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5. Do you agree with reports describing the President's speech as "hard line" against the Arabs? Was the President actually threatening a war or military intervention if the price of oil is not reduced?

9/24/77

Guidance: I think the President's speech speaks for itself, ~~and I do not think it is my position to concur with or quarrel with characterizations developed by the media.~~ I would simply say that the President's speech yesterday as was Secretary Kissinger's in New York a candid and very practical speech addressing the realities facing the world. ~~Beyond that I cannot assist you in drawing your conclusions about the speech which as I said must speak for itself.~~

With regard to those reports seeing a threat of war in the speech, I would simply direct your attention to the paragraphs in the President's speech in which he said that a theme of this Administration's foreign policy is international cooperation and that in the nuclear age there is no rational alternative to international cooperation.

FYI: If asked about the Washington Post report that the West is weighing possible reprisals against the Arabs, you should reiterate that both the President and Secretary Kissinger have called for cooperation rather than confrontation and that you would not comment on speculative stories like that in the Post.

Further FYI: We would have no comment on the reaction of the OPEC spokesman in Vienna who criticized the speeches as unfair, and his claim that oil prices are not the cause of world inflation.  
End FYI.



3. ~~What is the policy of the United States in regard to the discrimination allegedly practiced in Europe by Arab investors against banks with Zionist or Jewish connections?~~

2/24/75 GUIDANCE: We have always taken a position firmly opposed to any form of economic discrimination whatsoever. We would not want to see discriminatory practices extended by other nations to any sector of the American economy.

*You can say instead that the President may have something to say on that on Wednesday.*

*F. Y. I. low key this one.*

June 26, 1975

PRESIDENT'S MEETING WITH DELEGATION OF  
NATIONAL ASSOCIATION OF ARAB AMERICANS

The President is meeting at 4:15 p. m. today with a delegation of the National Association of Arab Americans. The group requested the meeting to express their views on the situation in the Middle East. As you know, the President has met with many individuals and groups during the course of the Middle East reassessment, and this meeting provides the President with another such opportunity.

FYI: The National Association of Arab Americans is the overall political umbrella for all Arab American groups and this will be the first such meeting for an Arab American political group in some years.

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RICHARDSON SPEECH ON OIL  
EMBARGO

Q: In a speech before the International Platform Association yesterday, Secretary Richardson said that if there was another oil embargo some would argue for abandonment of Israel and others would demand forceful intervention against the Arabs. What would the President do if there was another oil embargo? Are there plans to attack the Arab oil fields?

A: As the President said in his last press conference, "we have been able, through diplomatic success, to avoid the possibility of a Middle Eastern War and thereby avoided the possibility of an oil embargo."

Secretary Richardson was referring to a hypothetical situation, and indicated that these circumstances and options are precisely what responsible policy-makers must seek to avoid.

ARAB INVESTMENTS IN DEFENSE INDUSTRIES

Q. What is your policy on Arab or other oil producers investing in U.S. defense-related industries?

A. Our general policy on foreign investment in the U.S., whether public or private, is to admit it freely -- treating foreign and domestic investors on an equal basis. Exceptions to this policy are made with respect to certain sectors involving national defense and vital national interests. Thus we maintain restrictions on foreign investment in domestic air and water transport, communications, atomic energy, hydroelectric power and exploitation of federally owned mineral resources.

With specific reference to defense-related industry, defense contractors are required to report to, and obtain approval from, the Department of Defense concerning foreign ownership, control or influence over their operations. In addition, legislation requires that security clearances be obtained for all facilities and employees of corporations with access to classified information associated with defense contract work.

As regards the reported Arab offer of \$100 million to buy into Lockheed, the U.S. Government was not involved, as Lockheed itself decided not to go forward on the proposal. With respect to the report about Iran and Lockheed production of the C-5A,

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it is my understanding that this proposal does not constitute an equity investment by Iran in Lockheed. We will continue to follow this and other proposals closely to make sure that they conform both with law and with our national interest.

FYI: Over the weekend the Washington Post reported an unsuccessful Arab attempt to buy a large interest in Lockheed, citing suspicions that the U.S. Government vetoed the transaction. The New York Times reports Monday that Iran is prepared to advance funds to Lockheed necessary for re-opening the C-5 line in order to purchase 10 or more of this giant jet transport.