

**DOCUMENT WITHDRAWAL RECORD [NIXON PROJECT]**

DOCUMENT NUMBER	DOCUMENT TYPE	SUBJECT/TITLE OR CORRESPONDENTS	DATE	RESTRICTION
1	Notes	Persian Gulf : Talk with Saunders	10/29/?	B
4	"	IRAN [SAUDI ARABIA, IRAQ, Bahrain, Muscat & Oman]	n.d.	B
10	Memorandum	Seeking the President's Concurrence on General Policy for the Persian Gulf	10/19/70	B
16	Report	Persian Gulf	6/4/70	B
17	outline	Outline of Persian Gulf Issues Paper (draft)	1/21/70	B
18	Memorandum	Memorandum for Peter Rodman from William Watts	1/7/70	B

FILE GROUP TITLE

*HAK Files*

BOX NUMBER

*16*

FOLDER TITLE

*3*

RESTRICTION CODES

- A. Release would violate a Federal statute or Agency Policy.
- B. National security classified information.
- C. Pending or approved claim that release would violate an individual's rights.
- D. Release would constitute a clearly unwarranted invasion of privacy or a libel of a living person.

- E. Release would disclose trade secrets or confidential commercial or financial information.
- F. Release would disclose investigatory information compiled for law enforcement purposes.
- G. Withdrawn and return private and personal material.
- H. Withdrawn and returned non-historical material.

NIXON PRESIDENTIAL MATERIALS PROJECT  
DOCUMENT CONTROL RECORD.

ITEM REMOVED FROM THIS FILE FOLDER

A. RESTRICTED DOCUMENT OR CASE FILE HAS BEEN REMOVED FROM THIS FILE FOLDER. FOR A DESCRIPTION OF THE ITEM REMOVED AND THE REASON FOR ITS REMOVAL, CONSULT DOCUMENT ENTRY NUMBER 1 ON EITHER THE DOCUMENT WITHDRAWAL RECORD (GSA FORM 7279 OR NA FORM 1421) OR NARA WITHDRAWAL SHEET (GSA FORM 7122) LOCATED IN THE FRONT OF THIS FILE FOLDER.

A sanitized copy substituted for an original item which contains information restricted under the Privacy Act.

## Secret policy

should be primary criterion of our involvement

2 clearest schools of thought, ~~and intermediate~~

1. Sov. activism:

- incipient instability of Gulf (rels betw. states, stability within states) is tempting target for Sov. penetration
- Gulf region is traditional object of Soviet dreams of expansion; naval presence.
- Magnitude of Western ec. stake makes the Sov. threat a matter of urgency.

2. Sov. Caution

- Diplomatic complexity of Gulf politics <sup>will</sup> ~~are~~ be serious restraint on USSR: It can't foment radicalism + expansion influence w/out jeopardizing its rels w- Iran
- Sov. naval capabilities not enough for signif. force, includes likely <sup>trade</sup>
- Sov. commercial involvement in oil will give it stake in stability of flow. Oil cutoff to West is ~~an~~ improbable. ~~That~~ Suez or US firms is not necessarily a major US interest.

3. Intermediate position.

Arguments under 2 above are more plausible. But flaw is that Sov. perception of difficulties may not counter the ~~temptation~~ <sup>temptation</sup> of interventionism may lead them

Gulf

Secret

Laqueur,

## SOVIET POLICY - GENERAL

Soviet dilemma in Mideast: Sphere-building has momentum + logic of its own, + may force Soviet hand if something untoward happens to their proteges in S. Arabia or Syria or Egypt. Danger of being drawn in more deeply than they want to. Loss of prestige if they hold back in a crisis. (p. 304)

Moscow may face crisis as Arab frustration grows, + Moscow doesn't help enough. (p. 306)

NIE 30-1-67  
Revision Gulf States

USSR's representation in Gulf is limited to Basra (Iraq) + Kuwait, though it from time to time hints to Saudi Arabia that it would like to establ. dipl. rels. Soviets are trying to court radicals + conservative simultaneously — Potential inconsistencies will make Moscow wary of complicating matters further by taking any very open or direct position in maneuvering in smaller states.

If a Gulf state became radical or if its ruler wished to avoid dependence on or absorption by a regional power, it might see advantages in developing close relations w. USSR. USSR would probably encourage such a state to reduce its Western connections + might offer it mil. and econ. aid. But USSR's course would be complicated, <sup>must</sup> require careful balancing of regional forces. Soviets ~~probably~~ unlikely to make dramatic advances.

Millar, Adelphi  
Paper

To USSR, area is not "Middle East" but "Near South"

Gorgeform

Soviet naval visits to Gulf are bound to increase, whether Canal remains closed or not. To counter this presence before it becomes established, existing ~~US~~ + US naval visits to Gulf ports

should certainly be continued. Other Western powers should be encouraged to visit Gulf ports too; these could be of mixed nationality. (p.13)

(Hourani) Maybe USSR will be content to have Gulf states sympathetic to her but not necessarily allied to her. She would try to ~~maintain~~ <sup>establish +</sup> maintain such regimes but not in ways that would lead to confrontation w. US. USSR has interest in stability there; in ease of communications across Middle East, + increasingly even in Middle Eastern oil.

(Horenitz) IRBM's launched from Gulf can hit targets in USSR like missile + space industries in Central Asia. ∴ USSR will want to neutralize any unfriendly naval presence there, esp. US nuclear one.

(Georgetown 58-60): Russia's primary historical interest has been in preventing Western presence in Northern Tier (Iran + Turkey). Stalinist policy backfired + brought about the very situation Russia has always sought to prevent. Since 1946, then, Soviet policy may be seen as attempt to remedy this. But recently, new opportunities elsewhere in Mid East have aroused new interests in whole region, + Turkey + Iran are no longer the sole objects of Russian policy.

(Id., 61) Land link to Gulf could conceivably be tempting, + would reduce Soviet dependence on Suez + Bosphorus.

Gulf as "alternative" to Suez route would be appealing + meaningful only for USSR, + not to Eur. states.

SECRET

## SOVIET POLICY

### PERSIAN GULF & ARAB-ISRAELI CONFLICT

Memorandum to  
Holders of  
NIE 11-6-67 +  
SNI 11-9-68  
(16 May 1968)

If Suez Canal were open, USSR could use elements of Mediterranean Squadron to establish at least an intermittent naval presence in support of Soviet interests in Red Sea + Persian Gulf.

Special Memorandum  
No. 3-68, New  
Situation in Persian  
Gulf (1 Feb 68)

Kuwait & Saudi Arabia supply 80% of the \$250 million annual subsidy on which USSR economy currently depends.

Georgetown 75

USSR is seeking to improve rels. w. non-radical Arab states, incl. Kuwait — but not w. Saudi Arabia, probably bec. of Egyptian attitude

## The Gulf

## SOVIET RELATIONS WITH IRAN

Walter Laqueur,  
Russian Empire  
Middle East  
Foreign Affairs  
301-03

Since 1965, USSR has made determined effort to neutralize Iran + Turkey; Shah + Demirel have been honored guests in Moscow. Both have now felt northern border secure, + have focused attention elsewhere - Gulf + Cyprus respectively.

Both disappointed w. lack of Western support for their nat'l aspirations - but not much Sov. support either. In a crisis in Gulf, USSR will not support Iran vs. other Arabs. But USSR might try to play honest broker, à la Tashkent.

USSR has extended \$500 million credits to Iran. Trade betw. them is to quadruple in next few yrs - But even by 1974, USSR will only be supplying 12% of Iran's imports. West + Japan will remain Iran's chief oil customer for long time.

Soviet Union is not a great trading power, + its share of world trade is not increasing. East bloc trade plays growing part of economies of many Mideast countries, but only in Egypt is it decisive.

Iranian + Turkish suspicions of USSR have not disappeared. Cf. Czech, Mediterr. fleet. But they are adjusting selves to situation that USSR has outflanked Northern Tier by advances in Mideast - a shift in bal. of power in the area. But they see that their freedom of action will be reduced in USSR becomes Soviet sphere of influence.

Soviet involvement in Gulf, if too active + conspicuous, would jeopardize good + profitable rels. w. Iran.

Special Memorandum  
New Substantive in Persian  
Gulf (No. 3-68)  
(Feb 68)

NIE 30-1-67  
Persian Gulf States

Iran has agreed to pipe substantial amounts of natural gas to USSR. Joint Soviet-Iranian development of Caspian Sea oil fields would give USSR access to oil supplies close to existing Soviet distrib. networks.

Oil in the Gulf proper would be difficult for USSR to handle in quantity, though it could absorb output of one of the lesser producing states should it see pol. advantages deriving therefrom.

Georgetown  
p. 51

Communications betw. USSR + Iran are mainly by sea (from Baku to Rasht) or by air. Railway at Julfa is little used.

## SOVIET RELATIONS WITH IRAQ

Laqueur <sup>Russia</sup>  
Enters <sup>Middle East</sup>  
Foreign Affairs

p. 303

Relations recently strengthened. Areas of contention remain: fate of Iraqi Communists; failure of Iraqi govt to give Kurds autonomy. USSR has closed down Iraqi Communist radio station (from E. Eur.); Iraq reciprocated by supporting USSR on Czech.

Georgetown 75

USSR is aiding in building of Basra-Baghdad railway.

Gulf

Secret

## SOVIET RELATIONS WITH SOUTH ARABIA

Lequeur, p. 303-04

USSR interested in S. Arabia as land bridge to E. Africa + as gateway to Gulf + Indian Ocean, even though closure of Canal diminishes Aden's importance.

Dispatch of Soviet arms + ground crews after withdrawal of Egyptian troops ~~is~~ has been decisive for Yemen.

Moscow hoped People's Rep of S. Yemen would be able to help Republicans in Yemen — but new republic has been beset by ec. crisis, incessant revolts, + defection of left wing of the official party (NLF). USSR supports S. Yemen govt vs. ultra-left rebels, whom USSR suspects of Maoism.

Georgetown

S. Yemen NLF has threatened to upset status quo in Muscat/Oman + elsewhere, but it is probably safe not to regard such threats seriously: Geography, as well as present internal situation in S. Yemen, militate vs. serious threat. (88-89)

Yemen + S. Yemen seem now to be only likely areas in which Soviet direct assistance and intervention will be seen. Base facilities will be possible there. (90-91)

NIXON PRESIDENTIAL MATERIALS PROJECT  
DOCUMENT CONTROL RECORD.

ITEM REMOVED FROM THIS FILE FOLDER

A. RESTRICTED DOCUMENT OR CASE FILE HAS BEEN REMOVED FROM THIS FILE FOLDER. FOR A DESCRIPTION OF THE ITEM REMOVED AND THE REASON FOR ITS REMOVAL, CONSULT DOCUMENT ENTRY NUMBER 4 ON EITHER THE DOCUMENT WITHDRAWAL RECORD (GSA FORM 7279 OR NA FORM 1421) OR NARA WITHDRAWAL SHEET (GSA FORM 7122) LOCATED IN THE FRONT OF THIS FILE FOLDER.

A sanitized copy substituted for an original item which contains information restricted under the Privacy Act.

200/57100/17  
SECRET

# US. Policy

NIE 30-1-67  
18/May 1967

UK, Saudi, + Iran, will probably urge US to play greater role in Gulf.

Several Gulf states have already approached US: Kuwait for arms, Bahrain + Muscat/Oman for aid in other fields. But UK position has been product of unique historical circumstances, + is not likely to be filled by successor. Successor would be less acceptable, + would be drawn into conflict betw. ruling families + their peoples over pace of pol. + Soc. reforms.

Georgeform 87

Current US mil. involvement in Gulf is small, normally consisting of a flagship operating out of Bahrain + 2 destroyers rotated from US Atlantic fleet. Occasionally augmented ~~from~~ by ships temporarily detached from Sixth (Medit.) Fleet. Placing of area within orbit of responsibility of US Army general w. HQ in Florida is sign of not-too-serious involvement.

# OIL

Gulf's oil is exploited primarily by US + UK.

NIE 30-1-67  
Persian Gulf States

Gulf states are aware that they cannot market their oil without using Western oil companies, partic. the internat'l majors, + these will probably be able to continue to operate profitably.

Georgetown p. 65

Communist bloc may become net importer of oil, as its industrial needs expand.

Miller, Adelphi  
Paper

Most of Middle East's oil goes by tanker out of Persian Gulf. Israel + Egypt are planning pipelines from Red Sea to Mediterranean, but these will still depend on tankers for transport from Gulf to Red Sea.

Middle East oil exports supply 50% of WEur imports, 90% of Japan's, 65% of Australia's, + 83% of Africa's.

Georgetown

US uses Persian Gulf oil in Southeast Asia, + US + NATO forces in Europe use Persian Gulf oil. (p. 9)

Possibility of simultaneous closure of all Gulf sources of oil is remote. (p. 12)

# ARAB NATIONALISM

Georgetown

Independence on part of small Gulf states would lead to membership in Arab League, + this would preclude any attempt by UK to stay longer. (p. 11)

Iran + Muscat/Oman are areas in which internal dissident elements would seem to be partic. concern. In Oman, Sultan's rule is tenuous. (p. 88)

(96): UK forces have generally not had internal security functions in small states. This makes it harder for nationalists to claim that their countries are under army of occupation supporting puppet ruler.

(97) Initial struggle in Gulf will not probably be one of revolutionaries vs. reactionaries, this will be more likely if + when single states or federations form "national armies," e.g. vs. larger Gulf states. In such circumstances, opportunities for conspiracy, formation of officer cliques + resulting coup + counter coup might develop.

(97-98) What may ultimately keep non-peninsular Arabs out of Gulf-area conflicts is the historical-social-cultural separation betw. peninsular Arabs + the very different peoples of Fertile Crescent + Nile Valley,

# The Gulf

## Georgetown Study

Iraq: 1/3 via.  
Basin, 2/3 piped  
to Med. it.

Iran: all shipped  
via Gulf

Kuwait: all

Saudi: not piped  
+ part shipped  
from Gulf  
ports

Western interest: oil + bal. of pp. (p. 9): How important  
is strategic interest in Gulf itself, as opposed to states  
around it? I.e., how many states have other routes to  
ship their oil out? How much <sup>of Mideast</sup> oil is at mercy of the  
power that controls the Gulf route? 70+%

Russian interest: "defense of Baku" (p. 10): How good is  
Soviet land access to the Gulf area? (e.g., USSR  
RR routes parallel Iranian border. One RR link in west, <sup>(nominal)</sup> unpaved  
road in East)

Soviet naval presence in Gulf - dependent on opening of  
Suez Canal (p. 17): Really? Yes

## Military balance

See p. 81

Iran's navy (will be only navy in area once UK  
leaves): not much to it.

India + Pak are dependent on Gulf oil (USSR-  
Indian link...)

→ Any incompatibility betw. Soviet-Iran link + Soviet-  
Indian link? Canal opening would reduce Iran's importance  
to USSR; + force Egypt's foreign policy - which  
frightens Iran...

→ US has flagship + 2 destroyers from US Atlantic fleet,  
occasionally augmented from Sixth Fleet. (p. 87)  
Bahrain is home port.

→ South Yemen is out to shake up Muscat + Oman - but  
is too precarious internally, + is blocked by extremely  
difficult communications to M&O. (p. 89)

→ Soviet naval presence in Indian Ocean is extremely  
difficult while Canal is closed. (p. 90)

→ Egypt's role is... of subsidies from monarchs.  
DECLASSIFIED

# Interests

1. Gulf as a body of water is key as shipping route for 70% of all MidEast oil.

Could be bottled up by:

a. Soviet naval presence

b. Hostility of one or ~~two~~ states at the straits: Iran

→ [Problem of Bahrain persists, even if Shah renounces claim + reaches understanding w. Feisal. If Bahrain becomes independent + then radical regime takes over, could Iran + Saudi afford to squash it?]

\* 3 threats to Gulf stability. (p. 88)

1. Disruption of existing regimes by opposing domestic factions, with or w/out external encouragement + assistance

2. Outside intervention by USSR, + possible, Egypt, mainly to achieve pol. rather than ec. goals.

3. Regional disputes resulting from ethnic + religious differences + territorial claims + aspirations.

K/0016/03/008

McGarry +  
Lewis  
Conversation  
25 Nov. 1969

## Gulf

- Focus on Iran.
- Key question is whether there will be vacuum which will be filled by hostile forces
- Paper anticipates changing US perceptions over next 5 yrs, perceptions of our interests
- Policy Options

### Possible instabilities

- Iran's desire to close off the Gulf (literally), to build ports in southern Gulf, + "bypass" Iraq re oil  
(Bandarabbas <sup>will be</sup> ~~is~~ opened up as major Iranian port; shipyard + 3000 troops in area, + probable later resettlement in population into area.)

Levers: re Iran: - some mil. supplies, + support vs. USSR  
- ec. assistance (private enterprise); Iran wants it  
- US. willingness to counterbalance USSR in Indian Ocean  
- air defense vs. Iraq.

---

Dreck

Another option: closer rels. w. FAA states regardless of our rels. w. Iran

NIXON PRESIDENTIAL MATERIALS PROJECT  
DOCUMENT CONTROL RECORD.

ITEM REMOVED FROM THIS FILE FOLDER

A. RESTRICTED DOCUMENT OR CASE FILE HAS BEEN REMOVED FROM THIS FILE FOLDER. FOR A DESCRIPTION OF THE ITEM REMOVED AND THE REASON FOR ITS REMOVAL, CONSULT DOCUMENT ENTRY NUMBER 10 ON EITHER THE DOCUMENT WITHDRAWAL RECORD (GSA FORM 7279 OR NA FORM 1421) OR NARA WITHDRAWAL SHEET (GSA FORM 7122) LOCATED IN THE FRONT OF THIS FILE FOLDER.

A sanitized copy substituted for an original item which contains information restricted under the Privacy Act.

NATIONAL SECURITY COUNCIL  
HAK wants

Good paper which

1. Tells where we want  
to go in next 5 yrs,

2. + how to get there

~~part~~ Tells impact of  
Arab- Israeli conflict on  
Iran's ties w. Arabs.

Strategy

NATIONAL SECURITY COUNCIL

When we want to go

How: Sub system

Iran-Saudi

Mideast

UK

Nat

Mr. Isham

382-1361

Classified

Reproduced at the Richard Nixon Presidential Library

DECLASSIFIED

has been reviewed pursuant to Executive Order 13526 and has been determined to

## 7. Persian Gulf

### Subject

The Persian Gulf region is arguably an area of great importance politically (because of its possible pivotal position in the Middle East), economically (because about 70% of the Middle East's oil is shipped through the Gulf), and militarily (because of the strategic naval significance of the Indian Ocean).

The Gulf region is a likely incubator of crises over the next 3-5 years because of the certainty of British withdrawal by 1971. The prospect of a sudden power vacuum is dangerous because of the unique coincidence of tensions and volatile elements in the immediate vicinity:

- (1) the numerous border disputes and territorial claims dividing the states in the Gulf region;
- (2) the internal instability and uncertain political futures of many of the states in the region, especially the new political entities;
- (3) the interrelation of the politics of all the states in the region;
- (4) the connections with the Arab-Israeli conflict and with the ideological tensions dividing the whole Arab world;
- (5) the increasing assertiveness of Soviet naval diplomacy, and the opportunities for Soviet political penetration.

All the foregoing implies that the Gulf is a matter of urgent concern, and that the United States should take an active interest in the future of the region following British withdrawal. But all these premises should be scrutinized and tested. In particular, the potential for Soviet mischief-making should be investigated and not assumed; it is possible that Soviet access to the region by land and sea is not as easy as supposed and that the extension of Soviet access and influence in the area poses no threat to vital American interests. The consequences in the Gulf area of a Middle East settlement, or of a lack of settlement, should be examined, as well as the consequences in the Middle East of certain kinds of upheaval in the Gulf region. Both these sets of issues may be relevant to current operations.

It will be useful to attempt to define and articulate U. S. interests in the region, to gauge the prospects of deterioration, and to set forth the alternative possible U. S. approaches.

Method of Study

This subject can best be managed as a Staff study on the order of a think-piece. But the utility or nature of the study depends on the quality and scope of the regular NSSM on the Gulf.

d. encouragement of, and assistance to, a possible U. K. retention of strategic commitments in the Gulf, of the kind that could be supported by short-notice redeployment of U. K. forces stationed West of Suez in an emergency involving an external threat? (Is this feasible militarily? financially? politically, in the Gulf and in the U. K. ?)

9. What precisely is the U. S. concerned about in the Gulf area? Can the dangers we fear be handled or contained with the kind of U. S. posture recommended?

NATIONAL SECURITY COUNCIL  
WASHINGTON, D.C. 20506

October 23, 1969

CONFIDENTIAL

MEMORANDUM FOR HAL SAUNDERS

FROM: Peter W. Rodman

SUBJECT: Some Questions on the Persian Gulf

I'm sorry to have pestered you while you were occupied with the Shah's visit. I still hope we can discuss the IG draft, at your convenience.

In the meantime, I thought I would put some of my questions down on paper.

The Planning Staff is interested primarily in general conceptual aspects and long-range implications of current operational issues. Dr. Kissinger has asked us to keep an eye on the Gulf.

1. What, in general, would we want the Gulf political situation to look like five years from now?
2. Are current developments leading in that direction?
  - a. What is the current state of Saudi-Iranian relations?
  - b. What are the current prospects for the Union of Emirates?
  - c. Will Saudi Arabia continue to smile on the Union of Emirates when the latter really begins to act as an independent state?
3. Assuming Iran and Saudi Arabia reach an understanding on Bahrain, what could they do if a radical regime ever came to power in Bahrain?

CONFIDENTIAL

4. Can the U.S. rely, over the next five years or longer, on the continued survival of the friendly regimes in Iran and Saudi Arabia?

5. The IG paper talks as if we already have a major U.S. presence in the Gulf area, which cries out for measures to safeguard it. Is this an accurate characterization of our activity there? Or is the issue rather one of whether or not to establish a U.S. presence capable of replacing the U.K. (or whether or not to construct a substitute for a U.S. presence)?

*bal. of p.*

6. The paper talks as if the Soviets have easier access to the Gulf than we do, even while the Canal is closed. How true is this? How easy is the USSR's physical access to the Gulf area -- by road, by rail, by air, and by sea (with and without the Canal)?

7. What, in general, are the USSR's realizable objectives in the area? Are there political limitations on what the USSR can achieve? E.g., could the USSR ever acquire a satellite in the Gulf without alarming Arab nationalists? Can the USSR continue to flirt with a conservative regime like Iran while encouraging the radicals? Would a crisis in the Gulf present the USSR more opportunities than dilemmas?

8. I doubt that the policy options stated in the draft exhaust the whole range of possible U.S. postures. What are the pros and cons, and problems and prospects, of such postures as the following:

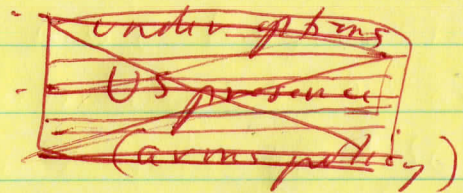
a. a greater U.S. naval presence? (Would home ports be necessary? Could we build one? Would Iran offer one?)

b. a greater U.S. political presence (e.g., active promotion of a regional economic development organization; active promotion of Iranian-Saudi political and military collaboration; -- in addition to the measures listed in the paper)?

c. reliance on indirect U.S. influence (e.g., sounding out the USSR on mutual naval noninvolvement; keeping the Canal closed)?

Think piece for Pres

- takes off from basic paper
- <sup>basic strategy</sup> blending the 2 options
- Approval of operational steps



1. Mid-east for
2. Presence <sup>- authority to plan</sup> ~~to plan~~

Draft NSDM

US presence - 2 choices

-- minimal, conventional  
dipl. presence

(commercial attaché, CIA

-- try to build <sup>foundation for</sup> a new sort of  
US presence over next years <sup>F772</sup>

(instruct bureaucracy, that as  
AID is reorganized, as  
new offices in Gulf are  
set up, as O plans budget,  
they should

Approve General principle of

- US dipl. presence in Gulf
- Instruction to build <sup>foundation</sup> more  
imaginative <sup>presence</sup>  
(on new structure Tech Ass. Institute  
+ better use of existing resources
- rules of eligibility
- more allocation of resources

Authority to think + plan for  
mission and also instruction to

MEMORANDUM

NATIONAL SECURITY COUNCIL

SECRET

June 3, 1970

MEMORANDUM FOR DR. KISSINGER

FROM: Harold H. Saunders *Hal*  
Richard T. Kennedy

SUBJECT: Review Group--Persian Gulf

There are three subjects to be covered at this meeting:

1. What should be our general strategy toward the Gulf? [Options 2 and 3 of State paper.]

For the sake of argument the paper poses four possible options: (a) assuming the UK's role as protector; (b) backing either Iran or Saudi Arabia as the key to stability; (c) pressing Saudi-Iranian cooperation; (d) actively promoting a regional security pact. We can assume that the first and the last are impractical.

The logical strategy lies in marrying what is already in fact extensive support for Iran as the unquestioned power in the area with the logic of cooperation between a strong Iran and a weak Saudi Arabia. We are not likely to diminish our relationship with Iran; we do not want to have to choose between Iran and Saudi Arabia; Saudi-Iranian cooperation is the optimum.

That means that the real choice is not really a choice as long as there is no trouble and Saudi-Iranian cooperation continues to grow. The real choice will come when, for instance, the Iranians look as if they are preparing to seize the small Arab-held islands at the mouth of the Persian Gulf. In circumstances like that, we will have to ask ourselves how much political capital to spend with the Shah to restrain Iran.

The first objective in this meeting therefore is to determine whether there is general consensus on the following strategy: The logical U.S. strategy is to promote Saudi-Iranian cooperation in the first instance but to recognize that Iran is the real power in the Gulf and to pursue the fullest feasible U.S. -Iranian relationship in that context. [This is a

SECRET

SECRET

- 2 -

counter to those who argue, for instance, that our military credit assistance is making Iran too powerful.]

In arriving at that working view of our strategy, we should avoid relaxing and pinning all our hopes on Saudi-Iranian cooperation on Iran. Cooperation may break down, and Iran may prove a heavy-handed peace-maker. This brings us to the second question.

2. What kind of presence can the U. S. develop in the Gulf? [State paper, pages 34-41.]

If the above is a logical view of U. S. strategy, the U. S. still has an interest in making the Arab participants in this cooperation more effective and stable partners.

The general issue to be discussed is: Can the U. S. --given present restrictions on technical assistance relations with countries that have their own money and limitations on funds for scholarships, not to mention low USIA appropriations--realistically talk about an active U. S. presence on the Arab side of the Gulf?

The fact is that U. S. does not now have programs and appropriations geared to an area like the Gulf with its own money. Yet the area desperately needs U. S. technical and educational assistance. At present, it is kidding ourselves to talk about an active U. S. role in the shajkhdoms without at the same time talking about increasing our cultural exchange budget for the area or providing organized backstopping for a technical assistance effort (mainly using private U. S. experts for whom the shajkhs would pay).

One outcome of the discussion might be to ask State to draw up now for possible use in connection with the FY 1972 budget a comprehensive U. S. program--cultural exchange, trade promotion, technical assistance, diplomatic representation--which would represent the most imaginative U. S. effort in the Gulf.

As a side point you may recall that the final paragraphs of the President's foreign policy message to Congress alluded to the need for new policies and programs in order for us to relate to areas like this which have their own capital resources. The Persian Gulf is the classic case. It is

SECRET

therefore worth pushing the above suggestion if for no other reason than to push the staffing of a problem which the President has identified under his signature. See Tab marked "Programs."

3. Should we maintain our small naval force in the Persian Gulf based on Bahrain?

Everyone agrees this is more a psychological presence than a very useful military force. There has been some argument for removing it on grounds of its low military value. There has even been some hint that the Shah is not especially anxious to see us stay on. However, there has also been a feeling that now is not the time to reduce our presence even though we may be ready to concede that the force is not necessarily going to be welcome for any extended period.

The operational problem is this: If we wish to keep the force there, the British will have to arrange with the Bahrainis for us to go on using a small port facility with a U.S. flag over it. We would want to sound out the Shah in more detail.

The decision required is a decision in principle not to reduce our presence at this time. That would trigger the necessary feelers to determine feasibility.

While it is difficult to see the force having great utility, on balance it does seem the wrong moment to remove it.

Outcome of the meeting. We recommend that you propose a short memo for the President (which we would draft) seeking his endorsement of:

1. the general U.S. strategy proposed;
2. in principle not reducing our naval force (if that is the judgment of the Group);
3. drafting a plan for fuller U.S. representation in the shaikhdoms.

We would then put out an NSDM.

TALKING POINTS

1. There are three subjects to discuss:
  - general U.S. strategy toward the Gulf;
  - the kind of presence the U.S. can have there given present U.S. programs and resources;
  - specific decisions like whether to continue our naval force and if so whether to base it at Bahrain.
  
2. General strategy. The real choice seems to lie between:
  - backing Iran and
  - pressing Saudi-Iranian cooperation. Do we really have a choice--with interests on both sides? Do we have to choose between these approaches now? To what extent can we do both?

Is it realistic to have a policy which presses for Saudi-Iranian cooperation but which goes on building up Iran in the meantime?

Is the following a fair statement: The U.S. strategy should be to promote Saudi-Iranian cooperation as the cornerstone of Gulf stability but in that context to pursue the fullest possible relationship with Iran and to do what we can to develop a working relationship with the new political entities on the Arab side of the Gulf?
  
3. U.S. presence. [You should play the "devil" on this one as hard as you can. We are kidding ourselves to think we can do anything serious in the Gulf with present programs. ]
  - What kind of presence can we have in the Gulf with present programs?
  - Can we have any impact by offering 2-3 scholarships? Should we think about a sharp increase in the cultural affairs budget since AID is not applicable?
  - What mechanism do we have for searching out technical assistance needs and for finding American experts to meet them?

Is the following a fair way to proceed: State with AID, Defense, USIA cooperation to provide within 30 days a blueprint for a U. S. presence in the Gulf--not just plans for staffing an embassy but an optimum U. S. program and presence. If this is reasonable, it might be looked at in the context of preparing the FY 1972 budget.

You might note that the President's message to Congress identified the problem of devising new policies and programs for areas like this which have money of their own.

4. Should we keep our naval force in the Gulf?

--What is its military value?

--Do the Arabs want a U. S. military presence? Does it help the ruling family on Bahrain to appear to be under U. S. protection?

--Does Iran want the force there?

--Could we operate there if we could not use the port in Bahrain?

--What would be the consequences of pulling the force out next year?

5. Handling of this paper. Propose that a memo be prepared (by NSC staff) for the President transmitting the basic paper, reporting Review Group discussion and seeking general approval for the following:

--general strategy as stated above;

--in principle, not reducing our fleet unless local soundings reveal sharp opposition from friends;

--drawing up a detailed plan for a U. S. presence and programs in the Gulf.

NIXON PRESIDENTIAL MATERIALS PROJECT  
DOCUMENT CONTROL RECORD.

ITEM REMOVED FROM THIS FILE FOLDER

A RESTRICTED DOCUMENT OR CASE FILE HAS BEEN REMOVED FROM THIS FILE FOLDER. FOR A DESCRIPTION OF THE ITEM REMOVED AND THE REASON FOR ITS REMOVAL, CONSULT DOCUMENT ENTRY NUMBER 16 ON EITHER THE DOCUMENT WITHDRAWAL RECORD (GSA FORM 7279 OR NA FORM 1421) OR NARA WITHDRAWAL SHEET (GSA FORM 7122) LOCATED IN THE FRONT OF THIS FILE FOLDER.

A sanitized copy substituted for an original item which contains information restricted under the Privacy Act.

NIXON PRESIDENTIAL MATERIALS PROJECT  
DOCUMENT CONTROL RECORD.

ITEM REMOVED FROM THIS FILE FOLDER

A RESTRICTED DOCUMENT OR CASE FILE HAS BEEN REMOVED FROM THIS FILE FOLDER. FOR A DESCRIPTION OF THE ITEM REMOVED AND THE REASON FOR ITS REMOVAL, CONSULT DOCUMENT ENTRY NUMBER 17 ON EITHER THE DOCUMENT WITHDRAWAL RECORD (GSA FORM 7279 OR NA FORM 1421) OR NARA WITHDRAWAL SHEET (GSA FORM 7122) LOCATED IN THE FRONT OF THIS FILE FOLDER.

A sanitized copy substituted for an original item which contains information restricted under the Privacy Act.

NIXON PRESIDENTIAL MATERIALS PROJECT  
DOCUMENT CONTROL RECORD.

ITEM REMOVED FROM THIS FILE FOLDER

A RESTRICTED DOCUMENT OR CASE FILE HAS BEEN REMOVED FROM THIS FILE FOLDER. FOR A DESCRIPTION OF THE ITEM REMOVED AND THE REASON FOR ITS REMOVAL, CONSULT DOCUMENT ENTRY NUMBER 18 ON EITHER THE DOCUMENT WITHDRAWAL RECORD (GSA FORM 7279 OR NA FORM 1421) OR NARA WITHDRAWAL SHEET (GSA FORM 7122) LOCATED IN THE FRONT OF THIS FILE FOLDER.

A sanitized copy substituted for an original item which contains information restricted under the Privacy Act.