MEMORANDUM FOR: DR. KISSINGER
FROM: HAROLD H. SAUNDERS
SUBJECT: Guidance for Follow-up on Shah-President Talks

When we were in Tehran, you agreed that it would be desirable to record as instructions for the bureaucracy those specific commitments which the President made to the Shah on provision of military equipment so we can establish the basis for follow-up. A memorandum is attached [Tab A] for this purpose.

In reading my formulation, you will want to bear in mind (a) the practical limitations which we face in providing some of this equipment and (b) the rather free interpretation the Shah is making of the President's promises [Tab B]. In my memo, I have tried to convey the President's commitment while giving Defense latitude to deal with some of its problems. Specifically:

1. On the F-14 and F-15 aircraft, Defense feels our own units should have preference on delivery and also wants to avoid what happened when we committed the F-111 to Australia before full operational testing. I should think we could handle this, having committed ourselves in principle, by keeping the Shah posted at each major milestone in the testing and production so we can agree on the time when it would be appropriate for Iran to place its order.

2. On the laser-guided bombs, the Shah feels the President promised to provide "all available sophisticated weapons short of the atomic bomb." The laser-guided bombs, of course, represent very advanced technology which we would not want compromised. In any case, our forces in Southeast Asia are using our full production at the moment. Defense may come back with one of two responses: either a timetable for delivery after our Vietnam needs have peaked or the suggestion to provide "smart bombs" short of the laser-guided bombs until they are available.
3. On the "blue-suiters," the Shah is saying that the President promised "any number that is needed in Iran" -- this, in the context of the Shah's remark that the Soviets have 10-20,000 technicians in Egypt. The Pentagon will have to find a way to cope with a legislative limit on the numbers of such people that we have stationed overseas. It may be possible to deal with them outside the normal MAAG framework, but as you know the provision of "advisers" has a sticky history with the Congress.

The memo at Tab A asks the Pentagon, coordinating with State, to come back by June 30 with a timetable and method for carrying out these commitments.

Two other questions relating to follow-up:

--Was there any discussion of our Persian Gulf naval force and did the President promise to

re-study it? __________

enlarge it? __________

reduce it? __________

withdraw it? __________

no discussion __________

--Did the Shah urge the US to take more Iranian oil?

Yes __________ No __________

Recommendation: That you sign the memorandum at Tab A if you feel it captures the main elements in the President's commitment.

Concurrence: Jeanne W. Davis
Richard T. Kennedy
SUBJ: AUDIENCE WITH HIS IMPERIAL MAJESTY

1. MAJOR GENERAL WILLIAMSON HAD A ONE AND ONE-HALF HOUR AUDIENCE WITH HIS IMPERIAL MAJESTY ON 5 JUN 72. THIS IS THE FIRST AUDIENCE THAT HAS AT THE REQUEST OF HIS IMPERIAL MAJESTY AGREED TO MY REQUEST.

2. HIM ASKED ABOUT BRIGADIER GENERAL PRICE'S CONDITION AND EXPRESSED HIS EXTREME REGRET FOR THE BOMBING INCIDENT. HE STATED THAT ALTHOUGH HIS COUNTRY HAS RELATIVELY FEW DISSIDENT INDIVIDUALS, IT APPEARS THAT EVERY COUNTRY HAS A FEW SICK MINDS THAT CAN ONLY BE SATISFIED THROUGH VIOLENCE. HE STATED THAT THE ECONOMIC PROGRESS AND THE SOCIAL REFORMS THAT ARE BEING IMPLEMENTED APPEAR TO BE ADEQUATE FOR MOST ALL THINKING PEOPLE; HOWEVER, IT IS IMPOSSIBLE TO COMPLETELY STAMP OUT VIOLENCE.

3. HIM STATED HIS COMPLETE SATISFACTION WITH PRESIDENT NIXON'S VISIT AND EXPRESSED THE THOUGHT THAT IT HAS A GREAT PSYCHOLOGICAL BOLT TO THIS PART OF THE WORLD AS WELL AS A PRACTICAL RECOGNITION OF WHAT NEEDS TO BE DONE OVER HERE. HIM STATED THAT HE FELT THAT HE RECEIVED TWO MAJOR UNDERSTANDINGS FROM THE PRESIDENT. FIRST, IRAN WILL GET ALL AVAILABLE SOPHISTICATED WEAPONS SHORT OF THE ATOMIC BOMB. SECOND, THE UNITED STATES WILL PROVIDE THE NECESSARY TECHNICIANS AND ADVISORS TO PERMIT IRAN TO ADVANCE ITS ARMED FORCES.
As rapidly as possible.

4. Him stated that he specifically avoided identifying a number of technicians that the United States should furnish, however, he did mention that the user has placed somewhere between 14,000 and 20,000 technicians in Egypt. After him mentioned this number, the prerequisite is reported to have said that the U.S. will furnish any number that is needed in Iran.

5. Him expressed his satisfaction with the thirty-six additional spaces that have been authorized for Armex-Maag and asked if there was a legal limit to the size of the Maag. I explained the congressional actions of last January and told him that, in my judgment, the Maag, as it furnished for level advisors, is probably still needed. He agreed that the major requirement at this time is middle managers and technicians, as personified by the Taft team approach. It was agreed that major programs such as the improved Hawk missile system, ground forces aviation, aerial refuelers, etc., would be the yardsticks by which the requirements for technicians would be measured.

6. I explained the latest information with respect to the improved Hawk missile, showing tentative delivery schedules and formal training required for technicians. It was agreed at the main time-saving approach on the part of the Iranians would be selection of qualified English-speaking persons for the training programs. At this time, him stated that he would consider transferring qualified personnel from the other services into the Air Force if necessary to accelerate the time of operational readiness.

7. Him expressed some concern regarding the U.S. Navy standard missile. Several countries' representatives, specifically Britain, France, and Belgium, have recently indicated that their countries are using as their basis a Reuters release of a GAO report out of Washington, dated 4 Apr '72. This report states that the United States has spent over one billion dollars developing the U.S. Navy standard missile and has not yet succeeded. In fact, the report states that U.S. Strategic Missile is experiencing a decrease in effectiveness. I explained to him that the atmosphere in which some GAO reports are submitted and covered the fact that often these reports are submitted and stated in a manner designed primarily to avoid future mistakes. He covered the danger of taking a derogatory report out of context before the challenges have been duly investigated. I explained the rationale behind the standard missile, which him appeared to accept quite readily, as a matter of information, General Toufanian, the Deputy Minister of War for Armaments, and General Azhari, the Chief of the Supreme Commander's Staff,

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HAVE BOTH MADE TRIPS TO EUROPE WITHIN THE LAST MONTH TO ATTEND DEMON- STRATIONS AND RECEIVE SALES PITCHES. BOTH HAVE EXPRESSED THE THOUGHT THAT THEY PREFER U.S. EQUIPMENT. HOWEVER, OTHER COUNTRIES ARE MAKING UNUSUALLY OPTIMISTIC CLAIMS.

W. WITH RESPECT TO THE INTERNATIONAL SCENE, HE AGREED TO SPEAK FOR SOME TIME, EXPLAINING HIS VIEWS ON THE SURROUNDING COUNTRIES. WITH REGARD TO PAKISTAN, HE AGAIN EXPLAINED THAT WE HAVE OUT- PACE THAT THE COUNTRY WOULD NOT BE ABLE TO HOLD TOGETHER. HE STATED, HOWEVER, THAT PRESIDENT SHUTTO, WHO IS VISITING HERE THIS WEEK, IS THE BEST THAT APPEARS TO BE AVAILABLE AND CAN HOLD THE COUNTRY TOGETHER IF ANYONE CAN.

HE DESCRIBED KUWAIT AS A TRUE TRAGEDY OF THE DECADE, EXPLAINING THAT HE IS IN FEARFUL THAT KUWAIT WAS DEVELOPING INTO THE CATALYST THAT WOULD SLOW DOWN DIFFICULTIES THROUGHOUT THE AREA.

REGARDING IRAQ, HE STATED THAT THE RECENT USA/IIRAQ AGREEMENT HAS FORCED HIM TO CHANGE HIS VIEWS WITH RESPECT TO THE MIDDLE EAST. HE STATED THAT HIS INITIAL OBJECTIVE WAS TO GET THE BRITISH OUT AND TO INSIST THAT NO OTHER MAJOR POWER COME IN. SINCE THE STARTING OF THE USA/IIRAQ PACT, HE SAYS THAT HE IS COMPLETELY WILLING FOR THE U.S. TO COME INTO THE AREA IF IT WILL DO SO WITH QUALITY. HE REPEATED THAT HE WAS THINKING OF QUALITY AND NOT QUANTITY, STATING THAT A FEW CORVETTES ARE NOT APPROPRIATE. HE WOULD LIKE FOR US TO PUT ON DISPLAY IN THIS AREA, THE MOST MODERN PIECES OF EQUIPMENT THAT WE CAN. HE DID NOT GO INTO FURTHER DETAIL.

MOVING SOUTH, HE EXPRESSED THE THOUGHT THAT SAUDI ARABIA HAS MANY POSSIBILITIES, BUT IS PROGRESSIVELY BECOMING SURROUNDED BY HOSTILE ELEMENTS. TO SUCH AN EXTENT THAT HE IS MOST FEARFUL THAT THE COUNTRY WILL BE UNDER TERRITORIAL CHALLENGE IN TEN TO FIFTEEN YEARS.

REGARDING DISPOSITION OF MILITARY FORCES WITHIN THE COUNTRY. HE ONCE AGAIN COVERED THE IMPORTANCE OF HAVING ADEQUATE GROUND FORCES STRATEGICALLY POSITIONED TO ASSIST IN MAINTAINING STABILITY AND THE DEVELOPMENT OF HIS COUNTRY. AT THIS TIME, HE WAS SPECIFICALLY REFERENCING TO SHAH BAHAR AND CHAH BAHAR. HE STATED THAT THE PUBLICATION COMING OUT OF IRAQ WAS SURPRISING AS THEY EXTENDED THE BALESHWIAN AREA NORTH THROUGH AFGHANISTAN. HOWEVER, THEY WERE EVEN MORE SHOCKING AS THEY MOVED THE BORDER WEST OF SANDAR AND AS HIM DEPLOY HIS ARMED FORCES IN THE EASTERN PART OF THE COUNTRY. HE STATED THAT HE WOULD PROBABLY ORGANIZE ANOTHER ARMORED DIVISION TO COVER THE EXTRA EAST TO INCLUDE THE CHAH BAHAR AND CHAH BAHAR AREA AND THAT UTILIZING THE ADDITIONAL FIGHTER SQUADRONS THAT HE HAS IN MIND AND REDUCING HIS CONCENTRATION AT VANDVIK, HE CAN PLACE AIRCRAFT AT SHAH BAHAR AND KERMAN. (NO AIRCRAFT TO BE PERMANENTLY STATIONED AT CHAH BAHAR.) HE STATED THAT HIS REPEL CAPABILITY WOULD PERMIT...
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HIM TO COVER: ZAHEDAN WITH AIRCRAFT COMING OUT OF KERMAN, BANDAR ABBAS,
AND CHAM BAHAR.

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OTHER SECTS DISTR ON RECEIPT
MM 279.
Him spent considerable time discussing the Khuzevan area and the fact that it now represents almost a complete, balanced society. He stated that its agricultural output is now equal to all of the rest of the country, and that its steel, oil, and petrochemical industries make it an extremely valuable area. He is contemplating building a 200,000 barrel-per-day oil refinery on Kharg Island. He stated, however, that he believed it essential that he not run his natural resources dry in a period of twelve years. Summing up with the statement that he is thinking in terms of utilizing his oil resources over a period of at least thirty years, at that time he again covered the fact that Japan and Europe cannot survive without oil from the area and that the United States would be extremely hard-pressed in its present projections. He stated that he fully supports a detente in Europe but is quite insistent that it not be accomplished in isolation. His great concern is that the oil-producing countries of the Middle East may become fragmented and at least some of their output be denied the Western world.

He stated that, in his judgment, relations between the United States and Iran were the best they have ever been and that he was confident that he would continue our close ties.