

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

~~SECRET/NODIS/XGDS~~

MEMORANDUM OF CONVERSATION

PARTICIPANTS: President Ford
 Prince Saud Bin Faisal Al-Saud, Minister of Foreign Affairs of Saudi Arabia
 Amb. Ali Abdallah Alireza, Saudi Ambassador
 Hassan Shawwaf, Chef de Cabinet
 Charles W. Robinson, Acting Secretary of State
 Amb. William Porter, American Ambassador to Saudi Arabia
 Brent Scowcroft, Assistant to the President for National Security Affairs

DATE AND TIME: Friday, September 17, 1976
 11:00 a.m.

PLACE: The Oval Office

The President: It is a real privilege to have you here again. Much has happened in the last 12 months, much of it to the good.

Please express my regards to the King. I look forward to writing him at some time.

Saud: I want to deliver a letter to you from His Majesty. He extends his greetings and his best wishes for all your endeavors. He also looks forward to meeting with you at the earliest opportunity.

The President: I think that is a matter of high priority after the little matter of the election is over.

Saud: The Middle East is going through a climactic period. The dangers and the hopes go hand in hand. The basic hope in the Middle East is the commitment of the United States to bring peace and stability to the area.

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 E.O. 12958, SEC. 3.5
 HSC MEMO, MAR 1980, STATE DEPT. GUIDELINES, State Dep. ins 2/13/04
 BY MA, NARA, DATE 7/12/04



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CLASSIFIED BY Brent Scowcroft
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There are many aspects of the US-Saudi relationship which we would hope to discuss. One of the important subjects for us is the matter of improving our armed forces. We are not a warlike country, but the threats in the area compel us to improve our forces. The constant questioning of our efforts by the United States lead to grave questions on the part of the Saudi people. We don't see why they should be looked on with suspicion. Our efforts are not just in arms, but for schools, hospitals, barracks, etc. What we are asking for is less even than your military experts say is needed.

The President: Let me say we agree completely that you have no aggressive designs and we fully support your defense efforts. The reluctance is not on the part of my Administration. Our cutbacks have been pragmatically designed to get Congressional approval. This is a difficult time for us. I would hope that in January we could move ahead in a better climate here.

Last year we spoke of progress in the Middle East. Tragically the Lebanese conflict has intervened. We appreciate the Saudi efforts in the area. We are doing what we can to support Lebanon and the moderate forces and keep Israel restrained. We hope that the inauguration of President Sarkis there will permit some progress which will permit us to move toward an overall settlement in the Middle East. We are committed to a settlement as soon as possible.

May I say how much we appreciate your helpfulness to Jordan over the matter of Hawks. That was very helpful.

Do you think President Sarkis will be able to take over?

Saud: We are hopeful. But the activities of Frangiyah raise questions. The agreement for the Arab League meeting is hopeful. Stopping the fighting is a prerequisite. We are asking the Arab League to bring about an understanding. We think all parties want an agreement. We think the Cairo accords are right and all parties accept them. The problem is to stop the fighting.

We are optimistic but we are disturbed at the inclination to use the Lebanese question to delay the momentum to peace. The feeling has been because of the Lebanese situation there could be no movement.

There is danger of deadlock and stalemate in this. We think Lebanon should not be an obstacle.

If I could go back to the arms. We have a technical problem. We have a long range plan, that was developed with the aid of the Pentagon. Some of the weapons we ask for now are easy to maneuver but as we get into the future we will have to be able to plan better and have more foreknowledge. They are systems and they can't be implemented piece by piece. We hope for your understanding for our need to build a defense posture and with your support.

The President: I understand and I fully support your needs. I understand what you say about planning for delivery. We have two problems: one is partly temporary with the Congress at this election period. The other is momentum on the part of Israeli supporters that Saudi Arabia has aggressive designs. They are wrong, but momentum toward peace would reassure that group.

If I could speak a moment about oil prices. I greatly appreciate His Majesty's comments about a price increase. Last year when you were here, we were at the bottom of a recession. We are moving out now, but it is still fragile. The OPEC action last summer under your leadership was very far-sighted, but any increase this December or for '77 would be extremely damaging, not only for the United States, but even more so for our industrial colleagues who are in a much more fragile situation.

We plan to discuss this not just with you but also with Iran and Venezuela. It would be disastrous to push the world economy back to the recession of last year. So we hope His Majesty's views will prevail.

Saud: Thank you, Mr. President. As you know, one of my principal concerns has been the impact on the world economy. His Majesty is just as determined as last summer not to have an increase. But it will be difficult, and it will depend heavily on what you can do with Iran and Venezuela. His Majesty has said at least he will refuse more than a modest increase, and will categorically refuse anything beyond 5 percent. If we can get support from Iran and Venezuela, we can hold to no increase, but without that, it will be extremely difficult.

The President: I appreciate that and we will work on them to the best of our ability.

Saud: Our ability in this regard depends strongly on the overall state of U.S. -Saudi relations, not only in military supplies but in other things. We need a measure of reciprocity to justify and strengthen our ability to act and to keep our public opinion and the Arab public opinion mollified.

The President: I am glad you mentioned that. The boycott is another case of our difficulty with Congress. I have said that the actions I took last year were all that were needed and justified. Unfortunately, we have not been successful in staving off Congressional action. They have added a boycott provision to a major tax bill which is vital to our country and it leaves me with a very difficult problem. Also, in another action, Senator Ribicoff and others are trying to add additional restrictions on the Export Administration Act. We are working very hard to defeat these actions but I don't know if they will be successful. Then it is a question of veto. The Export Administration Act runs out September 30 and we are looking now to see what the legal effects of a veto would be. But I would like His Majesty to know that I am opposed to all this legislation and am doing all I can to avoid more legislation.

Saud: I am not very familiar with this legislation nor do I think I should comment. That is your matter, but it does arouse antagonism and makes business very difficult to transact with your companies. If it is passed at the very time the Boycott Committee is meeting, that will be an added problem. If the boycott injures American companies we will discuss that. Whenever any boycott problem arises we are willing to discuss it.

It is not a discrimination problem. It is a political act against Israel. We and the whole Arab world want to build a strong and sound relationship with the United States. We mean that deeply, and I don't think that is a threat to any other country.

The President: None of these acts is needed and I will do my best to defeat it. Part of this is an education process, and my Administration will do its best to explain the situation to the American people.



Again, I assure you I will do my very best to move to a settlement in the Middle East.

Saud: Those assurances are vital to us, Mr. President.



P/Prince Sand

17 Sept 76

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P It's a real privilege to have you here again. Much has happened in last 12 mos, much of it is good.

Don't miss my agenda to be King. I look forward to meeting you at some time.

S I'd like a letter from H.E. He & talk his getting a best master for all your embassies. He looks forward to meeting w/ you at a certain opportunity.

P I think that is a matter of high priority after a little meeting of election issues.

S The N.E. is going through a democratic

period. The danger of a hyper-governed in hand. The basic business N.E. is a contrast for US to bring peace & stability to the area.

There are many aspects of US-South relationship which we would like to discuss. One of the important subjects for us is a matter of injuring our armed forces. We are not a combat country but we think in an area eager to injure our forces.

The constant questioning of our efforts by ^{US} led to your questions as part of South people. We don't see why they should be looked on w/ suspicion. Our efforts are not just ~~arms~~ arms, but schools, hospitals, etc. We are asking for

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NSC MEMO, 11/24/88, STATE DEPT. GUIDELINES, state review 5/13/04

BY ld NARA DATE 7/13/04



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to reach.

Let me say we agree completely you ~~are~~ ^{have}
no aggressive designs & we fully support
your efforts. The structure is not
on part of my Admin. Our contracts have
been pragmatically designed to get Cong.
approval. This is a big trial for every
would hope that in Jan we could
move ahead in a better climate here.
Last year we spoke of prog. seri ME. Tragically
a balance deficit has intervened. We
appreciate Sarkis efforts in case. We
are doing what we can to support
him & a moderate press & keep it
restrained. We hope that Sarkis
manag. will permit some prog. there
which will permit us to move toward
an overall settlement in ME. We are
wntd to a settlement ASAP.

Any of my team ~~is~~ ^{is} as appreciative
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GERALD R. ...

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I greatly appreciate H.M. comments about
price increases. Last year when you knew
we were at bottom of recession. We are
moving out now, but still fragile.
Fed. operation last summer under
your leadership was very insightful,
but any rise this Dec of a few %
would be extremely damaging, not only
for US, but even more so for our
industrial colleagues who are in even
more fragile state.

We should discuss this not just w/
you but also Iran & Korea. It would
be desirable to push a world
currency back to a reasonable level
soon. So we hope H.M. will
pursue.

S. (maybe) Mr. P. G. you know one
of our principal concerns has been
a part of world economy. H.M. is
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will to do & will depend mainly
on what you can do w/ Hunt & Ross.
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Then it is a question of veto. The XAA
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But I would like AM to know that
I oppose all this legis & am doing all
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P None of these acts is needed &
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Part of this is an administrative process
& my admin will do its best to
explain & help the Amer people.
Again I assure you I will do my
very best to move to a settlement
as soon as possible.

S. From someone as vital to us
I'm P.

