4. SAUDI ENCIRCLEMENT BY RADICAL ELEMENTS: FAISAL MAY BRING UP THIS THEME AGAIN BUT SAQQAF HAS NOT MENTIONED IT FOR MANY WEEKS. FAISAL'S SUSPICIONS OF EGYPTIANS ARE DEEPLY INGRAINED AND CONTINUING, THOUGH OTHERS IN SAUDI ESTABLISHMENT HAVE BEEN GREATLY RELIEVED BY NASSER'S PASSING. SAQQAF HAS CLEARLY DEMONSTRATED HIS DESIRE FOR BETTER RELATIONS WITH EGYPT BY EXCHANGE OF VISITS LAST FEW MONTHS. SAUDIS PLEASED WITH SAADAT AND HOPE SINCERELY HE WILL SUCCEED. MEANWHILE, SAUDI ARABIA HAS WISELY IN RECENT WEEKS ENDEavored TAKE ADVANTAGE OF MORE RELAXED ATMOSPHERE IN ME TO IMPROVE RELATIONS WITH NEIGHBORS, i.e., LEBANON, EGYPT, ETHIOPIA AND SOMALIA. YOU MIGHT SAY WE RECOGNIZE NOT ALL PROBLEMS WITH THESE COUNTRIES SOLVED BUT SAUDIS ARE CERTAINLY TO BE COMPLI-MENTED ON UNDERTAKING CONSTRUCTIVE INITIATIVE. SAUDIS STILL MOST WORRIED ABOUT STRENGTH OF COMMUNIST INFLUENCE IN SO. YEMEN TO WHICH BEST ANSWER IS POSITIVE, CONSTRUCTIVE HELP BY SAUDI ARABIA TO TWO NEIGHBORING MODERATE REGIMES IN NORTH YEMEN AND IN MUSCAT OMAN.

5. YEMEN: SAUDIS ARE NOT MOVING AS VIGOROUSLY OR GENEROUSLY AS THEY SHOULD TO SHORE UP NEW YAR GOVT. THEY HAVE EXTENDED ONE FAIRLY GOOD SIZED LOAN AND ARE ASSISTING
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PAGE 02 JIDDA 01346 02 OF 02 271710Z

YEMENIS IN OTHER MINOR WAYS SUCH AS TECHNICAL ASSISTANCE FOR YEMENI AIRLINE, DISPATCH OF COUPLE OF DOZEN TRUCKS AND JEEPS FOR YEMENI ARMY, ETC. WHENEVER SUBJECT OF YEMEN COMES UP SAUDIS WANT TO KNOW WHAT WE ARE DOING TO ASSIST AND WE HAVE, OF COURSE, EXPLAINED THERE LITTLE WE CAN DO UNTIL YAR CHOOSES REESTABLISH DIPLOMATIC RELATIONS. WE CAN REMIND THEM WE REMAIN MUCH CONCERNED AS DEMONSTRATED BY OUR ESTABLISHMENT OF US INTERESTS SECTION IN SANAA, USG DONATIONS OF WHEAT THROUGH PRIVATE CHANNELS. (SAUDIS DO NOT EVEN HAVE AN AMBASSADOR IN YEMEN YET.) BUT JUST AS MEXICO IS OF PRIME INTEREST TO US, SO FUTURE OF YEMEN IS MATTER PRIMARILY IN SAUDI SPHERE, WHEN APPROPRIATE TIME COMES WE WILL HOPE PROVIDE MODEST HELP, BUT MEANWHILE EVEN THOUGH IT MAY BE BURDEN SOME AND DIFFICULT, SAUDI ARABIA IS UNQUESTIONABLY GOING TO HAVE TO PLAY PRINCIPAL FOREIGN ROLE IN AIDING YEMEN GROWTH AND STABILITY. WE WONDER WHAT PLANS THEY HAVE FOR FUTURE?

6. US MILITARY ASSISTANCE FOR SAUDI ARABIA: SAUDIS HAVE NO GROUNDS FOR COMPLAINT ON THIS SCORE AND WE DOUBT KING WILL MENTION IT AS HE DID YEAR AGO TO ASST SEC SISCO. WE GAVE THEM LAST FALL COMPREHENSIVE, WELL-DOCUMENTED (BOTH IN MILITARY AND ECONOMIC TERMS) REPORT WITH RECOMMENDATIONS FOR THEIR DEFENSE NEEDS OVER NEXT FIVE YEARS, BESIDES PURSUING ACTIVELY DEVELOPMENT OF SMALL SAUDI NAVY, TO WHICH DEFENSE MIN PRINCE SULTAN IS GIVING PRIORITY.

7. GULF: SEE SEPARATE MESSAGE.

8. US-SAUDI RELATIONS: IT WILL OF COURSE BE HELPFUL IF SECRETARY CAN BRING PRESIDENT'S PERSONAL GREETINGS TO KING. WOULD RECOMMEND THAT TOWARD END OF AFTER-DINNER FORMAL DISCUSSIONS SECRETARY FIND OPPORTUNITY WARMLY REASSURE KING OF CONTINUED STRENGTH OF TRADITIONAL US INTEREST IN INTEGRITY AND SECURITY OF SAUDI ARABIA.

9. ATMOSPHERICS AND SMALL TALK: IN OFFICIAL CONVERSATIONS FAISAL AND SAQAF (THOUGH PERSONALLY VERY GRACIOUS) COME ON A BIT GLOOMILY THESE DAYS AND UNFORTUNATELY WHENEVER USG REPRESENTATIVES APPEAR THEY HAVE TENDENCY TO BECOME REPROACHFUL, BUT PROBABLY MORE THAN ANYONE ELSE

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IN KINGDOM THEY ARE REALISTIC IN THEIR OWN HEARTS ABOUT KINGDOM'S WEAKNESSES AND ITS URGENT NEED FOR TIME TO MODERNIZE AND STRENGTHEN ITSELF. IT IS REALLY ONLY SINCE 1953 THAT COUNTRY BEGAN UNDER FAISAL'S MANAGEMENT USE ITS GREAT OIL WEALTH FOR ORDERLY NATIONAL DEVELOPMENT, AND BOTH MEN THINK THAT ANOTHER MIDDLE EASTERN CATAclysm SUCH AS 1967 WAR COULD WELL DESTROY ALL THEIR HOPES. FACT THAT DINNER IS SAUDI OFFICIAL MEALS ARE BRIEF AND EFFICIENT IS TO COME BEFORE FORMAL TALKS WITH FAISAL WILL PRESENT OPPORTUNITY BREAK ICE A BIT AND HOPEFULLY GIVE MORE INFORMAL, WARMER CHARACTER TO TALKS.* PHYSICALLY KING WILL IMPRESS YOU AS NOT VERY VIGOROUS BUT YOU WILL FIND HIS MIND SHARP.* HE ENJOYS A JOKE AND ALSO AT APPROPRIATE MOMENT SOME EXPRESSION OF INTEREST IN SAUDI ARABIA'S CURRENT EFFORTS STRENGTHEN ITS SYSTEM ADMINISTRATION JUSTICE AND PROGRESS IN OTHER DIRECTIONS COULD HELP KING TO MELLOW A BIT. OTHER TRIED AND TRUE SUBJECTS FOR USE WITH KING AND OTHER PRINCES: WATER SUPPLY AND AGRICULTURE COMMUNICATIONS, I.E.* IMPROVEMENT OF ROADS AND AIRLINES; FUTURE OF THE BEAOUIN: (THEY ARE USING TRUCKS NOW INSTEAD OF CAMELS); HORSES AND HORSE RACING; ART OF FALCONRY; HUNTING AND PRESERVATION OF ANIMAL SPECIES. (LAST NAMED TOPICS ARE SPECIALY GOOD WITH CROWN PRINCE KHALID.* SAUDIS HAVE PROMISED ADEQUATE INTERPRETERS FOR DINNER. GP+4. THACHER

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