

ORIG: []

~~SECRET~~/RYBAT
classification

DATE 11 JAN 73

PRECEDENCE	ROUTINE	IMMEDIATE
	PRIORITY	FLASH

TO:

INFO:

CITE

~~SECRET~~

110939

Z JAN 73 STAFF

number

CITE TEHRAN []

TO: DIRECTOR

RYBAT []

REF: DIRECTOR []

TO KNIGHT FROM []

1. ALAM'S MOTHER'S FUNERAL HELD YESTERDAY. WILL CONVEY YOUR
CONDOLANCES FIRST AND AFTER DAY OR SO REF. [] AND AFTER DAY []

2. SAW [] ON 9 JANUARY FOR COUPLE OF HOURS. HE
EXPRESSED VAGUE MISGIVINGS ABOUT CONSTANCY OF U.S. POLICY TOWARD
IRAN. HE SAID HE CANNOT UNDERSTAND INABILITY OIL COMPANIES AND
USG TO ACCEPT HIS SALE PROPOSAL WITH ALACRITY. IF COMPANY TAX
POSITION IS A PROBLEM - AS COMPANIES SAY IT IS - THEN USG SHOULD
REVISE TAX LEGISLATION AS NECESSARY TO ENABLE COMPANIES TO
ACCEPT NEW RELATIONSHIP. POLITICAL ADVANTAGES ARE, IN HIS VIEW,
SO OBVIOUS AND SO COMPELLING AS TO MAKE HIS PROPOSAL MORE THAN
ACCEPTABLE QUITE APART FROM ITS ECONOMIC ADVANTAGES. IF OIL
AVAILABLE FOR PURCHASE BY ANYBODY, COMMUNIST PROPAGANDA COULD
NO LONGER ASSERT WITH ANY PLAUSIBILITY THAT WESTERN OIL MONOPOLIES
SUCKING BLOOD OF OIL PRODUCING COUNTRIES. COMMUNIST COUNTRIES

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GROUP 1
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Form 2220
3-64

OUTGOING

(20-44)

APPROVED FOR RELEASE
DATE: MAR 2008

HR70-14
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COULD NOT BUY, LACKING HARD CURRENCY AND SECURE FLOW OF OIL TO WEST WOULD BE ASSURED. AFTER ALL, HE WILLING TO PUT UP ALL REQUIRED CAPITAL FOR FUTURE EXPANSION AND IMPROVEMENT OF FACILITIES AND WILLING PAY FOR EXISTING PLANT AT ITS UNAMORTIZED BOOK VALUE. HE CANNOT UNDERSTAND OIL COMPANY ARGUMENT THAT TAX-WISE THERE IS DIFFERENCE BETWEEN OIL AT WELL-HEAD AND OIL BOUGHT AT END OF A PIPE CONNECTING WELL-HEAD TO TANKERS. ENTIRE PIPE IS IN IRANIAN TERRITORY AFTER ALL, AND UN HAS CLEARLY ENDORSED CONCEPT OF NATIONAL CONTROL OF NATIONAL RESOURCES - ENTIRE UN WITH EXCEPTION OF U.S. AND U.K, THAT IS.

3. HE ALSO UNABLE UNDERSTAND BACKING AND FILLING ON TAFT REQUIREMENT AND OUR CONVOLUTED EFFORT GET AS MANY PERSONNEL AS POSSIBLE UNDER CIVILIAN CONTRACTOR STATUS. DID THIS MEAN WE BACKING AWAY FROM CLEAR COMMITMENT MADE BY PRESIDENT?

4. HE HAD HEARD FROM BHUTTO WHO UNABLE UNDERSTAND U.S. POLICY TOWARD PAKISTAN. WHY HAD WE SO QUICKLY APPOINTED AMBASSADOR TO INDIA ^{WHILE} WHICH PAKISTAN REMAINED WITHOUT ONE? DID WE THINK WE COULD LIVE WITH THAT "AWFUL OLD WOMAN"? (LATTER IS [] QUESTION.)

5. SOMEPLACE DURING THIS EXPOSITION, RNOUSTAY WONDERED ALOUD

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(WHILE REGARDING THE CRYSTAL CHANDELIER AS IS HIS HABIT WHEN TRYING SOMETHING ON FOR SIZE) WHETHER YOUR APPOINTMENT SOMEHOW RELATED TO THESE SIGNS OF U.S. EQUIVOCATION.

6. IN RESPONSE TO ALL THIS, I SAID THAT I THOUGHT HE MIS-READING SIGNS. OIL COMPANIES ARE OIL COMPANIES AS HE KNEW FAR BETTER THAN I. CHANGE IN TAX STRUCTURE CANNOT BE ACCOMPLISHED BY DECREE. (AT THIS HE INTERRUPTED TO SAY "THEN WE WILL LEGISLATE"). TAFT PROGRAM UNIQUE IN OUR EXPERIENCE AND NATURALLY REQUIRED WORKING OUT A LOT OF BUGS AS IS ALWAYS THE CASE WHEN SOMETHING DONE FOR THE FIRST TIME. ATTITUDE OF CONGRESS ALSO HAD TO BE TAKEN INTO ACCOUNT. (HE IS NOT MUCH IMPRESSED WITH ARGUMENT WHICH ADDUCES CONGRESS AS A SIGNIFICANT FACTOR.) I SAID I SAW NO CHANGE IN U.S. POLICY TOWARD HIS COUNTRY AND REMINDED HIM THAT HE HAD EXPRESSED SIMILAR MISGIVINGS OFF AND ON DURING THE PAST FOUR YEARS. THEY HAD NOT MATERIALIZED, AS HE KNEW, DID HE REALLY SEE A CONNECTION BETWEEN YOUR APPOINTMENT AND HIS MISGIVINGS? HE SAID "NO, OF COURSE NOT. I TURN THINGS OVER IN MY MIND AND NATURALLY FIND ALL SORTS OF SPECULATION POSSIBLE. I HAVE TOLD YOU BEFORE THIS IS THE PERSIAN PSYCHOLOGY

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AND EVEN I CANNOT ALWAYS AVOID IT". (HE HAS TOLD ME THIS BEFORE.)

7. COMMENT: [Redacted] HAS GONE THROUGH THIS SORT OF THING OFF AND ON EVEN^R SINCE I HAVE KNOWN HIM. OFTEN IT HAS COINCIDED WITH A HANG-UP IN OIL NEGOTIATIONS. WE WENT ON TO "PHILOSOPHIZE", AS HE CALLS IT, FOR ANOTHER HOUR OR SO. HE DID NOT REVERT TO ANY OF THE POINTS MADE IN HIS INITIAL PRESENTATION.

8. I HAVE BRIEFED [Redacted] IN GENERAL TERMS ON MEETING.

9. EARLIER IN THE DAY I SAW RORED AT HIS REQUEST. HE OPENED BY SAYING THERE "LOTS OF NOISE" ABOUT YOUR APPOINTMENT. HE CITED EXAMPLE OF SOVIET AMBASSADOR'S REMARK TO HOVEYDA TO EFFECT YOUR APPOINTMENT OBVIOUSLY PRESAGED TIGHTENING OF IMPERIALIST GRIP ON AREA. HOVEYDA'S RESPONSE WAS THAT SOVIETS SENT ONLY THEIR TENTH RANKING KGB OFFICER AS AMBASSADOR TO IRAN WHEREAS U.S. SENT NUMBER ONE BKHERALD. (THIS ALL IN FUN, OF COURSE.) HOVEYDA WENT ON TO POINT OUT THAT IRANIAN AMBASSADOR TO FRANCE IS FORMER HEAD OF IRANIAN SERVICE AND OTHER IRANIAN AMBASSADORS HAD SERVED AT HIGH LEVELS IN IRANIAN SERVICE. RORED ASKED ME WHAT I THOUGHT. I OPINED PERSIAN PREDILECTION TO FALSELY ATTRIBUTE ALMOST ANYTHING THAT HAPPENS IN THEIR COUNTRY TO BIG

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POWER INFLUENCE - PARTICULARLY BKHERALD AND SMOTH - WOULD CERTAINLY NOT BE LESSEned. RADIO BAGHDAD AND ITS ILK WOULD ALSO FIND OCCASION TO REFER TO OUR SINISTER INFLUENCE. ON OTHER HAND, YOUR APPOINTMENT CLEAR INDICATION OF IMPORTANCE U.S. ATTACHES TO IRAN. RORED SAID HE AGREED ON BOTH POINTS ADDING HOWEVER, THAT TO HIM ANOTHER MAJOR FACTOR WAS [Redacted] PLEASURE AT YOUR APPOINTMENT. E2, IMPDET.

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