

Message Text

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ACTION NEA-10

INFO OCT-01 ISO-00 PM-04 NSC-05 SP-02 SS-15 EB-07 INR-07

L-03 OES-03 SAM-01 DODE-00 CIAE-00 INRE-00 ERDA-05

ERDE-00 NRC-05 NSCE-00 NEAE-00 ACDA-05 /073 W

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P 131225Z NOV 75

FM AMEMBASSY TEHRAN
TO SECSTATE WASHDC PRIORITY 4328

C O N F I D E N T I A L TEHRAN 11089

PASS ERDA

E.O. 11652: GDS
TAGS: EGEN, IR
SUBJECT: SHAH'S INTERVIEW BY BUSINESS WEEK GIVEN PROMINENT
COVERAGE BY ENGLISH LANGUAGE KAYHAN

REF: STATE 254826

1. ENGLISH LANGUAGE KAYHAN FOR NOVEMBER 13, 1975, GIVES
EXTENSIVE COVERAGE TO THE SHAH'S RECENT INTERVIEW IN
BUSINESS WEEK. IN A TOP FRONT PAGE ARTICLE HEADLINED "IRAN-U.S.

ECONOMIC TIES NOT MOVING --MONARCH," THE SHAH IS QUOTED
AS SAYING THAT THE "MAIN HITCH IS IN THE SALE OF NUCLEAR
REACTORS." KAYHAN QUOTES THE SHAH AS STATING THAT "IN
ATOMIC ENERGY YOU ARE ASKING US FOR SAFEGUARDS THAT ARE
INCOMPATIBLE WITH OUR SOVEREIGNTY, THINGS THAT THE FRENCH
OR GERMANS WOULD NEVER DREAM OF DOING." HE ADDED THAT "SUCH
SAFEGUARDS ARE ABSOLUTELY UNNECESSARY BECAUSE IRAN IS A
SIGNATORY TO THE NUCLEAR NON-PROLIFERATION TREATY."
COMMENTING ON THE GOI-PAN AMERICAN WORLD AIRWAYS PROPOSAL
THE SHAH REPORTEDLY TOLD BUSINESS WEEK THAT "THE AIRLINE
REFUSED TO LET IRAN HAVE A SAY IN THE MANAGEMENT AND
SECTIONS OF THE U.S. PRESS REACTED NEGATIVELY TO THE DEAL."
HE SAID THAT CONCLUSION OF A JOINT SHELL(US)-GOI OIL VENTURE
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AWAITS USG APPROVAL OF THE PROPOSAL. THE SHAH ADDED THERE WAS

"SOME MOVEMENT" IN OTHER FIELDS BUT THAT AT THE MOMENT IRAN SAW MORE INVESTMENT OPPORTUNITIES IN WESTERN EUROPE THAN IT DID IN THE U.S. THE OTHER TEHRAN DAILIES DOWN-PLAYED THE SHAH'S COMMENTS ON U.S.-IRANIAN ECONOMIC RELATIONSHIPS EXCEPT FOR AYANDEGAN WHICH GAVE SOME PROMINENCE TO THE DISAGREEMENT OVER NUCLEAR SAFEGUARDS.

2. COMMENT: THE EMBASSY BELIEVES THAT IN LINKING THE DEADLOCK OVER THE NUCLEAR COOPERATION AGREEMENT TO THE BROADER RANGE OF U.S.-IRAN ECONOMIC RELATIONS, AND DESCRIBING THESE AS LESS THAN FULLY SATISFACTORY, THE SHAH IS SENDING US A CLEAR MESSAGE. THERE SEEMS LITTLE DOUBT THAT THE KAYHAN ARTICLE WAS OFFICIALLY INSPIRED EVEN THOUGH, WE ARE TOLD, ITS DRAMATIC HEADLINE WAS THE HANDIWORK OF AN EDITOR RATHER THAN THE GOVERNMENT'S. WHILE THE SHAH TOLD BUSINESS WEEK THAT HE EXPECTED THAT THERE WOULD BE FINAL AGREEMENT FOR THE EVENTUAL IRANIAN PURCHASE OF NUCLEAR REACTORS FROM THE U.S., IT SEEMS EVIDENT THAT HE VIEWS THE PRESENT STALEMATE WITH GENUINE CONCERN. THE EMBASSY IS NOT SUGGESTING THAT THERE WILL BE A DELIBERATE AND CONSCIOUS EFFORT BY THE GOI TO SLOW DOWN THE PACE OF ECONOMIC COLLABORATION BETWEEN OUR TWO COUNTRIES ON A BROAD FRONT IN ORDER TO REGISTER DISPLEASURE OVER THE U.S. POSITION ON NUCLEAR SAFEGUARDS. WE BELIEVE, HOWEVER, THAT IRANIAN SENSITIVITIES IN THE AREA OF NUCLEAR COOPERATION RUN DEEPER THAN WE HAD EARLIER THOUGHT. CERTAINLY THE PROSPECTS FOR ANY AMERICAN NUCLEAR POWER PLANT SUPPLIER OF GETTING EVEN A LETTER OF INTENT FROM THE GOI, MUCH LESS A SIGNED CONTRACT, ARE VIRTUALLY NIL AS LONG AS THE IMPASSE CONTINUES. IT IS PERFECTLY POSSIBLE THAT THERE WILL BE A BACKLASH EFFECT IN OTHER AREAS WHERE THE U.S. IS SEEKING MAJOR BUSINESS. WE ARE NOT ADVOCATING THAT THE U.S., NOW THAT THE SHAH HAS MADE HIS UNHAPPINESS KNOWN PUBLICLY, ABANDON ITS POSITION ON SAFEGUARDS AND CAPITULATE TO THE IRANIAN VIEW. WHAT IS IMPORTANT, HOWEVER, IS THAT THERE BE A CLEAR UNDERSTANDING IN WASHINGTON OF HOW SERIOUS A PROBLEM THE NUCLEAR DEADLOCK HAS BECOME. WE HOPE THAT WASHINGTON WILL SOON COMPLETE ITS REVIEW OF OUR POSITION PER PARA 2 OF REFTEL AND COMMUNICATE THE RESULTS THEREOF TO THE EMBASSY.

3. EMBASSY WOULD APPRECIATE RECEIVING A COPY OF THE BUSINESS WEEK INTERVIEW.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: SALES, NUCLEAR COOPERATION PROGRAMS, PRESS CONFERENCES, NUCLEAR REACTORS
Control Number: n/a
Copy: SINGLE
Draft Date: 13 NOV 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: MartinML
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975TEHRAN11089
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D750395-0697
From: TEHRAN
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19751148/aaaabrep.tel
Line Count: 108
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION NEA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 75 STATE 254826
Review Action: RELEASED, APPROVED
Review Authority: MartinML
Review Comment: n/a
Review Content Flags:
Review Date: 06 AUG 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <06 AUG 2003 by MartinML>; APPROVED <26 NOV 2003 by MartinML>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: SHAH'S INTERVIEW BY BUSINESS WEEK GIVEN PROMINENT COVERAGE BY ENGLISH LANGUAGE KAYHAN
TAGS: EGEN, IR, (PAHLAVI, MOHAMMAD REZA)
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006