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SECRET/NODIS/CHEROKEE

MEMORANDUM OF CONVERSATION

PARTICIPANTS: President Anwar al Sadat
Secretary of State Henry A. Kissinger
Foreign Minister Ismail Fahmy
Presidential Counselor Dr. Ashraf Marwan
Ambassador Hermann Frederick Eilts

DATE AND PLACE: May 1, 1974, Alexandria, Egypt

SUBJECT: Points Discussed by the Secretary in Meeting with President Sadat, May 1, 1974

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Summarized below are the points discussed by the Secretary with President Sadat and two of his advisors in the course of a three-hour meeting held on the evening of May 1, 1974, at the President's Rest House in Maamura, near Alexandria.

**Syrian-Israeli Disengagement**

With respect to Syrian-Israeli disengagement, the Secretary noted that the Israeli Cabinet had met the previous day to discuss the matter. No decision had been taken and another meeting was expected to take place the following day. The Secretary stressed that he expected the upcoming disengagement talks to be extremely difficult, but remained hopeful that something could be worked out. In this connection, the Secretary said he wished to clarify and to reaffirm several pertinent points with President Sadat.

1) **Lines**

The Secretary said he hoped to be able to get Qunaitra and a few kilometers west and south of the town. If he is successful, the area between the October 6 line and the withdrawal line would become part of an UN zone in which there might be Syrian civil and police administration. In addition, there would be a demilitarized zone. The Secretary asked if the President would support this. President Sadat responded in the affirmative.

In the United Nations zone, the Secretary continued, there should be UNEF rather than UNTSO troops. Was this correct? President Sadat recalled that Asad had told him as early as last November that it would be difficult to accept a large group of UN forces. The reason for this, the President explained, was that the Golan is inhabited. Instead, therefore, President Asad preferred to have observers. Nevertheless, the President opined that Asad would probably accept a small contingent of UN forces. The Secretary pointed out that UNEF has no Soviet participation. He added that the size of the force is not important and that this should be left to the United Nations. Clearly, however, there should this would involve the two superpowers. The President agreed.
The President asked how the Secretary envisaged his talks might evolve during the first and second visits to Israel. The Secretary noted that perhaps because of Israeli public opinion, the Israelis may be very "terrible" on first visit. Conceivably, therefore, it may not be possible to get anything until Sunday. President Sadat suggested that the Secretary tell Asad to have some patience and foresight. He recalled that Asad tends to see issues in black and white terms.

The Secretary inquired whether, if Asad is difficult, President Sadat would go to war. The President responded that if the zone between the October 6 and the withdrawal line is to be UN territory, why should Qunaitra not be entirely returned to Asad? The Secretary stated that he would try, but reiterated that the Israelis may be difficult on this matter. President Sadat opined that Asad should have Qunaitra back in full and without UN forces. The Secretary asked how much of the President's views could be passed on to the Israelis. The President responded that as much as the Secretary saw fit to pass on. Here Fahmy interjected that as long as the Israelis understand that the Soviets might otherwise be coming into the UN zone, perhaps they would agree on the return of Qunaitra. Noting that the consequences of failure would be disastrous for Israel and for all parties, the Secretary said he had told the Israelis that if war broke out, Egypt might have to go to war.

Fahmy adverted to the June 1 Petroleum Ministers' meeting in Cairo. If nothing on Syrian disengagement has happened by that time, he feared there might be pressures for a renewed oil embargo. This would revive American public criticism and a "vicious circle" would again be set in motion. The Secretary thought that he could manage American public opinion. The New York Times and the Washington Post might be critical, but he believed he had been able to enlist public support. He recalled a recent incident during the visit of the Mexican Foreign Minister which demonstrated the public support for him. He had also recently met with former Secretary Rusk and others to explain his objectives.

Fahmy advised that if Asad proves difficult, the Secretary should speak to him in terms of a long-range strategy and seek to place Syria on an equal footing with Egypt. The President pointed out that Asad has some people who are pro-Soviet. If Asad could be made to understand that there is a
long-range US strategy connected with Syria, he thought this would help. The Secretary asked if this would pose no problem to Egypt. The President replied, "No, not at all." The Secretary also pointed out that $100 million had been included in the economic aid to the Congress to be used for unspecified purposes. This should enable us to provide economic aid to Syria once disengagement takes place. The President expressed his approval.

(3) Geneva Conference

The Secretary recalled that he had told Gromyko that after disengagement had been completed, we might be ready to reconvene the Geneva Conference. Gromyko had asked if Ambassador Bunker might return to Geneva to meet with Vinogradov. The Secretary had responded that Bunker would go back in a week or two, i.e., after Syrian-Israeli disengagement.

So far as another meeting with Gromyko is concerned, the Secretary noted that if rapid progress is being made, it might just be possible to meet with Gromyko again in Cyprus just before the end of negotiations (when they are "98 percent" completed). The President suggested that an American proposal be made to Asad as a means of avoiding Soviet involvement. The Secretary thought this could be handled. He noted, nevertheless, that Gromyko has a mischief making capability. He assured the President that we will do nothing with the Soviets that the President has not been told about. The President expressed gratification.

U.S.-Egyptian Relations

(1) Economic

The Secretary said that we had explained to the Senate that we might have to come back later in the year for additional funds. In connection with the $250 million request for economic aid for Egypt, he explained $20 million will be for Suez Canal clearance, $80 million for commodities and $150 million for reconstruction purposes. He noted that the foregoing division was subject to the President's preferences. In addition, we hope to assist with some PL-480 commodities. Thus, for example, we have approved $10 million for tobacco and 80,000 tons of wheat for this year. After July 1, the Secretary continued, we will give Egypt top priority for PL-480. The President expressed his appreciation.
(2) **Bilateral Commission**

Referring to a possible United States-Egyptian bilateral commission which had been discussed the previous evening, the Secretary asked who, if such a group is set up, should chair it? The President noted that the Egyptian-German bilateral commission is being chaired by the Foreign Ministers and that economic matters will be handled in appropriate sub-groups. It was decided that the two Foreign Ministers should chair the US-Egyptian commission and that the Secretaries of Treasury (or equivalent) should be the vice chairmen. The latter might handle a sub-group to look into economic matters. The Secretary pointed out that such a commission should enable both of us to plan three to five years ahead. The Secretary reiterated that we will make a massive effort to give Egypt top priority in connection with food and fertilizers.

We will also use our influence with the United Kingdom on economic aid for Egypt, though the UK is not currently in a position to do much. We will continue to do the same with Germany. Here the Secretary recalled that he had earlier already discussed this subject with Brandt. The President reiterated that this was clear to him from Brandt's comments.

The President noted that a joint Egyptian-UK venture had been established for the manufacture of helicopters. The Secretary said he had been asked in London if the British should go ahead with military sales to Egypt. He had responded in the affirmative. The Secretary had also done so with the Chinese. He asked that the Egyptians let him know how these projects develop.

(3) **DC-9/10's**

The Secretary said he understood that the President had asked that he approve some DC-9/10 sales to Egypt and that he is prepared to do so. The President did not seem to be aware of this subject. Fahmy explained it to him in Arabic. The President thereupon indicated that he will be in touch with us when this subject is final.

(4) **"Hot Line"**

Adverting to the "hot line" project, the Secretary said he wished to provide some clarification on financing. If cable is to be used, the United States will pay for it.
If the Egyptian Government wishes to use an earth station, it should pay for the station and we will pay for the remainder. The President indicated that Egypt had already agreed to work with the Japanese on an earth station. The Secretary asked the President to let him know when to proceed on this matter.

(5) Arms Sales

The Secretary then raised the subject of arms assistance for Egypt. So far as Egypt's immediate requirements are concerned, he thought these could be sold to Kuwait and/or Saudi Arabia and be transferred to Egypt by one or another of these governments. Should the Government of Egypt be interested, we might later this year move toward direct arms sales. The President responded immediately that he is interested in direct arms sales.

In connection with a list for purchase through the Kuwaitis, the Secretary noted that some items on it, e.g., the Maverick and others, are specifically configured for Phantom aircraft. His experts had indicated that they were not sure they could be fit on MIG's. The President opined that he did not think the Soviets will send the promised MIG-23's.

The Secretary pointed out that the Israelis are beginning a campaign in the United States against arms for Egypt. It is essential, therefore, that we avoid discussing the subject publicly and that any reference to it be in general terms only. Otherwise, he cautioned, the Israelis will also try to kill economic aid for Egypt. By October of this year, the Congress should have passed the economic aid bill. Thereafter, even if a new bill is not passed early in the new fiscal year, we can proceed on the basis of the "continuing resolution."

The Secretary then showed the President a list of military equipment which we are willing to sell. The President and Fahmy read it with great interest. The President commented several times "marvelous, marvelous." The Secretary stressed that we must handle this matter intelligently. Specifically, we should sell those items first which are not likely to create public furor. We can permit the Saudis to purchase Phantoms since there has already been talk of Phantom sales for Saudi Arabia. Perhaps bombs might be sold early next year or, conceivably, in the second half of this year. He also spoke of the TOW in this time framework. The Secretary
stressed that we would not "play games" with Egypt on this subject. There are, he noted, certain delivery schedules. Thus, for example, some items may take a year to 15 months. In any case, we should think in long-range terms in connection with Egypt's arms requirements.

The President asked how the Pentagon now viewed him. In responding the Secretary noted that we sell arms in three procedures: (a) commercial cash sales which the US Government licenses, (b) credit sales (He noted most arms for Israel are under this arrangement.) and (c) grant. The grant budget, he pointed out, is relatively small. Credit may be on concessional terms. It was the Secretary's recommendation that in the second half of this year we begin moderate cash sales in the amount of perhaps $50-100 million. We might then shift to credit sales next year. The Secretary stressed that should there be an emergency and Egypt is suddenly cut off by the Soviets, we will speed up arms sales. "We will not let you be the victim of the policies you have so courageously pursued," the Secretary said, "if we can help it."

The Secretary also referred to the German "Leopard" tanks as a possible item for the Egyptian military inventory. He cautioned, however, that the FRG might have a domestic problem in selling such tanks. He inquired if the President had spoken with Brandt about the matter. The President responded in the negative. He understood some "Leopard" tanks were being sold by Germany to Yugoslavia. The President wondered if five or ten Leopard tanks could be obtained from the FRG through Yugoslavia. This would enable his military to test its suitability. Alternatively, the Secretary suggested, the Government of Egypt might send some officers to Yugoslavia. The Secretary promised to look into this matter. The President asked that the Secretary prepare Brandt for such a request. He noted that Brandt, when here, had been "a bit close." Bahr had explained to him, however, that people from North Germany are that way. The Secretary cautioned the President about Bahr.

The Secretary continued that we would have no objection if Egypt also obtains arms from France. The President pointed out that last year Saudi Arabia had bought from France some Mirages for Egypt. He thought delivery would be in May.

The President referred to the maintenance problem which a diversification of arms sources would pose for him. He said he would much prefer to get his arms mainly from the United States to lessen his maintenance problem. He added that Egypt
will send China a message asking it to accelerate the delivery of the repair workshop for MIG's. The President recalled that he had lost half of his fighter bombers and half of his fighters during the October War. These had to be replaced. He totaled up his sources as follows: two squadrons of Mirages to be purchased through Saudi Arabia, one squadron of Mirages to be purchased through Abu Dhabi, and one squadron of Phantoms to be purchased through Saudi Arabia.

The President also noted his long coastline and resultant naval requirements. He said he would also need United States help in this sphere. He would be in touch with the Secretary on this matter once his strategy had been worked out. The Secretary said that we would tell the Egyptians what we can and cannot do. In this connection, he pointed out, that it will be easier to sell defensive rather than offensive hardware.

The President observed that, in his view, cash sales should be followed by credit and finally grant aid. There was a matter of timing. The Secretary pointed out that any grant assistance depends in large measure on the area situation. If there is disengagement, we should be able to move more quickly. He reiterated that credit sales might be possible during the second half of this year. Grant aid might not be possible before 18 months or so. Fahmy interjected that if some military items can be delivered in the second half of this year, this would have a good effect on the Egyptian Army. The Secretary agreed. The President asked the Secretary to emphasize to the Israelis how difficult the area situation will become if they do not disengage.

(6) EXIM Bank

The Ambassador pointed out the need to get a more sympathetic EXIM Bank attitude toward Egypt. He referred to the Cairo West and nuclear power plant problems. The Secretary said he would discuss this matter with Mr. Casey when he returns. Would it be useful, he asked, if Casey were to come out here? The President responded affirmatively.

(7) Debt Rescheduling

The Secretary noted that McNamara had mentioned the desirability of debt rescheduling. If Egypt is interested, we might be able to help with such debt rescheduling. The President said Egypt is interested in debt rescheduling.

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(8) Helicopters

Recalling his query of yesterday, the President again asked about getting some of the helicopters from the Iwo Jima when her mission is completed. The Secretary recalled that we had once left behind five helicopters for Pakistan after a disaster relief operation; the question is how this might legally be done in the case of Egypt. The President wondered if they might be turned over to the Suez Canal Authority. The Secretary suggested that perhaps transfer could take place in two stages: They might first be on loan and thereafter transferred. The Secretary promised to let the President know in two weeks about what might be done with respect to the helicopters.

The Secretary said he assumed the President wanted Egyptian crews. The President responded affirmatively. If possible, however, he asked that an American officer be provided initially. The President also asked about the possibility of Egyptian pilots training on the helicopters now here. In answer to the Secretary's query, the President said he needed at least two helicopters for his own use. The Secretary said he would look into this whole matter.

(9) Security Equipment

Dr. Marwan raised the subject of security equipment for the President's protection. He indicated a list had already been given to the SRF Station Chief. The Secretary asked the Ambassador to look into this matter for him. (Ambassador's Note: There does not appear to be any problem on this matter. SRF is funding the purchase. The first equipment is due around May 6.)

Post-Disengagement Planning

The Secretary asked how the President envisaged we should proceed once disengagement has been effected. He expressed concern that if Geneva is reconvened, the Soviets and perhaps others will want to discuss everything. He thought the Israelis would be ready to discuss some subjects with the President during the Secretary's next trip.

The President asked for the Secretary's pertinent thinking on how to proceed. The Secretary responded that we ought perhaps
to work for something that is not called a "final settlement."
The President will not then be accused of appearing to be
making peace. The President thought that the Egyptian-
Israeli military committee in Geneva was a useful forum
for direct contacts. Could anything be prepared in this
committee, he asked? The Secretary suggested that one
possibility would be to let things wait for a few months.
Fahmy observed that the Soviets will "raise cane" if they
are kept out of the military committee. Perhaps after a
month or so some "redeployment" could be worked out in Sinai.
The Secretary said that perhaps the Israelis would be willing
to do this, but asked what Egypt might do in return.

The President did not directly respond. Instead, he referred
to the fact that Israel still holds his oil (Abu Rudays).
It is shipping this oil out in small vessels along the coast.
Egypt has mined the principal channels in the Gulf. Israel
had already taken six million tons of Egyptian oil. He would
ask for compensation for all the oil the Israelis have taken.
The Secretary again asked what, in Israeli minds, might they
get in return for further compromises on their part? He
thought we should think of some feasible step on the part of
Egypt. The President suggested that Israel should by now
be convinced of his intentions. He again suggested that the
oil matter be put to the Israelis. Fahmy observed that Israel
is getting $80 million per year for that oil.

Israeli Body Search

The Secretary noted his understanding that the President
had agreed to having a body search for still missing Israelis
conducted by UNEF with a few Israeli chaplains accompanying
the UN forces. The President reconfirmed his commitment.
(The previous evening Fahmy had suggested that this not be
done. The Marshal would be furious. At that time the
President instructed that the Marshal be told it was his
wish to proceed on the above basis.)

Regional Problems

(1) Libya

So far as Libya is concerned, the Secretary noted, we will
hold up any activity until the President gives us the word to
go ahead. This applies to the radar system and to the eight C-130's which the Libyans want. The Secretary told the President he could use the above as the President sees fit in his dealing with the Libyans.

The Secretary also noted that there may be some spare parts and new aircraft for Libya that could be made available.

The President said that after his Helwan speech earlier in the day in which he had indirectly attacked Qadhafi, the latter had twice telephoned to say he wished to come to Cairo immediately to meet with the President. The President said he did not intend to go to Cairo to meet Qadhafi.

(2) C-130's for Syria

The Secretary noted that the Syrians have also asked for C-130's. Should they raise the subject with him during his upcoming visit, he will reply that we will agree after disengagement has been concluded. President Sadat agreed to this procedure.

(3) South Yemen

The Secretary asked for the President's views on South Yemen. The President responded that the South Yemeni situation "is dangerous for all of us." After the reopening of the Suez Canal, he observed, it might appear to some that numerous Soviet ships are transiting to support South Yemen. In the President's view, however, the reopening of the Canal should help ease the South Yemeni situation. He noted that the South Yemenis are currently much influenced by the Soviets. The President had said to North Yemen and had also told the President of South Yemen that whatever armaments the Soviets send to South Yemen, he will do the same for North Yemen. Thus, when some Soviet tanks had recently been sent to South Yemen, the President had sent some T-54 tanks, through Saudi Arabia, to North Yemen.

The President opined that there is no need in the near future to take South Yemen into our calculations. He recalled that the Saudis are working to overthrow the South Yemenis. This will be difficult for them. The President said he could support North Yemen with men, training and arms. For the time being, he thought, the best policy with regard to South Yemen is to "make a siege" on South Yemen from all quarters until the appropriate moment comes. To try to do something now will raise major issues in the Arab world.
The President noted that Qadhafi has sought to send arms to South Yemen, Dhofar and Eritrea. He had tried to do so through Egypt. The President had confiscated all such arms, pointing out his urgent need for them in Egypt's state of warfare.

The Secretary stressed that we would not use the Seventh Fleet to interfere in South Yemen. The President also emphasized there should be no direct United States interference in South Yemen. The Secretary noted that the Shah has some forces in Oman as a counterweight. The President thought Iranian forces deployed there consist of two battalions and Fahmy gave a number of 15,000 men. The President was not sure what effect these forces are having in eliminating the Dhofar insurgency.

President Nixon's Visit

The Secretary told the President when President Nixon may be able to come to the Middle East and asked where President Nixon should go first. The President agreed with the Secretary's view that President Nixon should come to the Middle East before going to the Soviet Union. In the Middle East, the President thought President Nixon should come first to Egypt. He should come to Cairo. The President would then send him by train through the Delta to Alexandria. Millions of fellahin will be out to cheer President Nixon.

The Secretary asked where in the Middle East, in addition to Egypt, President Nixon should visit. President Nixon would also have to go to Israel. The President thought President Nixon should visit Saudi Arabia, Jordan, Damascus and Algiers and perhaps Khartoum as well. The President thought President Nixon should stop in Algiers on his way back from the Soviet Union.

The Secretary indicated that President Nixon will probably visit Egypt between May 28 and June 2. In answer to the President's query, the Secretary said President Nixon will spend one day in some "neutral place"—either Ireland, Switzerland or Austria—and then proceed to Egypt. The President said he hoped President Nixon could stay three days, i.e., arrive one day, be here all the next day and into part of the third day.
The Secretary asked whether President Nixon should still come if no Syrian-Israeli disengagement develops during the next couple weeks. The President was firm in saying that President Nixon should still come. He had given his word, the President pointed out, and he wants President Nixon to come.

Suez Canal Photographs

Later at dinner the Secretary mentioned that the first United States photographs of the Suez Canal area had been taken on October 13, seven days after hostilities had broken out. The President asked if he could get a copy of those pictures and any others taken during the period of hostilities. These are needed, he explained, in connection with a documentary on the October War which Egypt is now preparing. The Secretary said he would look into this matter.