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~~TOP SECRET/SENSITIVE~~ [REDACTED]

Z SEP 73

CITE TEHRAN [REDACTED]

DELIVER AT OPENING OF BUSINESS

TO: BRENT SCOWCROFT/HAL SAUNDERS (EYES ONLY), WHITE HOUSE,

WASHINGTON

FROM: AMB. HELMS, TEHRAN

REF: WH31980

1. MANY THANKS FOR YOUR MESSAGE ON CONTINGENCY PLANNING FOR SAUDI ARABIA. IT IS MOST HELPFUL. IT SEEMS TO ME TO COVER THE CONTINGENCIES MOST LIKELY TO ARISE. CONSIDERING THE POSSIBLE COMPLICATIONS AND ESCALATIONS WHICH MIGHT DEVELOP OUT OF SOME OF THE HYPOTHETICAL COURSES OF ACTION, I PROFOUNDLY SHARE YOUR HOPE THAT WE CAN FIND MEANS OF PREVENTING THE CONTINGENCIES FROM DEVELOPING.

2. THE SHORT TERM DANGER TO STABILITY IN SAUDI ARABIA HAS BEEN REDUCED, I THINK, BY KING FAYSAL'S NEWLY STRENGTHENED ENTENTE WITH PRESIDENT SADAT. WHILE THE BASIC PROBLEMS OF ADOPTING TRADITIONAL SAUDI INSTITUTIONS AND ATTITUDES TO MODERN REQUIREMENTS WILL REMAIN, FAYSAL'S INITIATIVE WILL PROVIDE TEMPORARY RELIEF OF PRESSURE ON HIS REGIME.

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3. BY MAKING SADAT MORE DEPENDENT ON HIM, FAYSAL HAS DEPRIVED ANTI-ROYALIST SAUDI ELEMENTS OF ONE OF THEIR TRADITIONAL POTENTIAL SOURCES OF OUTSIDE SUPPORT. HE HAS IMPROVED HIS IMAGE WITH ARAB NATIONALISTS BY PUBLICLY WARNING THE UNITED STATES THAT INCREASES IN SAUDI PETROLEUM PRODUCTION WILL BE CONDITIONED UPON THE USG'S ACTION VIS-A-VIS THE ARAB/ISRAELI PROBLEM. BY PROVIDING SADAT WITH THE FINANCING REQUIRED FOR ECONOMIC DEVELOPMENT AND ACQUISITION OF ARMS FROM WESTERN EUROPE, HE HAS MADE IT POSSIBLE FOR SADAT TO REDUCE HIS ECONOMIC AND MILITARY DEPENDENCE ON THE SOVIET UNION. WESTERN EUROPEAN COUNTRIES WILL NOW FIND IT EASIER TO FOLLOW THEIR OWN SELF-INTEREST IN SELLING SOPHISTICATED ARMS TO EGYPT JUST AS THEIR SELF-INTEREST IN INSURING ACCESS TO ARAB OIL SUPPLIES HAS LED THEM POLITICALLY TO DRAW AWAY FROM ISRAEL AND THE UNITED STATES. AT THE SAME TIME FAYSAL HAS NOT COMMITTED HIMSELF TO A SELF-PUNISHING COURSE OF IMPOSING A TOTAL OIL EMBARGO ON THE U.S. OR WESTERN EUROPE. HE HAS ONLY INDICATED AN INTENTION TO LIMIT THE RATE OF PRODUCTION AS A MEASURE TO PRESSURE THE UNITED STATES.

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CONTINUING SALE OF OIL IS DEPICTED AS A MEANS OF STRENGTHENING EGYPT AND THE ARAB FORCES CONFRONTING ISRAEL. BY THIS COURSE FAYSAL HAS REDUCED HIS VULNERABILITY TO NATIONALIST ARAB PRESSURES AND TO INTERNAL MILITARY OPPOSITION. HE HAS GIVEN SADAT AN EXCUSE TO AVOID MILITARY CONFRONTATION AND HAS REDUCED THE LIKELIHOOD OF A WAR, WHICH MIGHT HAVE DISASTROUS CONSEQUENCES FOR THE SAUDI REGIME. HIS COMMENTS IN THE INTERVIEW WITH NEWSWEEK'S NICHOLAS PROFFITT WERE CAREFULLY PHRASED AND REFLECTED HIS EARLIER REPUTATION FOR SHREWDNESS, BADLY ERODED IN THE LAST FEW YEARS BY HIS CRANKY DENUNCIATIONS OF ISRAEL AND THE "COMMUNIST-ZIONIST" PLOT TO CAPTURE THE WORLD. IN THIS INTERVIEW FAYSAL EXPRESSED OPPOSITION ONLY TO "ZIONIST EXPANSIONIST AMBITIONS" AND ISRAELI "RETENTION OF WAR GAINS". THIS LEAVES ROOM FOR NEGOTIATION.

4. IN THE SHORT RUN, THEREFORE, FAYSAL HAS REGAINED PRESTIGE AND IMPROVED HIS POSITION VIS-A-VIS HIS YOUNGER BROTHERS AND THOSE ANTI-ROYALIST ELEMENTS WHO WOULD LIKE TO CHANGE THE REGIME. THIS HAS REDUCED THE LIKELIHOOD THAT SOME OF THE CONTINGENCIES YOU HAVE LISTED WILL ARISE IN THE NEAR

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FUTURE.

5. I HAVE ASKED THE SHAH TO THINK ABOUT WHAT COURSES OF ACTION HE BELIEVES HE COULD TAKE IN CERTAIN CONTINGENCY SITUATIONS. WHEN AND IF WE CAN GET THE BENEFIT OF HIS IDEAS, WHICH WILL BE ESSENTIAL FOR ANY REALISTIC PROJECTION OF AN IRANIAN ROLE, I WILL SEND THEM ALONG WITH MY OWN THOUGHTS FROM THE PARTICULAR PERSPECTIVE OF TEHRAN.

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