

Saudi

MEMORANDUM

NATIONAL SECURITY COUNCIL

INFORMATION
(Outside System)

State Dept. review completed

February 6, 1974

~~SECRET/NODIS/CHEROKEE (XGDS)~~

MEMORANDUM FOR: SECRETARY KISSINGER

FROM: HAROLD H. SAUNDERS

SUBJECT: Saudi Position on Lifting the Oil Embargo

ON-FILE NSC RELEASE
INSTRUCTIONS APPLY

The attached details the Saudi position on lifting the oil embargo since early November. As you know, it has evolved through these stages:

-- Before and during your November 8 visit to Riyadh, the Saudi position had been that the embargo would be lifted only when Israel had withdrawn to pre-1967 borders. Palestinian rights had been restored and Arab rights in Jerusalem were realized.

-- Between your November 8 and December 14 meetings with Faisal, we began getting reports from Prince Fahd that indicated a shift in the Saudi position. Fahd said that Faisal was prepared to ease the embargo provided the Arabs could see "concrete steps toward a just peace"--coupled with some private Israeli or US assurances that Israel intended to withdraw on a given schedule. Fahd said Faisal did not yet have other Arab support for this position and could not act alone. Saqqaf said that Israeli return to October 22 lines or, better still, withdrawal to the east bank of the Suez Canal would enable Saudi Arabia to "reopen" the matter in Arab circles. In the December 14 meeting, Faisal was still sticking to his desire for US assurance that Resolution 242 stipulates total withdrawal. Recognition of Palestinian rights was still also a Saudi condition.

-- Immediately after the December 14 meeting with Faisal, the Saudis began to talk seriously of easing the embargo in January as the disengagement was completed, but they reiterated that they would have to see this as a step toward total Israeli withdrawal. The exact level to which production levels would be restored was not defined, but restoration of some sort was implied.

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BYAUTH - Dr. Henry A. Kissinger

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--This position prevailed until Asad's visit to Saudi Arabia last weekend, particularly in the exchanges before the President's State of the Union address.

The above is from the State Department telegrams and does not include private conversations you may have had. The point that stands out in this record is that the Saudis only slowly moved toward our position and have repeatedly sought a US assurance on total Israeli withdrawal and realization of Palestinian rights.

One way to deal with the present situation would be to treat the February 14 meeting as the point at which we will have the definitive Saudi answer. Rather than cutting off our effort now, this would perhaps permit us--if the Syrians respond to your idea on handling the POW issue or some variation--to demonstrate that progress is being made on the Syrian front. The point would be to treat the next week as a period of continuing exchange and not as a point where confrontation lines had been clearly drawn.

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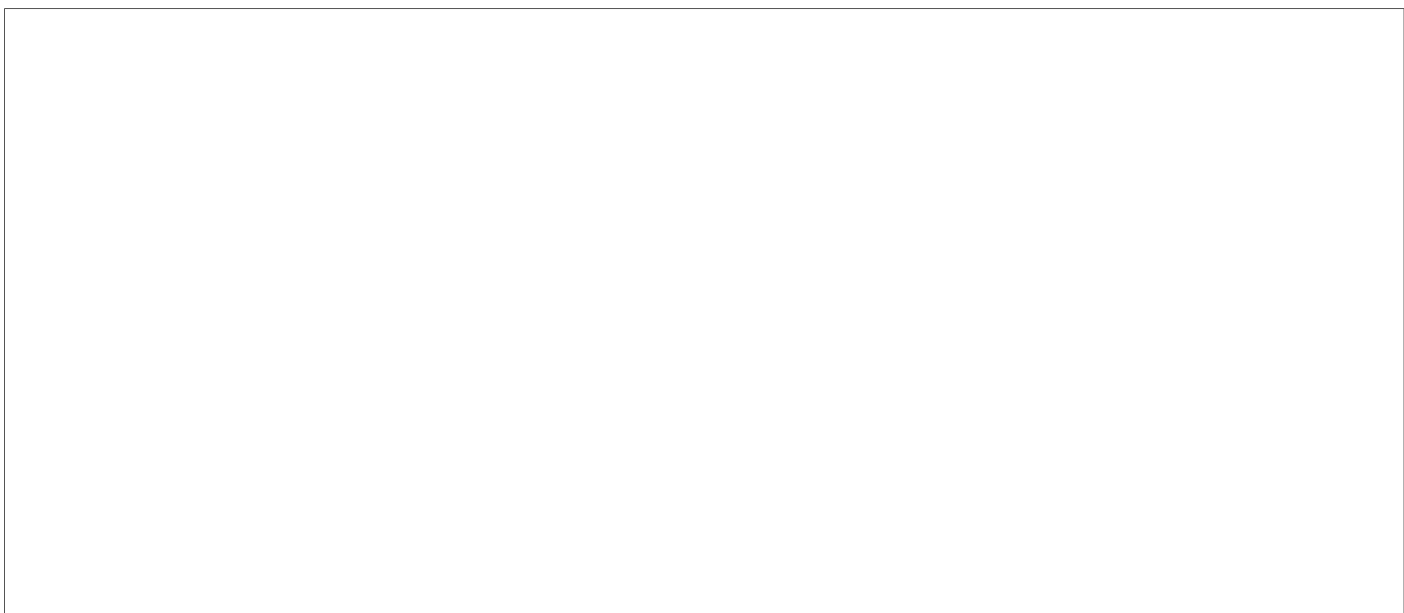
November 18

Prince Fahd conveys the following message to Ambassador Akins: (a) King's assertions that oil policy will not be altered until Israel withdraws to pre-1967 lines is not the final Saudi position. (b) The boycott on US can be modified when there are "effective and tangible"

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moves toward peace, that is when Israel starts withdrawal from [sic- to] 1967 borders. (c) Yamani will be sent to Kuwait, Syria [sic], Egypt and Algeria to get their views and set up a common policy on this 25X1 matter.



November 24 Saqqaf tells Akins that HAK's November 21 letter gave Saudis nothing new to take to Algiers meeting to justify relaxation of the oil embargo, and especially since there had been so little progress in moving back to October 22 lines.

November 22 In formal letter from Saqqaf to HAK, Saqqaf writes that Faisal still believes all US efforts must be made so that Israel will respect UN resolutions, withdraw from all territories occupied in 1967 and respect rights of Palestinians to self-determination.

November 26 Prince Fahd informs Akins that Faisal is now prepared to ease the boycott on the US and resume production provided the Arabs can see concrete steps toward a just peace -- that an agreement on the schedule for Israeli withdrawals from Arab lands would be sufficient and even private Israeli assurances to the USG that it would

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withdraw might be sufficient. At the time the boycott would be lifted, Arabs would announce that the action had been taken because of Nixon-HAK assurances that US intended to work for a just peace; it would also be announced that if Israel became recalcitrant or US dropped its efforts, embargo would be reimposed. Fahd added that he wasn't certain if this action, currently favored by the King, would be carried out if there was substantial opposition from other Arabs. A letter from Nixon to King would help. [Nixon letter ultimately sent on Dec. 3]

December 7

Yamani informs Clements that he would ^{try to} arrange for an additional 100,000 bpd for US Sixth Fleet.

December 8

King Faisal, reacting to President's letter of December 3, describes Saudi position in several points in talks: (a) Oil embargo would end when Israel had withdrawn from occupied territories, implemented relevant UNSC resolutions and restored Palestinian rights. (b) Normal production could resume immediately if US would announce that Israel will withdraw from all occupied territories, Palestinians should be given right of self-determination and if Israel did not do these things, US would have to review its ties with Israel, possibly considering a break in relations. [No specific mention of Jerusalem] (c) US should publicly call on Israel to give up occupied lands and say it supported justice for Palestinians.

Fahd separately told Akins Saudis were consulting with Egypt, Syria and Kuwait about prospects for resuming oil when peace talks began; such resumption would be linked with threat to reimpose embargo if movement towards peace did not occur. Saudi Arabia could not act alone however.

Saqqaf separately told Akins he thought the King had been very "soft" on oil in the above meeting; indicated King still skeptical of US intentions. Replied positively to suggestion that Israeli return to October 22 lines would be read as earnest of good US intentions and suggested that Israeli withdrawal to the east bank would be even better -- such signals would enable Saudi Arabia to "reopen" the matter in Arab circles. Saudi Arabia cannot move alone.

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- December 14 Faisal meeting with HAK: HAK described process leading to an Israeli-Egyptian disengagement. Faisal indicated in reply that the oil "faucets" would be reopened if the US, in announcing the results of that phase, would say that this is "but one step in a solution leading to withdrawal [later refined as "one step in the implementation of 242 which stipulates total withdrawal"] and to the realization of Palestinian rights.
- December 19 Akins reports 25X1
Yamani will soon recommend lifting of the embargo and probable restoration of production to September levels keyed to the successful opening of the Geneva Conference. Source suggested that Arab petroleum ministers meeting in Tripoli would still have to take formal decision to do this.
- Kamal Adham tells Eilts in Cairo that Faisal wants to find a way to ease the embargo but having publicly gone on record, he could only do so if (a) Sadat asks him to do so or (b) there has been some tangible disengagement on which to peg easing. Once this takes place Saudis will be helpful.
- December 21 Yamani tells Akins (a) Saudis agreed boycott would be partially lifted and production increased but not to September levels; (b) Saudis needed other Arab approval but would be willing assume flack for partial easing; (c) opposed the notion of lifting and then having to reimpose embargo, but if progress were made in the peace talks, Saudis would go all the way in January; (d) hoped to announce partial lifting by Christmas but thought other Arabs would make this difficult.
- December 23 King writes HAK that he hopes for positive results on peace and says this can be done "realizing the hoped for goal which the Arabs demand and which international society affirms and supports -- that is the withdrawal of Israel to borders that preceded its aggression against the Arabs of June 5, 1967,

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and granting the Palestinian people the right of self-determination. We hope that the peace conference which is now being convened shall be a good omen for achieving a permanent peace built upon right and justice. "

December 25

King writes President that "relying on your good intentions of working for the withdrawal of Israel from [sic] the pre-June 5, 1967 borders and giving the Palestinian people its right to return to its country to decide its destiny by itself. After the implementation of what I have referred to or during its implementation -- if we see in the immediate future that this is proceeding in a serious way -- you will find that our hand shall be in your hand and (our relations) shall return to normal or be even stronger between the two friendly countries. . . . that the storm cloud shall be dispersed and that matters shall return to normal in the first part of the coming Christian year. "

Saqqaf tells Akins that above mention of "storm cloud" refers to lifting the boycott and restoring September production levels as early as January when the Arabs see that progress towards peace is being made. He said this would be when disengagement begins or even is announced.

December 27

Yamani tells Akins that Saudi position had changed but had no satisfactory explanation. Said King had decided on lifting boycott immediately after HAK visit but then backed down, though King had toyed with idea of "easing" embargo. Said King was not prepared to fight for US on oil in Arab councils yet. Yamani said that disengagement of forces between Egypt and Israel would give the King his opportunity to move; they understood disengagement would come soon and then boycott could be lifted or eased. [Yamani thought Saqqaf may have been responsible for the King's changed position; Saqqaf had recently had meetings with Sadat. He maintained that Fahd, Sultan and himself favored lifting the boycott while Hisham Nazir and Saqqaf opposed.]

December 28

Yamani tells Akins he had made no definite commitments to Clements that boycott for US military would be eased and

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indicated King's initial reaction had been negative. However, second time around, when Yamani explained US military needs, King did not respond and Yamani is taking silence as assent. He is working with Aramco to arrange for added deliveries for Sixth and Seventh Fleets but not other US forces.

December 29

In a lengthy harrangue about "unfulfilled" US promises Saqqaf argues the case that the Saudis cannot lift the embargo "now" because the Israelis have not begun to withdraw -- the Israelis were still "squabbling" about their troops in Suez City and the Saudis could not move before the Israelis did. He made one reference to the fact that it would not be necessary for the Egyptians to intervene "when disengagement was achieved" since the Saudis themselves would be "disposed" to lift the embargo anyway. He said there was no difference between his views and those of the King. He blamed Iran for the oil price increases and said the Saudis had a moderating influence.

December 31

Saqqaf (following visit to Egypt) tells Akins that the Saudis saw no way the boycott could be lifted until "disengagement of forces takes place" or "once disengagement is completed." He said Sadat completely agrees with this view. Though Saqqaf cannot absolutely deliver the King, he said he thought it unlikely that the King would go against his and Sadat's views on this.

January 1

Saqqaf tells Akins that (a) the Saudis have decided to lift the boycott after disengagement is completed, coupled with announcement that it would be reimposed if there were no further progress; under the circumstances of disengagement Saudi Arabia would not try to stop oil leakage to the US; there will still have to be an inter-Arab meeting on the boycott -- that Iraq, Libya and perhaps Kuwait would oppose but that Egypt and Saudi Arabia would insist it must be done and hoped to carry Algeria. He again maintained there was no difference in Egyptian/Saudi views on this. Fahd was out of line in indicating the boycott might be lifted sooner.

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Saqqaf also showed Akins a letter from Sadat to Faisal which urged that the US be assured that the boycott would be lifted "as soon as disengagement is accomplished" which Sadat said would be very soon. Saqqaf indicated some ambiguity on whether this meant when disengagement "is reached" or "is completed" but said this didn't matter much since the time frame would be short. Sadat also suggested Saqqaf might visit the US to explain current Arab thinking and also expressed concern about the Syrian front.

January 1

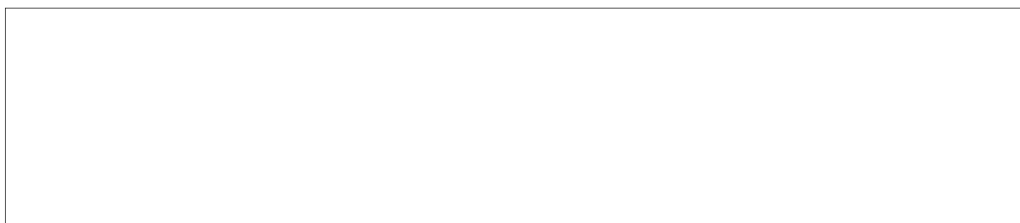
Saqqaf letter to HAK -- presented to Akins on Jan. 2 -- which he asserts has been approved by the King makes the following points: During the HAK November visit, the King indicated that the embargo would be lifted only when Israel withdrew to pre 1967 lines. During the HAK December visit the King indicated Saudi Arabia was prepared to lift the embargo if a schedule for Israeli withdrawal was fixed according to a timetable guaranteed by the US. The intention of the Saudis is that the embargo will be lifted "when it perceives that Israel prepared both to withdraw completely and to recognize the rights of the Palestinian people. If Israel carries out in principle the disengagement which you explained clearly to mean as being withdrawal from the West Bank to the Mitla Pass as a first line, then it would be possible to lift the embargo" on the US... "We will wait for your pressure on Israel to be successful, whereby Israel withdraws to the Mitla pass in Sinai as the first stage of total withdrawal from the occupied Arab lands and gives the Palestinians their rights to self-determination -- at that point the embargo can be raised."

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January 16

Through Kamal Adham, there are reports that Faisal is urging President Nimeri of Sudan to come to the US to make two points on Arab behalf: (a) That the US guarantee publicly and officially that Israel will follow "stage one" disengagement with eventual implementation of resolution 242 in all its parts and (b) that you personally conduct the Geneva negotiations.

January 17

Saqqaf tells Akins (a) he had met with Syrian Foreign Minister Khaddam who came to assure the Saudis that SARG wanted to cooperate fully with Egypt and Saudi Arabia; (b) the Saudis remained convinced their action in not lifting the oil embargo had been correct since disengagement might not have been reached -- but on basis of reports from Egypt they are not convinced it should be lifted promptly and the issue will be discussed with Sadat on Jan. 18. (c) the arduous path towards disengagement suggested the route ahead will be tough.

January 20

Saqqaf informs Akins that (a) the King has agreed the oil boycott should be lifted immediately with the understanding it would be reimposed if further moves towards peace are not made; (b) Saudi Arabia will take this action regardless of position of other Arabs. The focal point for this move is a planned Arab oil ministers meeting in Cairo on Jan. 22.

Saqqaf note to HAK expresses hope similar progress can be made on other fronts now to that swift agreement can be reached on Israel's total withdrawal and satisfaction of Palestinian rights. [No mention of oil.]

January 21

Yamani tells Akins that the King has decided to lift embargo and restore production to approximately to September levels but that the decision could not be implemented until it was ratified by Arab oil ministers -- a meeting which could

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not take place until Yamani's return from Japan in early February.

Saqqaf separately informs Akins that he and Fahd had urged lifting of the embargo soonest but that Yamani (as indicated above) opposed on basis that the Saudis could not move unilaterally, and that the King agreed with that position.

January 23

In Meeting with Akins, King Faisal variously makes the following points about oil: (a) Saudi Arabia wished it could lift the embargo immediately; he hoped therefore the US "would announce that the disengagement of forces along the Canal was simply the first step toward the complete end of Israeli occupation; once this announcement was made Saudi Arabia would have what it needed to influence other Arabs to join it in a lifting of the boycott." (b) "All that was necessary for the Arabs to lift the embargo was for the Israelis to complete their withdrawal as specified in the disengagement agreement. Once this was accomplished, Saudi Arabia would be better able to win the other Arabs to its own views on the boycott." (c) In response to Akins proposal [that, in connection with the state of the union message, the President be told that upon the start of Israeli disengagement around Jan. 25, SARabia would begin contacts with other Arabs, a favorable decision on lifting the boycott would be possible and the Pres. could say so in his state of union message] the King said that sounded possible and that "if the Israelis in fact begin their evacuation on schedule Saudi Arabia would begin contacts -- aimed at lifting the boycott -- with other Arab governments on Jan. 25."

Just prior to meeting with King, Saqqaf informed Akins that the King had given Yamani instructions on the Saudi position on the embargo: There were two possibilities -- the first would give the US the most favored nation treatment (i. e. to allow the US its September liftings or just lift the boycott completely which the Saudis favored); in either case, this would be for a specific period of 90 days. The second plan would be to lift the boycott partially -- 50% -- with no terminal date and with the understanding that the percentage would be increased with further steps towards peace.

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Saqqaf advised the US "go easy" on the King and especially advised the US not mention any commitments made by Sadat to HAK -- since the King is the ultimate arbiter of the oil embargo. Fahd separately expressed agreement with Akins and wished the embargo would be raised immediately.

January 27

Saqqaf informs Akins of message from Faisal to President (aimed at State of Union message) on oil, saying that in view of US efforts and the Saudi promise that "when a withdrawal of the Israeli forces begins, we shall undertake to contact the Arab states to obtain a lifting of the boycott against America, I should like to inform you we have begun to do just this. We hope that we will soon achieve positive results toward the realization of this goal." Later, Saqqaf said that the King said it was possible that the embargo would be lifted by the time the President gives his address but that if not, he would prefer not to be quoted as urging this action. He suggests the President saying he was in direct contact with an important Arab leader who had called for an urgent meeting of the Arabs to arrange the lifting of the boycott and that he (the President) has every reason to believe this action would be taken soon.

[Yamani makes statements in Tokyo on oil]

February 3

Saqqaf informs Akins of a message from Faisal to the President which makes the following points: (a) Saudi Arabia has found no support among other Arabs for the lifting of the embargo until after agreement is reached on an Israeli/Syrian disengagement. (b) Review of the issue will not be positive at the February 14 Arab oil ministers' meeting in Tripoli unless such a disengagement has been previously reached and implementation has begun. (c) Saudi Arabia strongly hopes the US can obtain this goal.

Saqqaf followed with oral points: (a) Kuwait, Algiers, Abu Dhabi all agreed with Syria's position that boycott not be lifted until disengagement begins on Syrian front. (b) Egypt agrees to its lifting immediately but Arabs in fact dismayed at the withdrawal agreement leaving only

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token Egyptian forces on east bank -- this is a complete surprise as the Egyptians had told the Saudis in November that your understanding with the Israelis was that two-thirds of three-fourths of Egypt's second and third armies would stay in place; the Egyptians have been had. (c) Asad had told Faisal explicitly that he would favor the boycott being lifted as soon as his disengagement begins. The Saudis might agree to this in writing. (d) The Saudis have long maintained that the key to peace lies in Damascus; it is asking too much to expect the Saudis to move along on something Asad had asked the Arabs not to do. (d) Disengagement on the Syrian front must occur before full confidence in the US can be restored.

February 3

Ashraf Marwan tells Ambassador Eilts that (a) Asad is seeking to persuade Faisal not to lift the oil embargo at the February 14 meeting; (b) Boumediene had agreed to Sadat's request that it be lifted and that apart from Kuwait and Libya all other states agreed with Sadat; (c) Faisal had personally assured him it would be unconditionally lifted at the Tripoli meeting; (d) the Egyptian Minister of Petroleum will take the lead on February 14. [Fahmi reaffirmed these Egyptian understandings on February 4.]

February 4

Saqqaf told Akins that Yamani was not authorized to make the statements he made in Tokyo. He blamed the US for building Yamani up.

February 5

Saqqaf unburdens himself on Akins about US policy towards the oil embargo. He argued that the Saudis had moved far in response to US wishes; the King had started by insisting the embargo be maintained until the 1967 borders, including Jerusalem, were restored; he then said it would be sufficient for the USG to form a plan for the complete Israeli withdrawal and then guarantee it; SAG then agreed that Israeli withdrawal 'beyond' the passes would be sufficient; finally they accepted the Egyptian/Israeli disengagement as a basis for trying to persuade other Arabs to approve the lifting. They had tried hard but failed -- they thought they had done a lot in getting general Arab agreement to lift the boycott once disengagement on the Syrian front begins and was even ready to confirm this in writing. Washington does not intend to put pressure on Israel. US policy will cause it to lose Arab friends, and the Saudis will have to reappraise its

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relations. He asked whether the US instructions could be withdrawn. He suggested a meeting with the King.