

MEMORANDUM

THE WHITE HOUSE
WASHINGTON

SECRET/NODIS/XGDS

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MEMORANDUM OF CONVERSATION

By dal NARA, Date 3/11/02

PARTICIPANTS:

President Ford
Dr. Henry A. Kissinger, Secretary of State
and Assistant to the President for
National Security Affairs
Wells Stabler, Ambassador to Spain (briefly)
Lt. General Brent Scowcroft, Deputy Assistant
to the President for National Security Affairs

DATE AND TIME:

Tuesday, March 4, 1975
9:55 - 10:33 a. m.

PLACE:

The Oval Office

[Ambassador Stabler came in briefly. The President spoke of the importance of Spain. Stabler left at 10:00 a.m. The conversation continued on other subjects.]

Kissinger: The Iranian stuff is going very well. We have agreed on a \$12.5 billion program over five years -- this is non-military. There will be military purchases as well. Six billion for nuclear development, five billion for port facilities, 2.5 billion for agriculture. In addition, they will sell 500,000-750,000 barrels per day below OPEC price and tied to military purchases. The other program we can announce in principle, to be signed while the Shah is here. The oil deal will bring pressure on the price structure, because the purchasers will have to find where else to make a cut of that size. In view of what the French did on the invitation, it would be crazy for us not to go forward on things like this.

The President: When can we announce this?

Kissinger: We can't. They first want to sell a certain amount of oil to us. We can then cut wherever we want and they can raise production.



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CLASSIFIED BY Henry A. Kissinger
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EXEMPTION CATEGORY 5(b)(3)
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It must either produce price cuts or further cutbacks. But the \$12.5 billion can be announced today. What they want is to announce the oil deal and further purchases together. I don't think they realize what they are doing. Algeria has already cut production by two million barrels. They can't cut further. Our joint commissions are pushing the producers into big development programs, for which they will need the additional oil production.

You should tell Ansary . . . We shouldn't haggle over the price so long as it is below the OPEC price. The key thing is that the production is coming out of someone else's hide. We may have broken OPEC, or will have if we can make one more deal like this. Maybe it's too fast, because we need to get our system in place first.

They will buy other things with the \$1.5-to-2 billion in receipts for the oil deal. The money will never leave the United States.

The President: Congratulations. I think that is great.

Kissinger: If we can get the same with the Saudis, it will be great.

The President: The announcement today will have a good impact on Congress.

Kissinger: The Saudis have reacted strongly to what they think is an anti-Saudi campaign in the American press. Could we draft a letter to Faisal to reassure him?

The President: Sure.

Kissinger: It is unconscionable what the pressure groups in this country are doing.

I talked to Kennedy. I told him they are creating a disaster in foreign policy. He doesn't think we have the votes on Turkish aid in the Senate. We should check with Mansfield before we commit to vote.

[The President reads about our negotiating efforts in Cambodia in 1973.]

The President: How much has been released?



Kissinger: None of the 1973 stuff. But we can give it to some of the key Congressmen. Some of my people are opposed to putting it out -- it will embarrass some of the governments.

The President: I think we have to get the record out.

Speaking of Thailand, what is the significance of their withdrawal announcement?

Kissinger: DOD is playing games. It is inevitable that once they saw us pulling out they would want to get ahead of us. Also, they have decided we have had it in Southeast Asia.

The President: I thought he was pro-American.

Kissinger: He may just be saying this, but the trend is inevitable. There is too much tendency in the government to pay off Congress for short-term gains at the expense of our long-term goals. But with Cambodia falling, the Thais would be a shaky country in any case. As foreign governments look at us and our decline in our world position, the process will be accelerated. The Nutter article was good. It is a moral and political disaster. We are talking only money -- people are urging a disaster. What the Syrians have done is line up the Palestinians saying now if Egypt moves alone, the Palestinians will attack Sadat. A letter from you is essential, but if it surfaces, it will make a stink with the Jews.

The President: How specific can we be? Does that contradict our promise not to force them off the Golan?

Kissinger: No. Just promise a major effort. The promise is important -- but Nixon did promise the '67 borders to the Syrians. If Israel was smart, they would talk with the Syrians, move it to Geneva and let it get screwed up.

The President: I told Dinitz they shouldn't negotiate in public.

Kissinger: The Israelis are irresponsible. Anti-Semitism is bubbling. The press campaign against the Saudis is disastrous.

The President: What about Church and Pearson?



Kissinger: We have to tell them it has to be sufficient, that we shouldn't discriminate against them for economic aid, and that they would have to be eligible for FMS. Church will never agree.

The President: He is worried about wiretaps when we are piling up information about where the oil companies are investing. He is signing authorizations but I am worried about Church.



P/R 4 Mar 75

Sunday 9:55 - 10:33 AM

w/ Wells Staller

[Staller left at 10:00 AM]

Staller in. P talks of importance of Spain. Staller out.

R This is Iranian stuff going very well. Agreed on 12.5 bil prog over 5 yrs - some mil. - mil purchases as well. 6 bil more, 5 bil part pay, 2.5 bil eqpt. In addition, they will sell 50,000 - 700,000 bbl/day below Opec price + tied to mil purchases. The other prog can be announced in principle, to be signed while Chah is here. The oil will bring pressure on price structure, because the producers will have to find where else to make out of that size. Iranian for that. As did on investment, it became a part to go forward on things like this.

P When announce this?

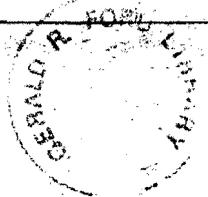
R We emit. They just want to sell a certain amount of oil to us. We can then cut wherever we want & they can't production. It must either produce price cuts or further cutbacks. But 12.5 bil can be announced to try. What they want is to announce & oil deals further purchases together.

I don't think they realize what are doing. Algeria has already cut prod 2 bil bbl. They can't cut further. Our point means we pushing producers into long term program, for which they will need a lot of oil prod.

You should talk Caspian. We should not haggle over a price to pay as it below Opec price. The key thing is a production is coming out of someone else's hole. We may have a broken Opec, we will have if we can make a more deal like this. Maybe too fast, because we need to get our system in place 1st.

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AUTHORITY ex ml 01-126 # 9, 5th ita 2/10/02
BY lwh NLF, DATE 5/26/04



R They will buy other things w/c 1 1/2 - 2 bil receipts for a oil deal. The 6 mil more from a V.

P Correct. I think that is great.

R If we can get some w/c Saudis will be great.

P Government today will have great impact on Congress.

R Saudis had started strongly to end what they think is anti-Saudi propaganda in US press. Could we draft a letter to Farris to reassure him?

P Sure

R It unconscionable what a pressure program this country are doing.

R I talked to Kennedy. Told him they creating a heart in F.P. He doesn't think we have a votes on tank oil in Senate. Should check w/ Mansfield hope we commit a vote.

(P reads negot. efforts re Cambodian in 73)

P How much released?

R None of a 73. But give it to some of key Congressmen. Some of my people are opposed to putting it out - embarrass some of a govt.

P I think we have to get a deal out.

Speaking of Thailand, what is sig of w/demoral announcement

R OOB playing games. It inevitable that once they saw us pulling out they would want to get ahead of us. Also they had decided not to have hot it in SEA.

P I think he was pro-US

R He may just be saying this, but a trend inevitable. There is too much tendency for Govt to pay off Congress for short term gains at expense of our long term goals. But w/ Cambodia falling, there would be shaking existence in any case

A foreign job like it would cause a decline in our
world position, & prices will be accelerated. Better
entirely avoid. It is a moral & political disaster. We

talking only money - people are saying a disaster.
What Syria's have done is tied up Pales - saying now
if I move alone, the P & S will attack Sabath. A letter
from you is essential, but if it surfaces it
will make a strike w/c Juss.

P How specific? Does that contradict our promise not
to force them off the Golan?

K No. Just promise a major effort. The promise is
important - but I did promise 67 locales to Syria.
If I was smart, they would talk w/ Syria, move
with Geneva & let it get secondary.

P I talk unity as they shouldn't negotiate in public.

K The I am responsible. Anti-Semite is bubbling.
The full campaign against a Semite is disastrous

P What about Church/Protestant?

K We have to tell them it has to be sufficient, that
we should discontinue against them for some aid,
& that they would have to be eligible for EMS
The Church will never agree.

X P I'm worried about universities when we are pushing
up wages about where oil companies are
existing. He saying universities should
but we worried Church may get