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FM THE WHITE HOUSE
TO AMEMBASSY TEHRAN
ZEN

~~SECRET~~ [] DELIVER AT OPENING OF BUSINESS WH43619

DECEMBER 20, 1974

TO: 0 AMBASSADOR RICHARD HELMS
0 AMEMBASSY TEHRAN

FROM: LIEUTENANT GENERAL BRENT SCOWCROFT
THE WHITE HOUSE

WITH REFERENCE TO YOUR [] THE SECRETARY HAS ASKED ME TO BRING YOU UP TO DATE ON IRANIAN CO-PRODUCTION IN THE EVENT THE SHAH SHOULD RAISE THE QUESTION ON DECEMBER 22. UNFORTUNATELY, THE UNDER SECRETARIES' STUDY OF WHICH YOU ARE AWARE HAS NOT YET BEEN COMPLETED AND FOR THIS REASON YOU HAVE NOT RECEIVED THE STUDY ON TOW CO-PRODUCTION FOR PASSING TO THE SHAH. OBVIOUSLY, THERE ARE SENSITIVITIES IN THIS COUNTRY, INCLUDING CONGRESS AND THE TRADE UNIONS, TO DEVELOPMENTS WHICH APPEAR TO HAVE AN IMPACT ON US EMPLOYMENT, BALANCE OF PAYMENTS AND COMPETITION WITH AMERICAN PRODUCTS. THESE SENSITIVITIES ARE ACCENTUATED RIGHT NOW WHERE OIL PRODUCING COUNTRIES ARE CONCERNED. THERE ARE ALSO PROBLEMS OF IRAN'S ABILITY TO IMPLEMENT CO-PRODUCTION PROJECTS RAPIDLY AND EFFICIENTLY ENOUGH TO MEET THEIR EXPECTATIONS. ON BOTH COUNTS, WE NEED TO HAVE AS CLEAR AS POSSIBLE AN UNDERSTANDING OF JUST WHAT IS INVOLVED AND BE SURE WE ARE ON SOLID, DEFENSIBLE GROUND BEFORE MAKING ANY FURTHER COMMITMENTS. NOT TO DO SO WOULD BE TO TAKE UNNECESSARY RISKS WITH US-IRANIAN RELATIONS.

AS SOON AS THE STUDY IS COMPLETED, WE WILL PROVIDE YOU WITH GUIDANCE FOR A FULL AND FRANK DISCUSSION WITH THE SHAH ON WHAT FURTHER CO-PRODUCTION PROJECTS WE OUGHT TO UNDERTAKE, WHAT DIFFICULTIES WE ARE LIKELY TO CONFRONT IN DOING SO, AND HOW WE CAN BEST OVERCOME THEM. I HOPE TO HAVE SOMETHING MORE CONCRETE WITHIN 30 DAYS.

WARM REGARDS

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APPROVED FOR RELEASE
DATE: MAR 2008