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November 15, 1974

DEATH OF SAUDI ARABIAN MINISTER OF STATE OMAR SAQQAF

[Omar Saqqaf, Saudi Arabian Minister of State for Foreign Affairs (King Faisal holds full title to Foreign Minister) died of natural causes in New York last evening. He had been in the US in connection with the Palestinian debate at the United Nations. Both the President and Secretary Kissinger have sent condolences (copies attached FYI only) and Assistant Secretary of State for Near Eastern and South Asian Affairs, Alfred Atherton, is flying back on the aircraft carrying the body of Omar Saqqaf to Saudi Arabia.]

Q. Has the President sent condolences to King Faisal?

A. Yes, the President has sent the King a message expressing deep sorrow over the death of Minister Saqqaf. You may recall that President Ford received Minister Saqqaf at the White House on August 29 in connection with the Middle East peace negotiations and ^{he} is saddened by the loss of a good friend who has served His Majesty, King Faisal, and Saudi Arabia

11/15/74

so tirelessly in its contributions to the peace-making process.

In this situation, we have made available a United States aircraft and Assistant Secretary of State Alfred Atherton is returning to Saudi Arabia on the plane carrying the body of Minister Saqqaf.

Q. Minister Saqqaf has played a key rôle on the Saudi side in the peace-making process. Will his death set back our efforts? How will it affect the peace negotiations?

A. The President's determination that the US continue with its efforts to help bring about a final and durable peace in the Middle East remains absolutely firm. The relationship between the United States and Saudi Arabia is a long-standing one and we are confident that we can carry on in our consultations with Saudi Arabia looking towards a final peace in the Middle East. At the same time I want to say that Minister Saqqaf made an outstanding contribution to those consultations and all involved in the peace-making process on the US side can only be saddened by his death.



SAUDI PURCHASE OF F-5 AIRCRAFT (NEAR EASTERN PRESS
GUIDANCE FOR BRIEFING JANUARY 9, 1975)

Q. Is it true that the U.S. is going to sell \$756 million in new fighter aircraft to Saudi Arabia for several new squadrons, as reported by the Saudi Arabian State Radio?

A. The Saudi Government has recently signed a letter of offer for the purchase of additional F-5 aircraft. The amount of the contract given by the Saudi radio is approximately correct (depending on Saudi-U.S. dollar exchange rate). (On Background) I want to note that the dollar figure does not include just the price of the aircraft. I understand that a very substantial part of the cost is for training of pilots and technicians, for development work on certain modifications of the F-5, for spare parts, and for retrofit costs related to F-5 aircraft the Saudis have already purchased. (There is also a cushion factor for inflation since the program extends over several years.) Arrivals will not begin before late 1976.

Q. When do the negotiations begin?

A. The Saudis had indicated as early as 1973 their interest in purchasing additional F-5 aircraft but the actual negotiation on this contract started about 6 months ago.

Q. How many planes are involved?

A. As a matter of policy, we do not get into the specifics of our arms sales to foreign countries.

Q. Can you give us the details of the signing of the letter of offer.

A. Last Saturday, Saudi Arabian Defense and Air Minister Prince Sultan Bin Abdul Aziz signed the letter of offer sent out from the Defense Department. The U.S. Ambassador to Saudi Arabia James Akins was present.

Q. Earlier you denied that the U.S. arms survey meant a big arms deal with Saudi Arabia. Now you confirm a big arms deal. How do you put those two positions together?

A. Those stories equated the ten year survey with an arms deal. We said that was not the case, and it is not the case. As I said before, the arms survey at Saudi Arabian request was an overall survey of Saudi defense requirements over the next decade. It produced recommendations to the Saudi Arabian government on a framework for their future defense training, organization, equipment and maintenance. The Saudi Arabians themselves must determine whether or not to accept the recommendations in that survey. The purchase of the aircraft is consistent with the survey's recommendations. But, as I indicated before, this general survey was not tied to Saudi Arabian purchases of this or that American weapon in our on-going arms relationship which dates back three decades.

Q. But aren't the two linked together?

A. Only in the sense that the Saudi Arabian government may decide that certain American equipment fits within the recommendation they accept in the survey. It is their decision what equipment they buy.

Q. Did the survey recommend the purchase of these aircraft?

A. I have repeatedly said that we are not going to go into the details of this survey.

IF PRESSED on link between the survey and American equipment --

A. I think you should check your own records. American equipment evidently is not the only equipment being purchased by Saudi Arabia. As I recall several weeks ago, Saudi Arabia announced a rather large arms purchase from another country. (FYI: It was an \$86 million deal with France for medium tanks, armored cars, and a new surface-to-air missile system -- but this should not be said by an American spokesman.)

EXCERPTS FROM STATEMENT BY ASSISTANT SECRETARY ATHERTON
TO THE HOUSE SUB-COMMITTEE ON FOREIGN AFFAIRS - AUGUST 7, 1974
(OPEN SESSION)

SECURITY AND REGIONAL COOPERATION

With regard to our first policy objective, Iran and Saudi Arabia have continued to share the primary responsibility for stability in the Gulf and, in these endeavors, have continued to turn to the United States for help in modernizing and strengthening their defensive capabilities. Both Iran and Saudi Arabia have for a quarter of a century had a military supply relationship with the United States. Our willingness to co-operate with them in what they consider an area of prime importance has enhanced the cooperation in other areas. In Saudi Arabia we are continuing to help the Saudis in the modernization of their defense and internal security forces so that they can fulfill their national and regional defense responsibilities. We anticipate that the Joint Commission on Security Cooperation, agreed to during Prince Fahd's visit to Washington this June, will facilitate mutual review of this ongoing cooperation in light of continuing assessments of the threats to Saudi Arabia and regional security and of the progress being made by the Saudis in absorbing modern military arms and techniques. So that there may be no misunderstandings, let me reaffirm at this point that the decision to establish the Joint Commission on Security Cooperation

does not involve any commitment by the United States to assume new defense responsibilities in this area. Neither does it imply a commitment to new arms sales. It does mean, however, that we and the Saudis will henceforth consult more closely at a high level both on the progress of existing military sales programs and on new requests which the Saudis may from time to time submit as they believe the security situation in the region requires.

Secretary of Defense James R. Schlesinger
Interviewed by Newsmen
Following his appearance before
House Appropriations Committee
Thursday, February 27, 1975

Q: Mr. Secretary from your recent intelligence reports, what is the situation in Cambodia? How long can the Government survive?

A: The Government can survive readily into the next fiscal year and through the forthcoming wet season if the United States provides additional assistance. If we are unable to provide additional assistance, inevitably, they will fall within a period of something like a month.

Q: There are some members of the Committee who obviously believe that Cambodia is already lost and that any monies that are provided by this Government will just be poured down a hole.

A: Well, I should emphasize that since 1970 there have been repeated predictions that Cambodia is lost. It was predicted in 1970 that they could not last more than 18 months. At the time that U.S. tactical air was withdrawn in 1973, it was predicted that they must fall. In 1974, as a result of the insurgency, it was predicted that they were in dire straits when the attacks ceased suddenly on February 6. This year the situation is serious and more serious than it has been before, but I would repeat what I said some years ago, in the summer of '73, about their chances of survival that nothing collects a man's mind so much as the knowledge that he might be hanged.

Q: You seem to indicate in your Congressional testimony that the long term outlook for Cambodia is not all that certain.

A: The trends have been unfavorable, there's no question about that. If one extrapolates the trends, the prognosis is grim. But the thing that must be kept in mind about Cambodia is the uncertainties and the contingency's; that we have been surprised again and again in Cambodia, just as some years ago when the question of Laos came up, it was repeatedly predicted that Laos inevitably must fall and somehow or other the Government survived. So in dealing with the conditions of those two countries, one must keep in mind that the forces controlled by the insurgents, characterized by some of the same proficiencies as the Government forces.

Q: The word "prestige" has come up again and again in this debate. If Cambodia collapses, do you see American prestige being hurt?

A: Of course, to some extent that would be a set back. What would really be damaging to the position of the United States, would be if it were perceived that the Government fell because of an action taken by the American Government -- the cutoff of aid -- which would terminate any possibility, either for negotiations or for the continued survival of the Government.

Q: On another matter, Mr. Secretary, yesterday it was disclosed that the Army's Corps of Engineers has been screening out members of the Jewish faith for work in Saudi Arabia. Were you aware that this was going on?

A: No, I was not aware of that and that is contrary to the instructions within the Department of Defense. The instructions within the Department of Defense, which emanated from a case involving a black Colonel approximately a year ago, however, the United States Government must not, within the Department of Defense, discriminate amongst employees. If another country decides to reject

(MORE)

an American citizen, it must reject it because of the sovereign interference of that other Government, rather than by any action taken by the U.S. Government in pre-screening personnel.

Q: Are there other agencies within the Department of Defense that are also screening?

A: I would think that this case is an exception.

Q: Are you planning any action?

A: We will investigate that thoroughly.

Q: Will there be disciplinary action?

A: If disciplinary action is called for, it will be put into effect.

END -



June 6, 1975

NORTHROP

If asked about the Northrop Corporation allegedly bribing top Saudi officials on arms contracts, you should refer to the State Department statement of May 15 on the Administration position on bribery.

(Attached)

ARMS SALES TO SAUDIS

Q. The Washington Post today reports that the U.S. has agreed to a new arms sale to Saudi Arabia. Can you expand upon the story? Why are we doing this, and what assurances do we have that discriminatory practices and pressure will not be exerted by the Saudis against U.S. contractors?

A. Let me remind you that this sale is nothing new, and that we have seen reports of this off and on in the papers for months. Discussions on this \$1.2 billion sale begun in 1974 when a DOD survey team completed a study of long-term Saudi military needs.

The basis for the U.S. decision to respond favorably to the Saudi needs was: (1) Our military relationship with Saudi Arabia -- which goes back over 25 years -- is a very important and integral part of our overall relations, relations which continue to be of great benefit to our national economic and political interests, and (2) Because Saudi Arabia, along with Iran, bears a major share of responsibility for security and stability in the world's largest oil-producing region, a region whose states also contribute very significantly to the chances for arriving at a just and lasting peace in the Middle East.

As for assurances of non-discriminatory practices, I would call to your attention the President's public statements and reaffirmation

JOINT COMMUNIQUE

On the First Session of the U. S. -Saudi Arabian
Joint Commission on Economic Cooperation

Feb. 27, 1975

File

The U.S. -Saudi Arabian Joint Commission on Economic Cooperation, established in accordance with the Joint Statement issued by Secretary of State Kissinger and Prince Fahd on June 8, 1974, concluded its first session. The Joint Commission meetings, held in Washington February 26-27, 1975, were chaired by Secretary of the Treasury William E. Simon, Chairman of the U.S. side of the Commission. The Saudi Arabian Delegation was led by Minister Muhammad Ibn Ali Aba al-Khail, Minister of State for Financial Affairs and National Economy.

High level officials from the U.S. Departments of Treasury, State, Agriculture, Commerce, Health, Education and Welfare, Interior, and Labor, and from the National Science Foundation also participated in the talks. Members of the visiting Saudi Arabian Delegation participating in the discussion included officials from the Ministries of Foreign Affairs, Commerce and Industry, Labor and Social Affairs, Agriculture and Water, and the Central Planning Organization, as well as high-level Saudi representatives from the Supreme Council of Higher Education, the Faculty of Sciences, and the Institute of Public Administration.

The members of the Commission exchanged views on the development of U.S. - Saudi Arabian economic cooperation since the visit of Secretary Simon last July to Saudi Arabia for preliminary discussions on economic cooperation. At that time, the Commission initiated the activities of its four working groups on Manpower and Education, Science and Technology, Agriculture, and Industrialization. Each of the joint working groups has met several times to define areas of potential economic cooperation and a number of U.S. technical experts and advisors have visited Saudi Arabia and submitted reports to the Saudi Arabian side of the Commission. The Joint Commission discussed further means of facilitating such continued cooperation through the Joint Commission framework.

In this regard the Commission was pleased to note the signing on February 13, 1975, of a Technical Cooperation Agreement (TCA) which establishes procedures for the furnishing of mutually-agreed technical and advisory services from the United States to Saudi Arabia on a reimbursable basis. The TCA should contribute significantly to the efficient channeling of American technical know-how to the Saudi Arabian national economy.

The Commission expressed its intention to expand the Joint Commission Office in Riyadh. This office serves as the principal point of coordination in Saudi Arabia for the development and

implementation of mutually-agreed projects under the U. S. -Saudi Arabian Technical Cooperation Agreement. The U. S. component of this office, to be known as the United States Representation to the Joint Economic Cooperation Commission Office, plans to begin operating by the middle of May 1975. The Saudi delegation announced that it would also be adding to the staff of its component of the Riyadh Joint Commission Office in the near future. Arrangements for accommodating these two staffs are to be discussed in Riyadh in the coming weeks.

The Commission noted with satisfaction the signing by the Co-Chairmen of an OPIC Investment Guaranty Agreement between the two governments. The Agreement should increase and broaden the interest of U. S. private enterprise in participating in Saudi Arabian economic development.

INDUSTRIALIZATION AND TRADE

The Saudi delegation reaffirmed its interest in acquiring U. S. technology through U. S. business participation for the development of major industrial projects in both the hydrocarbon and non-hydrocarbon areas.

The Commission agreed on the desirability of a broadly-based business council designed to increase business cooperation between the two countries and enhance the contribution of U. S.

business to Saudi Arabia's industrial development. In view of the important role of government in Saudi Arabia's development, concerned Saudi Arabian Government elements would join with private sector interests in Saudi Arabia and the United States as members of the Council. The Council would identify for study, projects which appear feasible for joint ventures, note and make recommendations on financial, fiscal, or legal considerations bearing on cooperative efforts, arrange business symposia and visits in both countries, and be a center for disseminating information on business opportunities in both countries.

The Saudi Arabian Government will consider the possibility of organizing a group of Saudi businessmen to visit the United States within the next two months to meet with United States business firms and groups. The general purpose would be to increase the communications between the two private sectors. More specifically, the group would discuss various industrial proposals and projects.

The Commission noted with interest that trade relations between the Kingdom of Saudi Arabia and the United States have been developing at an accelerated rate. U.S. exports to Saudi Arabia nearly doubled in 1971, increased by 40% in 1973, and nearly doubled again in 1974, to \$835 million. Expectations are that

U.S. exports will continue to grow progressively. It is anticipated that U.S. exporters will play a significant role in supplying equipment, machinery, technology and services.

The Governments of the United States and Saudi Arabia agreed that participation in productive ventures in each other's economies should be mutually beneficial. They recognize that activities of this type in both countries would require close consultation to assure consistency with their national policies and objectives. Consequently, they agreed that each government would consult with the other regarding significant undertakings of this type.

The Commission agreed on the desirability of United States Government technical assistance in developing a statistical base for development in Saudi Arabia. The American side stated its readiness to send out teams of experts in a number of principal statistical disciplines to assist the Saudi Arabian Government in developing an effective statistical capability.

The Commission heard reports and exchanged views on the current status of a number of technical cooperation projects in the fields of vocational training, higher education, agriculture, water utilization and land use, science and technology and statistics. A summary of these follows:

VOCATIONAL TRAINING

The Commission noted the series of recommendations by the American vocational training team which visited Saudi Arabia last fall. These recommendations, in support of the implementation of Saudi Arabia's five-year plan vocational training goals, include United States Government advisory services in various fields of manpower development.

HIGHER EDUCATION

It was agreed at the Commission meeting to send an American team to evaluate the academic and administrative structures of the Saudi Arabian University system, as well as the relationship of universities to high-level professional and technical education.

A second action area to be explored will involve U.S. -Saudi Arabian cooperation in the following areas: broadened student and faculty exchanges between the two countries, joint research projects, joint degree programs, the establishment of junior colleges in Saudi Arabia, and the training of academic, administrative, and technical personnel in Saudi universities.

AGRICULTURE, WATER RESOURCES AND LAND USE

The Commission discussed United States Government technical services for joint agricultural, water and land projects. Priority

was given to feasibility studies of major agricultural areas in Saudi Arabia, a study of the Central Research Laboratory and Agriculture Training Center of the Ministry of Agriculture and Water, and the establishment of a desalination center and laboratory.

It was agreed that a four-man U. S. Government team would go to Saudi Arabia for a two-month period to discuss and reach agreement with Saudi Arabian counterparts on a detailed program for implementing a feasibility study for large agricultural areas, such as Wadi Dawasir.

The Commission also approved the immediate departure to Saudi Arabia of a research management team to plan a research program and determine organizational and management requirements for the Central Research Laboratory and Agricultural Training Center.

A U. S. Government proposal for the establishment of the desalination center will be sent to the Saudi Arabian Government in response to their request.

Projects in the areas of land management, water utilization and a national data bank would be implemented under the Technical Cooperation Agreement. Further discussions will be held immediately to decide on the implementation of these proposals.

SCIENCE AND TECHNOLOGY

It was agreed that a Saudi Arabian National Center for Science and Technology would be established to coordinate the growth of science and technology in Saudi Arabia and to support and fund mutually-agreed upon program areas of interest to Saudi Arabia. It was further agreed that an initial United States Government team would be sent to Saudi Arabia as soon as possible to advise on the objectives and functions of the Saudi National Center. Additional U.S. expert teams to follow will work with Saudi Arabian experts to define the precise programs for the other agreed project areas.

OTHER AREAS

The Saudi delegation requested technical assistance over a limited period of time to its Government's Department of Public Works.

The U.S. agreed to review the requirements of the Saudi Arabian Public Works Department to determine the nature and extent of technical services desired.

OVERALL ASSESSMENT

The Commission expressed satisfaction with the progress to date and considered the discussions at its first meeting a

major step forward in the constructive development of mutually advantageous economic relations. With a view to keeping close track of the Commission's efforts, the U.S. side decided to establish an Action Group. The U.S. coordinator will be Gerald L. Parsky, Assistant Secretary of the Treasury, the Department which is the U.S. coordinating agency for the work of the Commission. The Saudi side will consider a similar arrangement.

The action group and its Saudi counterpart will be charged with monitoring progress being made on a regular basis so as to insure that program goals are being met and to review and implement new proposals that may be agreed upon. The Action Group on the U.S. side will consist of representatives from the Departments of Treasury and State, and the following U.S. action agencies: Agriculture, Commerce, Health, Education and Welfare, Interior, Labor and the National Science Foundation and other U.S. Government agencies as may become appropriate.

Both sides agreed to consider holding the next Joint Commission meeting in Riyadh, Saudi Arabia, in October 1975.

~~March 10, 1976~~

Q: How do vastly increased US arms sales to Saudi Arabia and the Persian Gulf further US interests? Isn't the U.S. fueling another Middle East arms race?

A: For some years the U. S. has been committed to supporting Saudi Arabia's program of military modernization; this has included sales of some equipment and the sales of a much greater value of construction services. The close relationship we have with Saudi Arabia has made an essential contribution to the moderation and stability of the vital Persian Gulf area and to the progress toward peace in the Middle East. Our modest arms sales will not create an arms race. They will help to ensure continued moderation and close relations with the U. S. .

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BACKGROUND ONLY.

March 25, 1975

NEW KING OF SAUDI ARABIA

The Royal Family in Saudi Arabia has approved Crown Prince Khalid bin abd al-Aziz as the new King of Saudi Arabia. King Khalid has in turn nominated Prince Fahd, Minister of the Interior, as his successor as Crown Prince.

King Faisal has been King of Saudi Arabia since 1964 when King Saud was deposed. In 1965, King Faisal designated Khalid (Faisal's second eldest half-brother) as Crown Prince in 1965 because of his seniority in the family. Khalid is in his early sixties. The choice of royal succession is the prerogative of the ruling monarch within the context of Arab and Islamic traditions and family politics, and in recent years a precedent for seniority has been established in Saudi Arabia. As King, Khalid in turn has selected Prince Fahd as Crown Prince. Prince Fahd is next senior ranking family member in the current political hierarchy and, according to the present pattern, would be likely to succeed King Khalid. There are two brothers between Khalid and Fahd (Nasir and Saad) but neither has played an important political role in recent years. Fahd is 53. He has younger brothers, including Prince Sultan, Minister of Defense.

King Faisal appears to have been assassinated by one of the many minor Princes in the Kingdom, apparently for entirely personal reasons. There is no indication that the assassination was conducted in complicity with others. The assassin, according to media reports, was a nephew of the King, Prince Faisal ibn Musa'ed ibn Abdul Aziz.

May 5, 1976

FORMER AMB. AKINS TESTIMONY BEFORE
MULTINATIONAL CORPORATIONS SUBCOMMITTEE

Yesterday, former U.S. Ambassador to Saudi Arabia, James Akins testified that the State Department ignored a Saudi proposal to replace Soviet and military aid to Somalia. He implied that the Saudi "offer" was refused because the Administration was engaged in persuading Congress that the Soviet threat in the Indian Ocean required the construction of Diego Garcia.

Akins' testimony covered a range of subjects relating to the Middle East and to discussions on oil pricing. The State Department is prepared to address these questions, and inquiries stemming from Akins' testimony should be referred to State.

* * * *

Q. Is it true that the Administration turned down a Saudi proposal to finance military and economic aid programs to Somalia because there was a big push at the time to persuade the Congress of the need for Diego Garcia in the face of a growing Soviet arms build-up?

A. First of all, I believe former Amb. Akins testified that this idea was put forward by the Saudis in the early summer of 1975, but it was not a formal proposal. You need to check with the State Department on the details of the U.S. -Saudi exchanges, but clearly, the State Department's response

to the Saudi ideas was based on the situation in Africa and not in the context of Diego Garcia which was a separate matter entirely.

July 6, 1976

ANNOUNCEMENT OF PRINCE ABDALLAH MEETING
WITH THE PRESIDENT

The President will meet with His Royal Highness, Prince Abdallah bin Abd al- Aziz Al-Saud, Second Deputy Prime Minister and Commander of the National Guard of the Kingdom of Saudi Arabia on Friday morning, July 9. The President looks forward to this meeting in the spirit of the long-standing, close relations that exist between the United States, and Saudi Arabia. That day, His Royal Highness will also be attending a luncheon given by the Vice President Rockefeller.

His Royal Highness, Prince Abdallah is visiting Washington July 6-12 at the invitation of Secretary of Defense Rumsfeld. While in Washington, he will meet with Secretary of State Kissinger and other senior US officials.

Q. Can you explain Prince Abdallah's roles? Why is he coming here to buy more arms?

A. His Royal Highness is Second Deputy Prime Minister under King Khalid; Crown Prince Fahd is First Deputy Prime Minister. The Prince also has broader responsibilities as the third-ranking official in the Saudi Government, and it is in this capacity that he is seeing the President, the Vice President and Secretary of State, as well as the Secretary of Defense, and others military officials.

Q. Does the Prince have a military-related role to play in his government?

A. Prince Abdallah is Commander of the Saudi National Guard, which we have been assisting with a modernization program. It was mutually agreed that Prince Abdallah would visit this country to discuss matters of mutual interest, not restricted to arms or training for the National Guard, which the Prince commands. Our program of support for the Saudi National Guard was agreed upon some time ago and is continuing normally. [Refer questions on this to DOD.]

Q. How do we justify the supply of SIDEWINDERS and other sophisticated weapons to Saudi Arabia?

A. All decisions are made within the broad framework of U. S. assistance in helping Saudi Arabia meet its needs for national and regional security. U. S. Administration officials have, on numerous occasions, provided the Congress with our justification for our military relationship with Saudi Arabia, so our position on this subject has been spelled out publically.

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July 9, 1976

MEETING WITH PRINCE ABDALLAH IBN ABD AL-AZIZ AL SAUD
SECOND DEPUTY PRIME MINISTER OF SAUDI ARABIA

The President met this morning with Prince Abdallah, Second Deputy Prime Minister of Saudi Arabia. We will have a read-out of the meeting for your shortly.

BACKGROUND:

Prince Abdallah has been invited to the United States by Secretary Rumsfeld. It is his first official visit (he visited this country privately some twenty years ago). He is the third ranking official in the Government of Saudi Arabia, as well as Commander of the National Guard and has a particularly close relationship with King Khalid. Prince Abdallah will be accompanied by Shaikh Tuwayjiri (too-WAY-jeer-ee), the Deputy Commander of the National Guard for Finance and Administration, and Saudi Ambassador Alireza. Tuwayjiri is the second most powerful man in the Guard, and makes all the routine daily decisions for operating it. Tuwayjiri always accompanies Prince Abdallah on trips outside the Kingdom.

This will be the President's first meeting (as Chief Executive) with one of the very senior members of the Saudi Royal Family, although he met the Foreign Minister, Prince Saud, last September.

During the meeting, Prince Abdallah may also present the President with a Bicentennial Gift of a gold coffee service and a frankincense burner. (Q. & A. attached).

Saudi Arabia's financial wealth, its discretionary ability to swing oil production from its capacity of 12 million barrels per day to as low as 3 million bpd and still meet its essential financial needs, and its position as a major aid donor have given the Saudi leadership considerable influence with other Arab countries and within OPEC. At the last OPEC meeting Saudi Arabia was almost single-handedly responsible for blocking a price rise. It also has the potential for exerting considerable influence on nations broadly affecting the international economy (the North-South dialogue, world energy and monetary policies, assistance to developing nations). The Kingdom is pursuing a \$140 billion Five-Year Plan aimed at improving and expanding the domestic infrastructure of the economy and the industrializing of the countries. It is, however, encountering serious inflationary problems; inadequate ports delay the importation of supplies and shortages of unskilled, as well as trained manpower act to limit real economic growth.

The Saudis have relied heavily on American expertise in developing their economy and wish to have even greater future cooperation and support from the US and private American firms. However, they are not fully satisfied with the work of the US-Saudi Joint Commission, and they have made it clear to us that the preferred position now held by the United States is predicated on the assumption that the United States

will continue to use its good offices in seeking a permanent peace in the Middle East. They have also reaffirmed their right to participate in the Arab boycott of Israel and their negative reaction to efforts by Congress to apply highly visible pressure on the boycott (and Saudi Arabia in particular) by adopting restrictive legislation.

We are working closely with the Saudis on a broad multi-billion dollar program of military-related projects to increase the effectiveness of their military establishment and thereby contribute to the security not only of Saudi Arabia, but also the strategic Persian Gulf/Indian Ocean area. Key elements of this program are the strengthening of the Kingdom's conventional air defense and ground capabilities; the construction of airfields, ports and other military installations; and the modernization of a special internal defense force separate from the conventional forces of the Ministry of Defense. This force is the National Guard, of which Prince Abdallah has had command since 1963.

The Saudis are very anxious about the future course of events in the Middle East, anxious for the United States again to take an active role in seeking an overall settlement before, in Saudi eyes, it is too late and radical forces overwhelm the moderates in the Arab world. The Saudis provide substantial economic support to both Egypt and Syria, as well as assisting Yemen and other Arab countries militarily.

They believe that the United States needs to do more to assist Saudi Arabia and its other Arab friends (e.g., Sadat) to resist Soviet and radical Arab influences. END BACKGROUND

READ-OUT ATTACHED

Q's & A's ATTACHED

WHITE HOUSE STATEMENT FOLLOWING MEETING BETWEEN
PRESIDENT FORD AND PRINCE ABDALLAH, SECOND DEPUTY
PRIME MINISTER OF SAUDI ARABIA, JULY 9, 1976

President Ford and Prince Abdallah, Second Deputy Prime Minister of Saudi Arabia, met in the Oval Office for _____ minutes. Secretary of State Kissinger and Brent Scowcroft were also present on the American side, and Shaikh Tuwaijiri and Ambassador Alireza on the Saudi side.

This meeting provided President Ford and Prince Abdallah a welcome opportunity to become acquainted. They were able to review the current state of Middle East affairs, including prospects for continued movement toward peace in the area. The President reaffirmed the United States commitment to do whatever it can to aid negotiations aimed at bringing a just and durable settlement to the Middle East.

The President took the occasion of this meeting to reaffirm close ties between the United States and Saudi Arabia. He reiterated to Prince Abdallah our appreciation for the constructive Saudi Arabian position on oil prices at the recent meeting of OPEC ministers and on other international economic matters. The President noted the major role being played by American technology, expertise and economic enterprise in assisting the Saudi Arabian Government in the rapid development of its country. He and Prince Abdallah reviewed Saudi Arabian plans to modernize their defense capabilities, including the National Guard which Prince Abdallah commands. President Ford assured the Prince that the United States will continue its longstanding and successful program of assisting these Saudi Arabian efforts. He reaffirmed his belief that this wide ranging cooperation between the United States and Saudi Arabia contributes to the overall stability and security of the region, and he looked forward to continuing close consultation between the two countries.

The President thanked Prince Abdallah warmly for his presentation of a gift of a coffee service and frankincense burner. He accepted this gift on behalf of the people of the United States.

The President asked Prince Abdallah to convey to His Majesty King Khalid his high regards and assurance that their shared goal of the establishment of peace in the Middle East remains a principal concern of the United States.

July 9, 1976

VISIT OF PRINCE ABDALLAH OF SAUDI ARABIA TO THE UNITED STATES

Q: Did the President tell the Prince of United States opposition to unfair religious discrimination against United States citizens wanting to go to Saudi Arabia?

A: (If subject is discussed):
The President reviewed for the Prince the position of the Administration against discrimination (per the policy pronouncement of November 20, 1975). The Saudi Government informs us that all visa applications are judged on a case-by-case basis, as is normal procedure for most countries. There is no discrimination against visa applicants on the basis of sex, race or religion. But for details you really should ask the Saudi Arabian Government.

Q: Did the President discuss with the Prince the Arab boycott against Israel and its impact on American firms doing business with Israel?

A: I will not go into the details of their discussion. Saudi Arabia is aware of the United States position on boycotts.

Q: Did the President and Prince discuss any new military aid program?

A: I have said that they reviewed in general terms the Saudi Arabian program to modernize its armed forces, including the National Guard. The President affirmed the American intention to continue this cooperation. But there was no discussion of specific new programs.

July 9, 1976

PRINCE ABDALLAH VISIT TO THE U.S.: BICENTENNIAL GIFT

Q: Exactly what is the gift the Prince brought with him? What will happen to it?

A: As I understand it, the gift is a coffee service consisting of a goldplated tray, an Arab coffee pot, and 12 goldplated cups, all made by Saudi Arabian artisans. There is also a frankincense burner -- essentially a square cup-like artifact in which frankincense, a product of the Arabian Peninsula, is burned on ceremonial occasions. Normally, gifts presented to the United States during the Bicentennial year are rotated for display in the Great Hall of the Department of Commerce. The Bicentennial Coordinator's office will hold the Prince's gift until the current display is scheduled to change, then it will be displayed for a period of time in the Great Hall. It will then be returned to the office of the Bicentennial Coordinator to be held until a final determination is made regarding its disposition.

August 2, 1976

US ARMS SALES TO SAUDI ARABIA

Q: Is it true, as reported in the NY Times, that the Administration has decided to sell large quantities of sophisticated weapons to Saudi Arabia, including large numbers of Sidewinder missiles, Mavericks, TOWs and laser-guided bombs?

A: As part of our long-term assistance in modernizing Saudi Arabia's armed forces, sales of additional equipment are under consideration. No decision will be taken without consultation with Congress in accordance with existing procedures. I am not going to get into a detailed discussion of our arms sales to Saudi Arabia.

ARMS SALES TO SAUDI ARABIA

Q. Can you confirm that President Ford met with Senators Case and Javits yesterday afternoon to discuss a compromise on the sale of certain sophisticated weapons to Saudi Arabia?

A. The President did meet with the Senators yesterday afternoon, at their request, to discuss the pending sale of SIDEWINDER and MAVERICK missiles to Saudi Arabia. I am not going to go into any detail about the President's conversation with the Senators, except to note that it was a useful exchange of views and no decisions were made in that meeting.

As you know, for some years the United States has been committed to supporting Saudi Arabia's program of military modernization; this has included the sales of military equipment and the sale of much greater value of construction services. The President believes that the close relationship we have with Saudi Arabia has made an essential contribution to the moderation and stability of the vital Gulf area and progress toward peace in the Middle East. Our arms sales programs will not create an arms race in the region, nor do they pose a threat to the security of Israel; instead, they will help continue moderation and continued close relations with the United States.

FYI:

Attached for your possible use in response to questions regarding Candidate Mondale's criticism of U.S. arms sales programs is a paper of excerpts from Sec. Kissinger's testimony on our arms sales programs. There is also a paper regarding arms sales to Iran.

PRINCE SAUD'S MEETING WITH THE PRESIDENT

Q: Can you confirm that Prince Saud, Foreign Minister of Saudi Arabia, will meet with President Ford?

A: Yes, the President will meet with Prince Saud when he comes to the U.S. We will give you the date and time as soon as we have it. The President's meeting with His Royal Highness, Prince Saud ibn Faysal al Saud [Sa'uud bin faisal al-sa'uud], Minister of Foreign Affairs of Saud Arabia should be seen in the context of the long-standing and warm ties that exist between our two countries. The President met with Prince Saud at this time last year.

Q: Why is Saud coming to the States?

A: He is coming in connection with the forthcoming UNGA in New York. State will fill you in on the details.

Q: Does the President particularly want to see Saud because of certain issues -- the Middle East situation, oil prices, Arab boycott legislation, Congressional controversy over arms sales to Saudi Arabia?

A: If asked, I have nothing to give you in advance of the meeting as to what will be discussed. This meeting should be seen in the context of the long-standing close bilateral ties we maintain and the important role that Saudi Arabia plays in the Middle East and on world economic issues. I have nothing further to give you.

Q: Will the President meet with any other Middle East leaders?

A: I have no other announcements to make today.

PRINCE SAUD'S MEETING WITH THE PRESIDENT

Announcement

The President will meet with His Royal Highness, Prince Saud ibn Faysal al Saud (Sa'uud bin faisal al-sa'uud), Minister of Foreign Affairs of Saudi Arabia tomorrow at 11:00 a.m. The President's meeting with Prince Saud should be seen in the context of the long-standing and warm ties that exist between our two countries. The President met with Prince Saud at this time last year.

Contingency Questions

Q: Why is Saud coming to the States?

A: He is coming in connection with the forth coming UNGA in New York. State will fill you in on the details.

Q: Does the President particularly want to see Saud because of certain issues -- the Middle East situation, oil prices, Arab boycott legislation, Congressional controversy over arms sales to Saudi Arabia?

A: I have nothing to give you in advance of the meeting as to what will be discussed. This meeting should be seen in the context of the long-standing close bilateral ties we maintain and

(Continued)

the important role that Saudi Arabia plays in the Middle East and on world economic issues. I have nothing further to give you.

Q: Will the President meet with any other Middle East leaders?

A: I have no other announcements to make today.

September 16, 1976

Q: Was the possibility of an oil price rise discussed? Will the Saudis go along with such a price rise in December? Did the President tell Saud that Saudi Arabia should not go along with a price rise?

A: As I said, the President and His Royal Highness discussed ways of working closely to improve the world economic situation and Saudi Arabia has played a constructive role in the past on the subject of oil price increases. But I am not going to get into a detailed discussion of their talk or speculate on what may happen in the future. Our position against an oil price rise is clear and well known.

Q: What was discussed on arms sales? Will we continue to press the Congress to approve the huge arms sales now on the Hill, including SIDEWINDERS and MAVERICKS, despite Congressional opposition? How are such large arms sales to Saudi Arabia justified since they could threaten Israel?

A: I am not going to get into the details of their talk. Saudi Arabia has legitimate defense needs and plays an important role in regional stability and security. We are helping meet Saudi Arabia's needs. We are consulting fully with Congress.

READ-OUT ON SAUD MEETINGFollow-Up Comments after Meeting:

The President and His Royal Highness, Prince Saud Bin Faisal Al-Saud, Minister of Foreign Affairs of Saudi Arabia, met in the Oval Office today at (11:00 a.m.) for (30) minutes. Also attending the meeting on the American side were [Acting Secretary of State Charles Robinson, Brent Scowcroft and Ambassador William Porter] and on the Saudi Arabian side, [Ambassador Ali Abdallah Alireza and Mr. Hassan Shawwaf.]

The President expressed his warm pleasure in meeting once again with His Royal Highness in the spirit of the long-standing and warm ties between the United States and Saudi Arabia. The President and Prince Saud discussed a number of issues of common interest, including hopes for a peaceful resolution of the situation in Lebanon and a final peace settlement in the Middle East. The President reaffirmed that the United States will continue to play an active role in helping achieve further progress in the Middle East negotiations as it has in the past. He expressed appreciation for the constructive role which Saudi Arabia has played in working for peace in the Middle East. The President also affirmed his intention to continue to work closely with Saudi Arabia to improve the world economic situation and the dialogue between industrialized and developing countries.

The President asked that his greetings be conveyed to His Majesty King Khalid, noting his admiration for His Majesty's wise leadership and the important role that Saudi Arabia plays in regional and international issues.

SAUDI ARABIA -- IRAN

Q. Do the Saudis suspect the U. S. of building up Iran in order to seize the Saudis oil fields? Is Iran a threat to Saudi Arabia?

A: Administration spokesmen addressed this issue in some detail yesterday in the course of the Senate Foreign Relations Subcommittee hearings on the proposed sale of 160 F-16 aircraft to Iran. As they pointed out yesterday, Iran and Saudi Arabia have common objectives with respect to the need for security in the Persian Gulf and the role of US assistance in developing regional defense capabilities. In fact, the Senate study on this subject which was recently released concluded that there is no arms race between Iran and its Arab neighbors in the Persian Gulf and they do not look upon each other as military rivals. We concur with that conclusion. [If pressed for confirmation of the specific reports mentioned in the Anderson column, they should be referred to State.]

September 17, 1976

Q: Will the Saudis raise oil prices in retaliation for the Arab boycott legislation? Did the President warn Saudis against this?

A: I cannot speak for the Saudis. However, it is our belief that they have been very helpful on the issue of oil price rises over the past year. As I have said, the President and the Prince discussed ways of working cooperatively to improve the world economic situation. Our position that an oil price rise is not justified is well known.

Q: When did the President last meet with Saud? Why is he here? Will he see Kissinger?

A: The President met with His Royal Highness last year on September 18 when the Prince was visiting the US in connection with his presence at the UNGA. He will be meeting with a number of high-level officials, including Secretary Kissinger when the latter returns from his foreign travels. State can fill you in on the details.

Q: Will the President be seeing other Middle East officials in connection with their visits for the UNGA?

A: I have no announcements.

Q. We understand that the new King, Khalid, is a weak and possibly unbalanced person. Will Fahd be the real leader of Saudi Arabia and will the US encourage Fahd because of US interests in Saudi Arabia?

A. I do not get into characterizations of any foreign leaders. King Khalid is apparently the new King of Saudi Arabia and we respect that. I am not going to speculate on matters internal to Saudi Arabia.

Q. Was there a political conspiracy involved in Faisal's death?

A. We understand that King Faisal was assassinated by a nephew and minor Prince, (Faisal bin Musa'ed bin Abdul Aziz) for entirely personal reasons. We have no evidence to the contrary.

Q. Will this increase the chance of an oil boycott in the event of new Middle East hostilities?

A. Clearly, it ~~will~~ serves no useful purpose to speculate along these lines. The US will continue to do everything it can to ensure that Middle East diplomacy continues and that there will be no return to hostilities.

Q. What condolence messages are being sent?

A. The President is sending messages of condolence to ^{the} new King and Crown Prince. We understand that Secretary Kissinger is also sending messages. *Will get.*

Q. Does the US have contingency plans to invade Saudi Arabia to support the Monarchy in the event of instability in Saudi Arabia following the King's death?

A. The answer is no. We have no such plans and speculation along these lines is absurd. We have no intention whatsoever of interfering in the internal affairs of Saudi Arabia.



Qs AND As FOR RON NESSEN

Q. Can you explain the succession situation in Saudi Arabia? Is Prince Fahd likely to succeed the new King, King Khalid?

A. When King Faisal became King in 1964, he appointed his second eldest half-brother -- Khalid -- as Crown Prince and Heir Apparent. According to the latest -- unconfirmed -- reports we have, Khalid will now succeed Faisal and Khalid has designated Prince Fahd, Minister of the Interior, as Crown Prince. According to the reports, Khalid will be the new King of Saudi Arabia. I am not going to speculate beyond that on who would succeed him. [FYI: Avoid speculating on Fahd's role.]

Q. Since Faisal was a force of moderation in the Middle East and particularly vis-a-vis our peace efforts, do you regard his death, on top of the failure of Secretary Kissinger's trip, as a major blow for US policy in the Middle East? Will this situation affect US-Saudi relations?

A. We have full confidence that the Saudi Government and Royal Family will continue to act with the statesmanship which marked King Faisal's reign. We have no reason to believe that the tragic death of King Faisal will affect the effort to a final and durable settlement in the Middle East nor the strong and deep ties of friendship and mutual interest between the US and Saudi Arabia. We attach great importance to the continuation of our warm relationship with Saudi Arabia.

The Department of Defense has looked into the matter of discrimination in selecting military personnel to serve in Saudia Arabia. The Secretary of Defense has reaffirmed, in the event that any of the services have strayed from this policy, that none of the military services may exercise any discrimination in the process of selecting military personnel to serve in foreign countries. Yet he recognizes the sovereign right of those countries to determine who will be granted an entry visa. The Department of Defense, however, will not prejudge in the selection process the actions that a foreign government may take regarding the acceptance of US military personnel for assignments there.

Saudi Arabian

Q. Mr. President, how can we justify Administration co-operation with anti-Jewish practices of Arab governments, such as barring Jewish servicemen from Saudi Arabia, boycotting Jewish banks and businesses, and other similar practices?

A. First, let me repeat what I said last week: Such discrimination is repugnant to American principles. Allegations of illegal discrimination will be investigated and appropriate action will be taken under the laws of the United States.

The question of morality in foreign policy needs careful thinking through. We live in a very imperfect world. It is fruitless to expect all nations to adhere at all times to the principles of justice. If we are frank, ~~with~~ we will admit that we fall short ourselves sometimes, although we strive always to do better.

Do I think the discriminatory practices of other governments are wrong? Yes, definitely, and I have said so.

What should we do about it? That must be decided on a case by case basis, because there are other very important moral factors involved.

Our primary objective in the Middle East, a highly moral purpose, ^{to achieve a} is just and lasting peace for that region. The steps we may have to take to help advance the cause of peace there may not be what we would want to do if less were at stake. A harsh reaction to every annoyance might forfeit the chance for peace, and would

be morally questionable, in my opinion.

Let me state my own understanding of the moral question, in several steps.

I want other governments to understand, in unmistakable terms, that this nation considers discriminatory practices morally wrong and repugnant.

We think this is not just a matter of national custom but deeply rooted in the principles of justice, to which all peoples adhere when they are being true to themselves.

If this government does not actively oppose certain wrong practices of the foreign policy of other governments, it is not because we approve of injustice but because we are striving for peace in the world and we know that justice cannot be ~~was~~ achieved overnight or imposed on others by force.

Finally, this Administration will not acquiesce, for any reasons, in practices that violate the laws of the United States.

NORTHROP CORPORATION SCANDAL INVOLVING
SAUDI ARABIA

Q: What do you think of the scandal of the Northrop Corporation bribing top Saudi Arabian officials on arms contracts? Have we known about this going on and will it affect U.S. relations with Saudi Arabia?

A: Congress is looking into charges of alleged bribes and illegal contributions by many companies, in the U.S. and abroad. We need to have all the facts before making a judgment but naturally we oppose illegal activities involving American businesses if this is what is taking place.

Nevertheless, U.S. Government relations with Saudi Arabia remain strong. I want to see our relations strengthened and deepened.

Nessen

U. S. DELEGATION TO SAUDI ARABIA

Vice President Rockefeller

Hugh Morrow, Press Secretary to the Vice President

Joseph Canzeri, Advance

Richard Cheney, White House Staff

Roy Atherton, Assistant Secretary of State

Jerry Jones, White House Staff

Capt. Jon Howe, Military Assistant to the Vice President

Maj. Thomas Williams, Asst. to Capt. Howe

Cf. Yeoman Richard J. Williams, Staff Secretary to the Delegation

Ricardo Thomas, White House Photographer

Francois Ditman, Saudi Arabian Desk, The Department of State

Additional support staff and press contingent.

PRESIDENTIAL STATEMENT

It was with the deepest sorrow that I learned of the tragic death of His Majesty King Faisal, a close friend of the United States and a leader who achieved so much for his people and those of the Arab World and Islam, and whose wisdom and stature earned the respect of the entire world. On behalf of the American people I wish to extend my deepest sympathy to the Royal Family and to the people of Saudi Arabia, whose grief we share.

Rm -
We are putting this
out now as a statement
by the President.
JWH

REBUTTAL TO CARTER'S ATTACK ON SAUDI
ARMS SALES AND MIA'S

Background: Yesterday, Carter attacked the Administration's efforts on the MIA problem; said he would appoint special Presidential Mission to Cambodia, Laos and Vietnam to find the facts.

Carter also accused the President of **bowing** to Arab blackmail -- threats of a new oil embargo -- by fighting Congress' efforts to cut off the Maverick sales to Saudi Arabia.

Rebuttal: Yesterday, Gov. Carter accused President Ford of bowing to Arab blackmail threats of a new oil embargo by opposing the Senate's efforts to kill the sale of Maverick weapons to Saudi Arabia.

Such a statement only demonstrates the dangerous naivete of Gov. Carter in foreign affairs matters. He would recklessly interrupt our long standing relationship with Saudi Arabia, an important, moderate Arab State whose influence is essential to our efforts to bring about a Middle East peace settlement. Gov. Carter pointedly ignores widely publicized statements by the Saudi Foreign Minister that Saudi Arabia has not threatened a new oil embargo.

Thus, we find Gov. Carter playing loosely with diplomatic facts and the sensitivities of America's friends for his own political advantage. This is hardly a promise of statemanship!

Also -- Gov. Carter apparently has no qualms about making a partisan political issue out of an agonizing question for hundreds of American families.

We all know that President Ford has long been out front in our efforts to achieve a full accounting for our MIAs and he has stalwartly ignored the criticism of many Democrats by vetoing Vietnam's admission to the U.N.

Suddenly Gov. Carter dramatically promises that if elected he will send a Presidential Mission to South East Asia to settle the question. He pointedly overlooks the fact that the House Select Committee under Rep. Montgomery has already traveled to Laos and Vietnam for the same purpose and is now preparing its report. He ignores the fact that President Ford has already initiated contacts with the Vietnamese to start discussions on the MIA problem.

F.Y.I.: We might recall that the 1972 Democratic candidate also promises to go to Hanoi!

Gov. Carter also fails to tell us what price he is willing to pay to get his special mission admitted to these closed societies.

Once again, we have seen Gov. Carter playing loosely with diplomacy and, in this case, human suffering, to further his own political advantage!

Fortunately, the Americans know they have a responsible alternative in President Ford.

7. Why is the United States selling arms to Saudi Arabia?

GUIDANCE: The United States has had a long standing military

1/10/75 supply relationship with Saudi Arabia in which we are assisting

this close friend of the United States in modernizing its

defense forces. U.S. arms sales to Saudi Arabia also

contribute to the stability of the Arabian peninsula area.

(Detailed questions should be directed to the State Department.)

ITEMS FOR RESPONSE TO QUERY:

1. Did the U. S. officials meeting with Saudi Arabian Minister of State for Finance and National Economy, Abal Khail, ~~raise the issue of Arab and particularly Saudi discrimination against Jewish businesses?~~

GUIDANCE: Mr. Abal Khail has been in Washington for a regularly scheduled meeting of the US-Saudi Joint Commission on Economic Cooperation. This Joint Commission was established in June 1974. Minister Abal Khail had detailed talks with the Treasury Department officials. A Joint Statement was

note down

ARMS SALES TO SAUDIS

- Q. The Washington Post today reports that the U. S. has agreed to a new arms sale to Saudi Arabia. Can you expand upon the story? Why are we doing this, and what assurances do we have that discriminatory practices and pressure will not be exerted by the Saudis against U. S. contractors?

- A. Let me remind you that ~~this sale is~~ *our military relationship w/ Saudi Arabia is* nothing new, and that we have seen reports of this off and on in the papers for months.

how we could help ~~and~~ the Saudi Armed Forces
Discussions on this ~~\$1.2 billion sale~~ began in 1974 when a DOD survey team completed a study of long-term Saudi military needs.

The basis for the U. S. decision to respond favorably to the Saudi needs was: (1) Our military relationship with Saudi Arabia -- which goes back over 25 years -- is a very important and integral part of our overall relations, relations which continue to be of great benefit to our national economic and political interests, and (2) Because Saudi Arabia, along with Iran, bears a major share of responsibility for security and stability in the world's largest oil-producing region, a region whose states also contribute very significantly to the chances for arriving at a just and lasting peace in the Middle East.

As for assurances of non-discriminatory practices, I would call to your attention the President's public statements and reaffirmation

of his views on this issue. Last November 20, we issued a series of policy directives, which this government would undertake to ensure that non-discriminatory procedures are followed. Mr. Ed Schmults from Phil Buchen's office held a briefing at the time, and I would suggest that you may wish to review the remarks at that time.

TRANSCRIPT FROM JANUARY 9 NOON PRESS BRIEFING - STATE

Subject: Aircraft for Saudi Arabia

Q. Would you like to repeat yesterdays litney about self-defense and collective security? Is that the reason the planes are being sold? The same justification or rationale you gave yesterday for the Jordanian transfer, does that apply today for the Saudis?

A. We have had a continuing military relationship over three decades with Saudi Arabia. It's for the defense of the area and in view of our very close relationship we have had with the Saudis over a great number of years.

7. Why is the United States selling arms to Saudi Arabia?

GUIDANCE: The United States has had a long standing military supply relationship with Saudi Arabia in which we are assisting

this close friend of the United States in modernizing its

defense forces. **AND IN FULFILLING ITS**
~~U.S. arms sales to Saudi Arabia also~~

contribute to the stability of **REGION.**
~~the Arabian Peninsula~~

Our relationship is under continuous review.
(Detailed questions should be directed to the State Department.)

5. Do you have any comment on a Knight Newspaper report that the United States has developed a ~~secret plan for vastly increased arms sales to Saudi Arabia~~ as part of an effort to drive down the price of oil?

10/18/74 Guidance: I think you all know that we have an on-going military supply relationship with Saudi Arabia and that we are cooperating with them to improve their defense forces. I would suggest that you check with the Department of State for whatever detailed information on the status of that relationship may be available, but I would simply say with regard to this morning's story that there is no basis to report of a secret plan for a vast increase in sales and no basis to reports that such arms sales are tied to the price of oil. (Refer all follow-up questions to State.)