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FM THE WHITE HOUSE
TO AMEMBASSY TEHRAN
~~SECRET~~
SECTION 01 OF 03

DELIVER AT OPENING OF BUSINESS WH50281

TO: AMBASSADOR RICHARD HELMS
TEHRAN

FROM: ROBERT HORMATS
NATIONAL SECURITY COUNCIL

WITH APOLOGIES FOR THE DELAY, THERE FOLLOWS A MEMORANDUM OF ROBINSON'S CONVERSATION WITH AMUZEGAR. IN THE INTEREST OF BREVITY, AND BECAUSE OF MY LACK OF PROFICIENCY IN NOTE-TAKING, THE CONVERSATION IS MOSTLY AMUZEGAR'S.

THE VISIT IN TEHRAN WAS EXTREMELY EDUCATIONAL AND I HOPE I CAN RETURN TO CONTINUE THE COURSE.

MEMORANDUM OF CONVERSATION

PARTICIPANTS: JAMSHID AMUZEGAR, SIRANIAN MINISTER OF INTERIOR

APPROVED FOR RELEASE
DATE: MAR 2008

CHARLES ROBINSON, UNDER SECRETARY OF STATE
RICHARD M. HELMS, US AMBASSADOR TO IRAN
JACK C. MIKLOS, DEPUTY CHIEF OF MISSION
ROBERT HORMATS, SENIOR STAFF MEMBER
NATIONAL SECURITY COUNCIL

HR70-14
(U)

DATE, TIME, AND PLACE: FEBRUARY 19, 1975, 10:30 A.M.
MINISTRY OF INTERIOR, IRAN

SUBJECT: US-IRANIAN ECONOMIC RELATIONS

AMUZEGAR STRESSED THAT THERE IS NOT ALL THAT MUCH OIL MONEY AVAILABLE. ABU DHABI WAS HAVING ITS PROBLEMS AS WERE A NUMBER OF OTHER OPEC COUNTRIES SO THAT THERE WAS NOT AS MUCH OF A FINANCIAL PROBLEM AS THE US THOUGHT. IRAN WANTS TO HAVE A CONSTRUCTIVE CONSUMER/PRODUCER CONFERENCE. IT WANTS REPRESENTATIVES OF THE THIRD WORLD TO ATTEND, BUT TO SIT WITH OPEC, AND AGREES THAT WE CAN KEEP RAW MATERIALS OUT OF THE PICTURE INSOFAR AS THE CONFERENCE IS CONCERNED.

IRAN WANTS TO PLAY A CONSTRUCTIVE ROLE BUT IT CANNOT AGREE THAT OIL IS THE ONLY PROBLEM IN THE INTERNATIONAL ECONOMY. ALSO, THE PROBLEM OF OIL SHOULD NOT CAUSE PANIC AMONG THE WESTERN COUNTRIES. AMONG THE DEVELOPED COUNTRIES, GERMANY IS DOING WELL, JAPAN HAS ADJUSTED REMARKABLY, FRANCE DOES NOT HAVE MAJOR PROBLEMS (GISCARD TOLD THIS TO THE SHAH), AND THE SMALL COUNTRIES SUCH AS BELGIUM, SWEDEN AND NORWAY ARE DOING OKAY. THE TWO BIG PROBLEMS ARE ITALY AND THE UK. IRAN HAS MADE AN EFFORT TO HELP THEM. LAST YEAR IT LOANED \$750 MILLION TO THE IMF OIL FACILITY. THIS YEAR THE

SHAH HAS TOLD THE IMF THAT IRAN WILL CONTRIBUTE \$1 BILLION. THIS WILL HELP THESE COUNTRIES SUBSTANTIALLY. ALSO, IRAN HAS NO OBJECTION TO THE KISSINGER PLAN FOR A \$25 BILLION SAFETY NET. THIS IS OKAY WITH US. WE DO NOT CARE WHAT YOU DO TO HELP ONE ANOTHER FINANCIALLY.

WITH RESPECT TO ITALY, THE PROBLEMS ARE LESS OIL RELATED THAN RELATED TO THE STATE OF THE ITALIAN ECONOMY. IT HAS NO LEADERSHIP AND NO ABILITY TO SOLVE ITS PROBLEMS. BOTH BRITAIN AND ITALY FOR INSTANCE ARE REALLY NOT MAKING MUCH OF AN EFFORT TO DEAL WITH INFLATION. EVERY TIME THERE IS A STRIKE IN BRITAIN, I CRINGE BECAUSE I KNOW I WILL HAVE TO PAY FOR IT. THE PRICE OF THE GOODS IRAN BUYS HAS SHOT UP DRAMATICALLY, SO OUR OIL BUYS LESS THAN IT DID BEFORE--24 PER CENT LESS BY OUR CALCULATIONS.

WE AGREE WITH THE AMERICAN POSITION THAT SUCH PRODUCTS AS BANANAS, COPPER AND OTHER RAW MATERIALS SHOULD NOT BE PART OF A CONSUMER/PRODUCER CONFERENCE. MOST PRODUCING COUNTRIES ALSO AGREE. ALGERIA, HOWEVER, WANTS TO BRING IN OTHER RAW MATERIALS LEST IT BE ACCUSED OF NOT TAKING UP THE NEEDS OF OTHER DEVELOPING COUNTRIES. IRAN'S EXPERTS HAVE JUST COME BACK FROM A MEETING OF EXPERTS FROM OPEC COUNTRIES. IRAN WILL PROPOSE TO THE DEVELOPED COUNTRIES THAT WE DISCUSS ALL RAW MATERIALS, INCLUDING OIL, BUT THAT WE DO SO IN SECTIONS, FIRST ADDRESSING OIL AND THEN, PERHAPS AT A SUBSEQUENT MEETING, DISCUSSING OTHER RAW MATERIALS. THIS WILL GIVE ALGERIA A WAY OUT. WE PROPOSED THIS TO ALGERIA IN THE EXPERTS MEETING, BUT HE SAID HE WAS NOT AUTHORIZED TO DO THIS.

ON OIL QUESTIONS, IRAN AND THE US ARE NOT FAR APART. THE IMPORTANCE IS TO KEEP THE FREE WORLD FREE AND KEEP THE COMMUNISTS OUT. BUT YOU MUST UNDERSTAND THAT WE NEED MANY IMPORTS FROM THE WEST. PRICES OF THE EQUIPMENT WE BUY HAVE INCREASED SO THAT OUR OIL BUYS 24 PER CENT LESS THAN IT DID ON JANUARY 1 OF LAST YEAR. WE CANNOT SANCTION A DECREASE IN PRICE. BUT WE DO THINK THAT A CONSUMER/PRODUCER CONFERENCE CAN ACHIEVE A BETTER DIALOGUE WITH INDUSTRIALIZED NATIONS. WE GENUINELY WANT TO REACH AGREEMENT AND TO WORK TOGETHER ON INVESTMENT AND AID TO DEVELOPING COUNTRIES AND OTHER AREAS OF COMMON INTEREST.

IRAN IS IN THE WESTERN CAMP. WE DO NOT SHARE THE GOALS OF SOME OPEC COUNTRIES. WE DO NOT AGREE TO OPEC DESIRES TO WEAKEN THE WEST. I ALONE, AND NOT OUR FOREIGN OR FINANCE MINISTERS, WENT TO THE ALGERIAN MEETING OF FOREIGN AND FINANCE AND OIL MINISTERS. THE SHAH SENT ME ALONE BECAUSE WE WANT TO KEEP OIL OUT OF POLITICAL MATTERS. IT IS FOR US A STRICTLY ECONOMIC PROPOSITION AND SHOULD NOT BE INJECTED INTO POLITICS.

WITH RESPECT TO THE DETAILS OF A CONSUMER/PRODUCER CONFERENCE, FRANCE INVITED MAJOR CONSUMERS, MAJOR PRODUCERS, AND DEVELOPING COUNTRIES. THE ALGERIANS ARE AGAINST THIS. THEY DO NOT WANT OPEC SEPARATED FROM NON-OIL PRODUCING DEVELOPING COUNTRIES. THEY ARGUE THAT OPEC COUNTRIES ARE DEVELOPING COUNTRIES. THEY THINK THE FRENCH WANT TO SPLIT THE LDCS FROM OPEC IN ORDER TO

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~~SECRET~~ [REDACTED] DELIVER AT OPENING OF BUSINESS WH50281
FINAL SECTION OF US

MORE OFF-SHORE OIL AND WE WOULD BE RELIEVED OF THE OBLIGATION
OF HAVING TO SUPPLY YOU WITH OIL. IT IS SURPRISING THAT OTHER
COUNTRIES IN THE DEVELOPED WORLD DO NOT UNDERSTAND THE IMPORTANCE
OF THE CONCEPT AND AGREE TO IT.

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FOREIGN SERVICE OF THE UNITED STATES OF AMERICA
OFFICE OF THE AMBASSADOR

Date 3/4

To Louise

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| <input type="radio"/> For Your Comments | <input type="radio"/> Please file |
| <input type="radio"/> For Your Approval | <input type="radio"/> Note and return. |
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Signature | |
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Ambassador, for your signature. | |

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copies.

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TOP SECRET

FOR:

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CONFIDENTIAL

IMMEDIATE (NIACT)

IMMEDIATE

PRIORITY

ROUTINE

AMB HELMS