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18 July 1973

MEMORANDUM FOR: The Ambassador

SUBJECT: Contacts with the Fatah Leadership

1. During my stay in Beirut on 9-10 July I contacted a close associate of Fatah leader Yasir Arafat on the basis of a letter he sent to me requesting a meeting. As you know, I had a useful contact with this fellow in the past and his position in Fatah is fully established.

2. He started off by stating that the Palestinians, in particular Arafat, had been gratified that the U.S.G. has been mentioning "Palestinian interest" in its recent statements about the Middle East. The inclusion of this phrase in the Nixon-Brezhnev communique is considered significant. As a result of what Arafat feels is a new look in USG policy toward the Palestinian segment of the Middle East question, he requested this fellow to recontact me so that our former channel could be re-established.

3. I commented that I would forward this approach and any Fatah comments in the same channel as I had in the past, but that I could not predict the USG reaction. My contact said that significant changes had taken place in the Palestinian Movement since I had last seen him in early March 1973. He reiterated what he said at that time, which was shortly after the Khartoum murders. The fedayeen have no plans to go after individual Americans or American interests; Khartoum had made its point of causing the USG to take fedayeen terrorist activity seriously. He again insisted that no blackmail was intended, the men would have been killed in any event. He said that, while he could not guarantee complete immunity from terrorist acts, no one can stop a determined individual gunman. Arafat wanted the USG to know that he had "put the lid on" American operations by the fedayeen and that the lid would stay on as long as both sides could maintain a dialogue, even though they might have basic disagreements. This was not a threat, i.e. talk to us or else, but a recognition that talking was necessary.

4. My contact stated that fedayeen activity would be confined to two areas: Jordan and Israel, in that priority. A basic change in Fatah ideology has finally been accepted by the Fatah leadership. Israel is here to stay and to have as one's basic tenet the establishment of a democratic state of Jews, Muslims and Christians

APPROVED FOR RELEASE  
DATE: MAR 2008

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in what is now Israel, is just not realistic. But the Palestinians must have a home and that home will be Jordan. Arafat claims to have the agreement of all Arab States, "including Saudi Arabia in principle," to the replacement of the Hashemite Kingdom by a Palestinian Republic. Jordan, therefore, will be the prime target of the fedayeen, with acts of terrorism against Israel maintained to sustain the movement's credibility. Another change in tactics will be the eschewing of announcements of responsibility for terrorists acts. This only invites retaliation.

5. The Palestinian movement is now more unified than ever with Arafat and Fatah in undisputed control. Arafat can now move more boldly in enunciating his policies. The Soviets, particularly Soviet Ambassador to Lebanon Azimov, have been working hard to get Arafat to form a government in exile and accept the concept of a Palestinian entity, for the short term. Arafat opposes this, feeling that the establishment of an entity will give the Arabs an excuse to forget about Palestine. Arafat wants a real state or nothing.

6. With regard to the USG, Arafat would like the answers to the following questions:

- A. What does the USG mean when it says Palestinian interest?
- B. How does the "Peaceful Solution" take into consideration Palestinian interests?
- C. Is there any considerations being given to the Palestinians in plans for a partial or interim solution? If so, what are they?
- D. How can any solution be meaningful while Jordan exists?

I commented that I did not know whether the USG would address itself to such provocative questions, but that I would pass them on.

7. In the course of the conversation some interesting intelligence was gathered. The Palestinians are greatly concerned that certain right-wing Lebanese leaders and the Jordanians will try to provoke a second round of fighting between the Palestinians and the Lebanese Army. Arafat has made it clear to all that a

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second round must be avoided at all costs. The Palestinians will not respond to anything less than an all out attack on their camps. Arafat has made this clear to the Lebanese, Syrians and Saudis. Any renewal of fighting must come from the Lebanese and it will be unprovoked. Should such an attack occur, Fatah will use bomb and incendiary squads in Beirut and burn the city. It will also spread the fighting throughout the country and call on all Arab countries to come to its assistance. On the confrontation countries, Syria is considered to be more apt to start something than Egypt. The Syrians "talk less and do more" than the Egyptians. King Husayn is starting to feel his complete isolation in the Arab World and Fatah is working hard to keep the pressure on him, thinking he will break under the strain. The individual blown up in June 1973 in Paris, Muhammad Budia, was a BSO leader, personally recruited in the past by Ali Hasan Salamah, a Fatah intelligence officer.

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MEMORANDUM FOR: The Ambassador

SUBJECT: Saudi-Iranian Relations

1. During a conversation I had with King Faysal's intelligence advisor, Kamal Adham, on 12 July he commented that the only thing standing in the way of full, overt cooperation between Iran and Saudi Arabia was the question of the Tunbs Islands. Adham said that the islands did not represent something on which the King would be inflexible or irrational, such as Baraymi has been, but rather, as the most influential Arab leader in the Gulf, the role of "sustainer of the islands issue" had been thrust upon him. Closer overt cooperation with Iran, while the islands are still an issue, would lay the King open to attacks on his Arabism and cast Saudi-Iranian relations as conspiracy rather than cooperation.

2. Adham said that any solution worked out between Iran and the United Arab Emirates (UAE) would be completely acceptable to King Faysal and, in fact, would get this issue off Faysal's conscience. Adham pointed out that Iran has relations with the UAE (Saudi Arabia does not) and that the problem should be able to be solved easily. Once solution to the problem is announced, whether the means be compensation, rental or cession, Saudi Arabia will open all doors to full cooperation.

3. In the meantime, the Saudis welcome Iran's interest in the Gulf and wish to encourage Iran's continued involvement in Gulf affairs. The Saudis do not fear Iran or Iran's intentions in this regard.

4. Comment: Shortly after this conversation Saudi Minister of Defense and Aviation, Amir Sultan bin Abd-al-Aziz, mentioned in a speech given to graduating air cadets, that Saudi Arabia sought cooperation with Iran in providing for security in the Gulf. The fact that Ahwaz Radio noted Sultan's speech, although it could not miss the chance to dig Sultan for not including the UAE in his remarks, is also encouraging.

Robert Ames

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