

~~SECRET/EYES ONLY~~ [REDACTED]

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CITE TEHRAN [REDACTED]

DELIVER AT OPENING OF BUSINESS

TO: DR. HENRY A. KISSINGER (EYES ONLY), WHITE HOUSE, WASHINGTON

FROM: AMB. HELMS, TEHRAN

REF: TEHRAN 060

1. DO YOU WANT THESE MESSAGES IN FUTURE ADDRESSED AS ABOVE OR DO YOU WANT ME TO SEND THEM TO BRENT SCOWCROFT FOR YOUR ATTENTION? I ASK ONLY BECAUSE HAZARDS OF MISROUTING ON COMMUNICATIONS CIRCUITS ARE NOW MANIFESTLY INCREASED.

2. THERE FOLLOW A FEW SHORT ITEMS ON TRENDS IN THE PERSIAN GULF AREA:

A. KUWAIT - PARIS HIJACK INCIDENT HAS DEALT BLOW TO FEDAYEEN MOVEMENT IN KUWAIT. KUWAITIS WERE FURIOUS AND BLAME ALL THE ORGANIZATIONS FOR THEIR FAILURE TO CONTROL MEMBERS. KUWAITIS SHOWED UNUSUAL TOUGHNESS AND DECISIVENESS IN HANDLING THIS AFFAIR. GOK NOW IN PROCESS OF DIVIDING UP 600 MILLION DOLLAR DEFENSE PIE. ALTHOUGH TANKS AND PLANES ISSUE STILL NOT DECIDED UPON, IT APPEARS U.S. WILL GET LARGEST SLICE INCLUDING CONSTRUCTION, RADAR AND MISSILES. STRIKE AT AMINOIL HAD SOME

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ANTI-AMERICAN OVERTONES BUT GOK TOOK HARD POSITION VIS-A-VIS UNIONS. THEY DO NOT WANT SIDE ISSUES TO MUDDY NEGOTIATION WATERS.

B. OIL - WITH PRICE NEGOTIATIONS ON THE DOCKET FOR EARLY OCTOBER, IT APPEARS THE GULF STATES WILL SETTLE FOR 51 PERCENT PARTICIPATION. THE NEW PRICES WILL GIVE THE STATES ALL THE MONEY THEY NEED AND PARTICIPATION WILL TAKE BACK BURNER. ~~RE~~ DISCUSSION OF LIMITING PRODUCTION LOOKS LIKE NEXT BIG ISSUE.

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C. GULF STATES - THE PARTICIPATION OF GULF STATE LEADERS IN THE NON-ALIGNED CONFERENCE AND THEIR ONWARD TRAVEL TO THE U.K. FOR ANNUAL HEALTH CHECK-UPS GAVE THESE LEADERS AN UNUSUAL OPPORTUNITY TO MEET AND DISCUSS STICKY ISSUES. FAYSAL AND ZAYID ACTUALLY TALKED ABOUT BURAYMI, AND QABUS AND ZAYID TALKED ABOUT AID. THESE INFORMAL TALKS BROKE A GOOD DEAL OF ICE AND WERE THE MOST POSITIVE POLITICAL EVENT IN THE REGION IN RECENT YEARS. ZAYID IS SENDING SOME TROOPS TO OMAN SO THAT OMANI TROOPS CAN BE RELIEVED FOR DUTY IN DHUFAR. FAYSAL AND ZAYID HAVE AGREED TO ACTUALLY SIT DOWN AND TALK ABOUT BURAYMI FOR THE FIRST TIME IN ALMOST 20 YEARS.

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D. SAUDIA - WHILE THE NEW SHOW OF COOPERATION AMONG THE GULF ARABS IS DUE PRINCIPALLY TO THEIR WORRIES ABOUT THREATS TO THEIR INTERESTS FROM THE PDRY, PFLOAG, AND IRAQ, IT CAN ALSO BE TRACED IN PART TO A GROWING FEAR OF IRANIAN CAPABILITIES AND INTENTIONS. FROM THE ARAB SIDE OF THE GULF IRAN IS LOOKED UPON AS A PROTECTOR TODAY WHO COULD SEEK DOMINATION TOMORROW.

SAUDIA'S NEW LINKS WITH EGYPT WERE FORGED MAINLY FOR INTER-ARAB AND INTERNAL REASONS BUT THEY ALSO SERVE TO STRENGTHEN THE SAUDI POSITION RELATIVE TO IRAN.

E. DHUFAR - THE MONSOON IS OVER AND THE MILITARY SEASON IS ABOUT TO RECOMMENCE. BOTH SIDES APPEAR CAUTIOUS. THE OMANIS DO NOT WANT TO PERMIT PFLOAG ANY EARLY SUCCESS TO GIVE PFLOAG MOMENTUM, AND PFLOAG, WHICH LOST MANY MEN THROUGH DEFECTION AND WAS UNABLE TO SUSTAIN A FLOW OF SUPPLIES TO THE MOUNTAINS, IS NOT SURE OF THE KIND OF RECEPTION IT WILL FIND IN ITS FORMER "SAFE" AREAS. IT LOOKS LIKE BORDER SKIRMISHES FOR THE TIME BEING. INCIDENTALLY, RECENT VISITORS TO DHUFAR HAVE NOTHING BUT PRAISE FOR THE IRANIAN CONTINGENT. ~~IT IS~~ <sup>IT IS</sup> ~~THEY ARE~~ <sup>HAS</sup> AGGRESSIVE, DISCIPLINED AND ~~HAVE~~ <sup>HAS</sup> AN ESPRIT DE CORPS UNUSUAL FOR THE AREA.

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