the meantime, new developments have again occurred which may have a negative bearing on the future destinies of this region. New and reliable information has been received to the effect that intense efforts and endeavours will be made to upset the security of the Persian Gulf area. It appears that plans are in the making to threaten and possibly to gain control of the strategic Straits of Hormoz by exercising influence on the Tumbs and Abu Musa Islands, which were forcibly wrested from Iran by the British sixty-seven years ago.

The danger to Kuwait is probably known to all and if the recent events in Hashemite Jordan should lead to an eventual takeover by extremists, then Saudi Arabia will face grave danger, and we will perforce have to re-evaluate our defence arrangements. We will have to face up to all these eventualities and in order to be able to achieve this we must take the necessary steps to equip and prepare ourselves.

In the meanwhile, the question of the 8th tranche is not yet completely settled. The United States of America does not purchase oil directly from Iran, and not only will the Oil Consortium provide us this year with a decrease in oil revenues of \$120m from the total amount which we had set ourselves, but the outlook for 1971 and 1972 seems even gloomier.

I believe it my historic duty to discuss these questions with you, Mr. President, once again. For just as my predictions for the last ten years have unfortunately turned out to be correct, if we do not

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take steps to meet the requirements of Iran and if this is not undertaken as soon as possible, a situation will arise where it will unfortunately be too late to do anything the consequences of which will be immeasurable.

I therefore urge you most emphatically to provide Iran with a sufficient oil importation quota which will enable us to purchase our requirements, or at least our defence equipment from the United States of America. Another alternative concerns the decision of Libya to decrease her daily production of oil by 800,000 barrels which amount could at least be taken off from Iran and the matter will thus be solved.

The system of annual tranches is a source of great inconvenience and perhaps it would be possible for us to draw up a five year plan in this respect which would settle the matter for this period of time. If you, Mr. President, were to solve the question of the direct purchase of Iranian oil by your country or to adopt the above mentioned alternative as regards taking off 800,000 barrels per day from Iran, we would then be able to enter with your approval into contracts with American firms in order to buy our requirements. This would also preclude the necessity of seeking the approval of the legislature of the United States of America as in the case of the yearly tranches.

I should greatly appreciate it, Mr. President, if you would kindly give these matters your very urgent and considerate attention.

The Empress joins me in sending to you and Mrs. Nixon as well as to your family our warmest greetings and kindest personal regards.

Sincerely,

M. R. Pahlavi

*The Honourable
Richard M. Nixon,
President of the United States of America,
WASHINGTON, D.C.*