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MEMORANDUM

THE WHITE HOUSE

WASHINGTON

Tuesday, May 23, 1967, 7:00 p.m.

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Regular NSC Meeting at Noon, Wednesday, May 24

The regular NSC meeting Wednesday noon was set up to discuss the problems we face in South Arabia. We then thought that Nasser would make his push in this area. He chose, however, to move earlier and against Israel.

I recommend that you use the NSC meeting to discuss the Mid-East crisis. A suggested agenda is attached.

Secretary Rusk is prepared to lead off with a status report on the situation.

Underlying this note is my memorandum and the State Department paper on South Arabia which was scheduled for discussion.

W. W. Rostow

NSC Meeting - Wednesday Noon, May 24

AGENDA

1. Report on the Middle East Crisis
Secretary Rusk
2. Middle East Deployments and Contingency Plans
Secretary McNamara
3. Soviet and UAR Intentions
Director Helms

MEMORANDUM

THE WHITE HOUSE
WASHINGTON

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E.O. 12356, Sec. 3.4

NJ 91-200

By ~~1-8~~ NARA, Date 1-11-93

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MEMORANDUM FOR THE PRESIDENT

May 23, 1967

SUBJECT: NSC Discussion--South Arabia

The main issue in the Middle East today is whether Nasser, the radical states and their Soviet backers are going to dominate the area. A related issue is whether the US is going to stand up for its friends, the moderates, or back down as a major power in the Near East.

Two weeks ago, we expected South Arabia to provide the test. The gulf between moderates and radicals has been getting wider for over a year. But with the British pulling out of South Arabia next January, Faisal, Hussein, Haile Selassie, the Shah and Eshkol were watching closely to see whether we and the British would stand for a Nasser takeover there. The current Arab-Israeli crisis has brought the test sooner than we expected, but the South Arabian problem will still provide the follow-up to the current showdown.

The policy question in South Arabia as on Israel's borders is how far we can and should commit ourselves to block Nasser and his Soviet supporters. Our dilemma is that we have no stake in South Arabia itself--no immediate reason for involving ourselves in the uncertain political process there. However, the effect of the outcome on the broader confrontation makes it impossible to ignore what happens.

An active attempt to stave off a Nasser takeover would amount to a sharp shift in our Middle East policy. Since 1961, we have tried to avoid splitting the area into two camps. Given all of our conflicting interests, it has seemed wiser to build a good working relationship in all capitals. Now Nasser has all but forced us to choose sides. As your message to him said, we don't want to give up entirely our effort to build some kind of relationship with him. But the time may already have come when we must make him respect us first.

I believe our first step must be to keep the British on the ground. They're intimately involved in working out a political solution, and we can't afford to see them walk out in despair. I originally scheduled this discussion (a) to give you a sense of the problem before you see PM Wilson and the Shah and (b) to give our planners a sense of your desires.

The underlined portions of the attached State paper detail the problem.

Walt Rostow

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SERVICE SET

~~SECRET~~FUTURE OF SOUTH ARABIAPaper Prepared by State - NEA/APP

(For NSC Meeting of May 24, 1967)

(NOTE: The following paragraphs were prepared independent of the current Arab-Israel crisis, resolution of which will no doubt shed considerable light on, among other things, Egyptian and Soviet intentions.)

I. Background

The current contest for South Arabia has reaching far beyond its size or importance. For 20 years the US has managed to maintain in the Near East its major interests of access to oil, freedom of air and sea transit and prevention of the dominance of the area by any one power. However, our significant political influence in the Arab Near East is now confined to the Arabian Peninsula and Jordan. There it already is undermined by the running sore of the Egyptian presence in Yemen. US acquiescence in UAR domination of South Arabia would be interpreted in the Peninsula, and elsewhere, as a decision by Washington to play a diminishing role in the Near East.

II. Summary Outlook

The British will grant independence to South Arabia in the first half of January 1968. They are willing to leave a military presence in the area for six months thereafter as an assurance against external aggression.

The complexion of the successor government is unclear. We share the British hope that the United Nations Special Mission will be instrumental in setting up a broadly-based regime. If this happens, the South Arabian problem will be much reduced. At present, there is no confidence between conservative and radical elements in South Arabia and the two radical groups, FLOSY and the NLF, have been at each other's throats. FLOSY operates from a headquarters in Yemen and may set up a government-in-exile. It is backed by the Egyptians and includes some Soviet-oriented communists. The NLF has a trade union base in Aden, suspected ties with the British and represents the leftist, Marxist wing of the Arab National Movement.

The UAR has put its money on FLOSY. Cairo is helping to train a FLOSY "Liberation Army" and will probably do everything it can, short of military invasion by Egyptian units from Yemen, to assure FLOSY domination of the newly independent state.

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III. The Alternatives

The evolution to independence in South Arabia will probably develop along one of the following lines:

- A broadly-based coalition worked out under UN aegis which might be quite radical (even with substantial initial FLOSY participation) but would not be under the Egyptian, or any other, thumb.
- A British-sponsored coalition which might, or might not, include FLOSY. More likely it will not. In that case, the government might have to fight for survival against a FLOSY government-in-exile backed by UAR and probably the USSR. Its military strength, coupled with UK military support, might be successful in preventing a major invasion, but terrorism and subversion would be difficult problems.
- A FLOSY-dominated radical government which had fought its way to power with major Egyptian support, thus making its leaders more beholden to Cairo than otherwise.

IV. The Oil Problem

Domination of South Arabia by unfriendly powers would not cut off oil movements from the Persian Gulf to Western Europe. It would nevertheless represent a threat to the more economic oil lifelines and would have implications for the longterm future of the Western (predominantly British) position in the Persian Gulf. That area contains more than 60 percent of the free world's petroleum reserves. It currently supplies 55 percent of Western Europe's oil needs. This percentage will decline slightly in the next five years, but the absolute amount supplied will increase by 1/3 to 330 million metric tons a year, by 1972. According to a 1967 OECD study, Western Europe could withstand loss of up to 60 percent of oil "East of Suez" in a peacetime situation and by drawing on other world sources. A period of up to six months of dislocation would be undergone, and some oil from the Near East would still be required. The extreme situation of a cut-off of all Persian Gulf oil would clearly be more damaging but is also a much remoter contingency.

V. US Interests

Our most important concern is not with respect to South Arabia itself but with the implications of the transition for neighboring regimes friendly to us, notably Saudi Arabia, Iran and Ethiopia. These implications will be less disturbing if the transition is relatively peaceful and takes place with a minimum of outside intervention, since the resultant South Arabian regime is more likely to be able to reflect the

strong impulses of independence and nationalism which exist. Our primary interest is how the transfer of power occurs rather than to whom among internal elements the transfer is made.

We do not want to become involved in internal squabbles in South Arabia but we do want to discourage adventures by external powers, notably the UAR and the USSR. We do not want to get overly involved but we must make clear that we have a legitimate and continuing interest in South Arabia if we are to have any influence in what happens there.

VI. US Military Considerations

The JCS have concluded that South Arabia (particularly Aden) is of some military significance to us but is not critical to US security. Its port and airfield, if available to us, would be valuable for various contingency operations but they are not essential.

VII. The British Role

The British are willing to provide insurance against a UAR attack for six months after South Arabian independence. They should be urged to extend this period if this seems necessary. It is in our view essential for the British to give enough support to the new South Arabian government to get it on its feet, as well as to remain in the Persian Gulf. We believe the British can remain in the Persian Gulf for an indefinite period provided the government at home does not yield to domestic pressure. We are for our part continuing our strong support to Saudi Arabia and would want to take other steps to oppose further extension of UAR influence by subversive or other military means.

VIII. The Iranian Position

The Shah regards Aden as the backdoor to the Gulf. He exaggerates but is quite right in regarding South Arabia as a major test of strength between Arab radicals and Arab moderates. Because the Iranians are not Arabs and come from a different Moslem sect from most South Arabian Moslems, it would be counterproductive for Tehran to seek to exert certain types of influence on the situation. Iranian clandestine involvement with particular groups should be avoided, since this would prompt a higher level of activity by the UAR, and the UAR has more going for it to win such a contest. Iranian support, including economic assistance, should be actively solicited for any independent South Arabian government that seems likely to be able to maintain itself.

IX. The Israeli Position

Israel is concerned at FLOSY assertions that it would close the southern straits of the Red Sea to Israeli shipping if it came to power in South Arabia. This is largely a propaganda ploy designed to help FLOSY in its bid for power. The South Arabian government will have no significant military capability in that region, and the straits are clearly international waters. Israel should encourage its Ethiopian and Iranian friends to give strong support to the new South Arabian government regardless of its coloration. In this way they will have influence on that regime which otherwise will be abdicated to radical powers, notably the UAR.

X. US Action Considerations

Efforts to achieve a peaceful transition through creation of a broadly-based government are in our interest. We should do what we can to foster these efforts, making clear to South Arabian radicals, and to the UAR, the risks of opting out, proclaiming a government-in-exile, and seeking to take over the area by force. The following moves illustrate what might be done to encourage our friends and increase our own influence:

- A greater US military presence in the Red Sea-Arabian Sea area, particularly in support of our existing assurances to Saudi Arabia.
- USG willingness to undertake a full range of normal USG contacts with the new South Arabian state provided it is able to maintain itself (any economic aid would require a high-level political determination).
- Adoption of a blunter line in Cairo, and development of international support for the position, to emphasize concern that any new South Arabian regime not be threatened with aggression from outside its frontiers and that the internal political situation be permitted to evolve without outside interference.
- Consideration of the utility of discussing South Arabia with the USSR to signal our concern lest outside forces seek to exploit internal stresses there that seem inevitable.
- Continued efforts with the British to assure: (a) that everything feasible be done to create a broadly-based coalition, including UK willingness to extend its six-month security assurance as may be necessary; and (b) that the current British military build-up in the Persian Gulf is sustained.

- Discussion with the Saudis to focus their attention on this problem and develop additional tangible Saudi support for a moderate solution, if possible, or for more conservative elements if a civil war-type situation occurs.
- Continued support for a UN role in the situation, including specifically encouragement to the UN Special Mission to hold a round-table conference and develop a coalition of all major South Arabian political elements.

XI. Some Key Questions

- Is US military strength sufficient to assume additional tasks in the Red Sea-Arabian Sea region?
- Is it realistic to contemplate constructive discussions with the Russians on South Arabia?
- How far should Prime Minister Wilson be pushed to maintain a British military commitment to South Arabia? -- in the Persian Gulf?
- How much pressure should be exerted on the Shah to discourage him from counterproductive efforts to oppose radical Arab nationalism in South Arabia? What positive lines of action should he be encouraged to follow?