

MEMORANDUM

THE WHITE HOUSE
WASHINGTON

SECRET/NODIS/XGDS

MEMORANDUM OF CONVERSATION

PARTICIPANTS: President Ford
Hushang Ansary, Iranian Minister of Finance
and Economy
Dr. Henry A. Kissinger, Secretary of State
Brent Scowcroft, Assistant to the President for
National Security Affairs
Ardeshir Zahedi, Ambassador of Iran

DATE AND TIME: Monday, March 29, 1976
4:34 - 5:18 p.m.

PLACE: The Oval Office

Ansary: His Imperial Majesty asked me to convey his very best wishes to you.

President: Will you please reciprocate for me? I really enjoyed our meeting together and I appreciate our association.

I do want to know I hope we can work out an agreement. I think it would be beneficial to both countries. Henry, would you outline where we are?

Kissinger: We have been talking a five-year agreement which would be above Iran's current production. We are now looking at FEA authority to buy 500,000 barrels a day for five years for storage. The problem is at the production end, before the storage is ready. We have several ideas for dealing with that. If we can solve that, we can get a deal in outline and complete it when we get the appropriation.

President: I am sending up the appropriation either tomorrow or Wednesday.

Kissinger: Assuming that passes without controversy.....

SECRET/NODIS/XGDS

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E.O. 12958, SEC. 3.5
NSC MEMO, 11/24/98, STATE DEPT. GUIDELINES, State Adviser 3/12/04
BY: [signature] NARA DATE 6/17/04



~~SECRET~~ - XGDS (3)
CLASSIFIED BY: HENRY A. KISSINGER

President: Yes, it is one area where I and the Congress agreed.

Kissinger: Then we could complete it a couple of weeks after Congressional action.

Ansary: I would like to express His Majesty's interest in this agreement.

His Imperial Majesty is very concerned about the world scene -- the Soviet Union moving in various parts of the world, such as Angola, and the possibility of cutting Africa in half by a linkup with Mozambique.

He feels the declaration of independence by the European Communist Parties is a good sign.

He thinks the strength and authority of the United States is essential for the Free World. He realizes the US can't take the initiative on all fronts on its own.

President: You can assure His Majesty that the Secretary and I have agreed on every policy decision since I have been President.

Ansary: Iran can accept responsibility for peace and stability in the Gulf area. Our flourishing economy has permitted us to establish great trade with the US. When I was here we established a Joint Commission at the level of \$15 billion of trade. That has now grown to \$25 billion. As you know, for now we depend heavily on the export of oil. His Imperial Majesty appreciates your support of this progress because it lets us carry out our program and also provides a great quantity to the US and helps you with your recession. We know this is an election year and we all send you best wishes for success, and His Imperial Majesty is looking forward to your victory and working with you in the period ahead.

We have been working at this project for over 18 months without results. We hope with your support it can be brought to an early decision.

President: When we started we thought we had to use DOD and there were some bureaucratic problems with this. With this new authority I think we can move. I can assure you my interest is for something being done.

Ansary: I appreciate that because it is important in enabling us to continue our program. We will be meeting again after this meeting and I only hope the expectations don't exceed the possibilities and I can report back to His Imperial Majesty that things are moving well.

Kissinger: It may be that Zarb's first expectations may be a bit excessive and that my friend's first offer may not be his last.

Ansary: We have our obligations within the OPEC and our friendship with the US. It would be bad if we started off on the wrong premises.

Kissinger: Zarb may have excessive ideas, but I suggest that to avoid endless haggling you make him your best offer.

We have to get enough to justify giving Iran a preferred role in the storage program, but we don't want to humiliate you.

Ansary: We have been dragging this out for 18 months. His Imperial Majesty thinks that some people here seem to think that if you hold out the oil price will drop. That won't happen, and His Imperial Majesty thinks that would not be in your interest, for developing alternative sources.

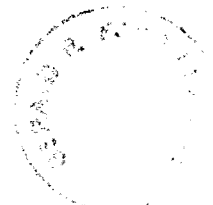
President: Zarb, in defending his program before the Congress, will have to show his deal is better than dealing in the open market.

Kissinger: That is why we think the appropriation should go through before we close the deal.

Zahedi: One other point: We are now giving 2% of our GNP to aid countries like Pakistan, Turkey, Senegal, etc., so we would be taking some of your burden from you and which we couldn't do if this program doesn't go through.

President: I appreciate that. Our problem is one of public opinion here. I am for the program and I will do all I can to complete it.

Ansary: On the question of procedure: Our impression is the various agencies of government buy from the majors. We know at what price the majors buy. If you want more than that, I think that is negotiable.



Kissinger: In other words, we are talking about the profit margin of the majors.

Ansary: Two other small matters. Regarding imports of LNG into the US, there are restrictions of one trillion cubic feet per year. We are concerned at these limitations. We know that you have negotiated for a deal with Algeria and others. Your requirements are growing without the prospect of increasing your domestic production. We are planning a project which would raise the total to 1.4 trillion cubic feet. We would hope there is some flexibility here.

President: I'm not too familiar with this.

[Discussion]

The 1 trillion cubic feet of imports is just a planning figure -- it's not a fixed amount.

Ansary: I will tell His Majesty.

His Imperial Majesty has just returned from Pakistan. Things are going well there. We have discouraged any ideas of revenge against India and we are helping them financially.

President: We are making equipment available. How is it going?

Scowcroft: Slowly, but it is moving.

Kissinger: The problem is financing.

Ansary: We are helping there.

We support you in the Middle East but we think sooner or later something has to be done to get Israel to move.

Kissinger: If you would tell His Imperial Majesty we are determined to press on. We have difficulties this year but we won't let things stagnate.

Ansary: His Imperial Majesty hopes you will continue assistance to Egypt. We have promised about a billion. It is essential to help them and we hope you will do so and also encourage others, like the Saudis to do likewise.

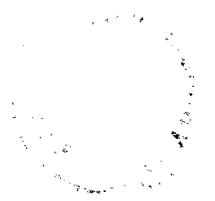
President: We are determined to help. We are helping economically and we have done a little militarily, but we have to move slowly there. But I think we will get the support of the Congress.

Zahedi: His Imperial Majesty was very pleased with the announcement of the sale of the C-130's.

Ansary: His Majesty is so concerned with conditions around the world. The United States is the key, and he wishes you success in the elections and for the maintenance of US influence around the world.

President: The nomination is sure; the election will be tougher but I think we will be okay. We will move after that.

Ansary: We really feel strongly about the essentiality of the US role in the world.



Call Nixon
NYT
VP summary

James
min of
of 6/20/76
P/Min. ^{Husheng} Ansary IK ✓

29 Mar 76 4:34-5:18 pm

A His ^{suggestion} project will be to ensure his very best wishes

P Will you please ~~contact~~ ^{contact} for me. I clearly enjoyed our visit together & I appreciate our association.

I do want you to be in I hope we can work out an agreement. I think it would be beneficial to both countries. If any, would you outline where we are

K At a time been within a 5-yr agreement which would be above Iran prod. We are now looking at FEA contribution to by 5 ~~assess~~ / day for 5 yrs for storage. The port is at port only before it storage is ready. We have several ideas ^{plans} for that. If we can solve that, we can get a deal in contract & weight it when we get the appoy.

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K Then we could complete it a couple of weeks after Camp's return.

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H.M. is very concerned about a world scene - a SD moving in various parts of world - Angola & possibility of cutting Africa in 1/2 by looking up w/ Iraq & Libya. He feels declaration of edge by E in Cuba is a good sign.

He thinks strength & authority of US is essential for a free world. He realizes

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C S.S. can't take initiatives on all fronts on his own.

P You can assure H.M. that I & I have agreed on every policy decision since I have P.

A I can accept exp for peace & stability in a conf area. Our planning economy has permitted us to extract great work w/c U.S. When I was here we extract a ft-horse at 15 bill of trade. That has now grown to 25 bill. As you know, for now we dep. ~~the~~ benefit on X of oil. H.M. appreciates your support of this prog because it lets us carry out our prog & also rely on your support & U.S. help you w/ your mission. We know this is an election year & we all need your best wishes for success & H.M. is looking forward to your entry & working w/ you in period ahead.

We have been working at this prog. for over 16 mos w/ ~~our~~ results. We hope w/ your support it can be brought to early decision. When we started we had no budget & that with some bureaucratic prob. w/ this now authority I think we can move. This I can assure you my interest is for something being done.

A I appreciate that because it is important in enabling us to continue our prog. We will be out again after the vote & I only hope C's expectations don't speed C's prohibitions & I can report back to H.M. that ~~the~~ things are moving.

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P Fair, in depending his program before long, will have to show his deal better than dealing in capital market.

K That is why we think program should go thru before we use a deal.

Z One other point, we are now giving 2% of our GNP to aid countries like Pakistan, ^{Turkey} ~~Indonesia~~, etc so we would be taking some of your budget from you & which we couldn't if this program doesn't go thru.

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c majors. We know at what price c majors ~~sell~~ buy. If you want more than that, I think that is negotiable.

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(S) Regarding M of LUG into US \$ restriction of ~~total~~ ^{total} ft^3 /yr. We are concerned at these limitations. We ~~can't pay~~ ^{hope that you have} that you would continue negot for deal w/ Algeria + Tunisia others. Your requirements are growing w/o prospect of 1 domestic prod. We are planning proj. which would raise a total to 1.4 bil ft^3 . We would hope there is some flex here.

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(Discussion)

The 1.4 bil M is just a planning figure - not a final amt

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H/M has just returned from Pakistan. Things going well there. We have downgraded any orders of weapons against India & we are helping them ~~both~~ financially

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- winter
Revision

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