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TELEGRAM

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P 140723Z JUN 72 FM AMEMBASSY BEIRUT TO SECSTATE WASHDC PRIORITY 7579 BT SECRET BEIRUT 6462

CN: Rec'd: 3693**©** 

June 14, 1972

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SUBJ: SYRIA: CONVERSATION WITH PRIME MINISTER

SUMMARY: IN APPOINTMENT JUNE 12 ARRANGED THROUGH INTERMEDIARY OF LEBANESE BUUCESSWOMAN AND LEGATT, WHO IS FRIEND OF LATTER, ECON COUNSELOR PRATT DISCUSSED WITH SARG PRIMIN KHLEIFAOUI IN DAMASCUS OUTSTANDING U.S.-SYRIAN ECONOMIC ISSUES. KHLEIFAOUI'S RECEPTION OF PRATT VERY WARM AND CORDIAL. REVIEW OF OUTSTANDING ISSUES AND PRESENTATION OF REASONS FOR U.S. POSITION RESULTED IN KHLEIFAOUI'S ASSURANCES HE WOULD HAVE SUGGESTIONS FOR SOLVING OUR OUTSTANDING PROBLEMS WITHIN TWO WEEKS. END SUMMARY.

ACTION REQUESTED: THIS FIRST MEETING WITH SENIOR SYRIAN OFFICIAL AFTER FIVE YEARS' BREAK IN DIPLOMATIC RELATIONS WAS A HIGHLY TENTATIVE AND GUARDED AFFAIR. WE CONSIDER IT ABSOLUTELY ESSENTIAL THAT VERY FACT OF THIS MEETING, AS WELL AS SUBSTANCE, MUST BE HELD TO THE STRICTEST OF NEED-TO-KNOW CRITERIA. ANY PREMATURE LEAK COULD KILL THIS START OF DIALOGUE WHICH WE REGARD AS PROMISING. WE ARE FOLLOWING UP THIS MESSAGE WITH OUR RECOMMENDATIONS ON POLICY.

LEBANESE BUSINESSWOMAN (PLEASE PROTECT)
WHO IS WELL ACQUAINTED WITH PRIMIN KHLEIFAOUI, HAS KEPT LEGATT WELL
INFORMED HER DISCUSSIONS WITH PRIMIN IN WHICH SHE URGED HE
SEEK CLOSER RELATIONS WITH WEST. PARTICULARLY U.S.. ON
ECONOMIC AFFAIRS.

HER URGINGS LED SARG PRIMIN AGREE TO APPOINTMENT WITH PRATT FOR JUNE 12 IN HIS DAMASCUS OFFICE UNDER CONDITIONS OF STRICTEST SECRECY, E.G., PRATT WAS CARRIED ON PRIMIN APPOINTMENT LIST ONLY AS VISITING FOREIGN BUSINESSMAN AND USED

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NLN 09-13/26 persec 3.3(b)(1/4), Hr. 1/22/2010 By AM NARA, Date 1//15/2010 SANITIZED



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TOURISM IN DAMASCUS AS COVER. HE TAKEN IMMEDIATELY TO PRIMIN'S CONFERENCE ROOM UPON ARRIVAL, WITHOUT PASSING THROUGH INTERMEDIARIES.

- 2. PRIMIN'S RECEPTION PRATT MARKED BY HIGH DEGREE CORDIALITY AND FRANK INTERCHANGE OF VIEWS. PRIMIN LEFT CABINET MEETING AND KEPT MINISTERS WAITING FOR OVER ONE HOUR WHILE HE TALKED WITH PRATT.
- 3. HE OPENED WITH USUAL REMARKS ABOUT NO QUARREL WITH AMERICAN PEOPLE WHOM HE LIKED AND RESPECTED, BUT IT WAS USG POLICY IN MIDDLE EAST THAT HE OPPOSED. HE SAID SYRIA WAS SMALL COUNTRY AND DID NOT WANT TO BE SWALLOWED UP AND HAD TO PROTECT ITSELF BEST WAY IT COULD. PRATT NOTED NEW STAGE WORLD POLITICS EMERGING, SYMBOLIZED BY PRESIDENT NIXON'S VISITS TO PEKING AND MOSCOW. PRIMIN'S RESPONSE WAS THAT HE HOPED U.S. AND USSR WOULD NOT COMBINE AND SWALLOW UP SMALL COUNTRIES. THEN SAID HE THOUGHT MOSCOW MEETING LEFT BOTH VIETNAMESE AND MIDDLE EASTERN PROBLEMS UNSOLVED. THRUST OF THIS PRELIMINARY EXCHANGE WAS KHLEIFAOUI'S CLEAR IMPLICATION SYRIAN SELF-DEFENSE WAS MAJOR REASON FOR CLOSE SYRIAN RELATIONS WITH SOVIETS.
- 4. PRATT POINTED TO VARIOUS CREDIT OFFERS U.S. HAD MADE TO SYRIA AS EVIDENCE U.S. POLICY NOT SO ENTIRELY ONE-SIDED AGAINST SYRIA AS HE THOUGHT, CITING FIRST CCC CREDIT OFFERS FOR \$25 MILLION WHEAT IN BOTH 1970 AND '71. PRIMIN APPEARED UNFAMILIAR WITH THESE OFFERS. PRATT EXPLAINED LIMITATIONS ON CREDIT TERMS THAT USG COULD OFFER BECAUSE LACK OF DIPLOMATIC RELATIONS WHICH PROHIBITED PL-480 AGREEMENTS.
- 5. RE EXIM OFFERS, PROBLEM OF BOUSTANY CLAIM RAISED AND HE WAS GIVEN BRIEFING PAPER ON U.S. CREDIT OFFERS AND EXPOSITION OF PROBLEMS (CCPY POUCHED NEA/ARN). PRATT POINTED OUT ADVANTAGES FOR SYRIA IN SETTLING THESE PROBLEMS, CITING ON ILLUSTRATIVE BASIS HIS CONVERSATION WITH G.E. REP FEW DAYS EARLIER WHO NEEDED EXIM CREDITS IN ORDER TO COMPETE ON SYRIAN PROJECTS, AND NOTED TO HIM CREDIT TERMS WERE RECOGNIZED AS ESSENTIAL FOR ANY BIDDING ON SYRIAN PROJECTS. THIS LED TO LONG DISCUSSION OF VARIOUS DEVELOPMENT PROJECTS IN SYRIA. HIS PARTICULAR

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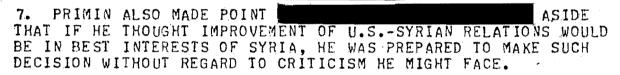
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INTERESTS WERE IN FIELDS OF IRRIGATION, TELEVISION, AND TOURISM. (WE NOTED PAN AM INTERNATIONAL HOTEL INTEREST.)

6. PRIMIN ASKED HOW TO SETTLE THESE ISSUES, ESPECIALLY BOUSTANY CLAIM AND PL-480 INDEBTEDNESS. PRATT, WHILE MAKING CLEAR HE COULD NOT GUARANTEE WASHINGTON RESPONSE, SUGGESTED SARG COME FORWARD WITH PROPOSALS ON HOW THESE PROBLEMS MIGHT BE HANDLED; PERHAPS GOVERNOR CENTRAL BANK MIGHT WORK ON PROBLEMS, EITHER DIRECTLY WITH U.S. REP OR THROUGH INTERMEDIARY OF PROTECTING POWER. PRECEDENT OF U.S.-EGYPTIAN DEBT RESCHEDULING ALSO NOTED WHICH INTERESTED HIM. HIS RESPONSE WAS THEN, "LET ME HAVE TWO WEEKS TO GET YOU AN ANSWER AND BOTH THESE PROBLEMS WILL BE SOLVED." KHLEIFAOUI CLOSED MEETING BY EXPRESSING HOPE PRATT WOULD COME BACK TO SYRIA IN FUTURE.



8. COMMENTS:

A. PRATT DID NOT RAISE DIRECTLY REOPENING AMERICAN STAFF AT USINT SINCE THRUST OF CONVERSATION INDICATED THIS WOULD BE PREMATURE.

B. QUESTION OF \$18,000 PAST DUE OBLIGATION ON AID SILOS LOAN NOT RAISED BECAUSE CIRCUMSTANCES OF THIS LOAN WERE SUFFICIENTLY THORNY TO LEAD TO POSSIBLE RECRIMINATIONS MARRING THIS FIRST EXCHANGE.





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WERE AGREEABLY SURPRISED BY WARMTH AND COURTESY OF RECEPTION. PRIMIN MADE POINT OF THANKING HER ON DEPARTURE FOR HAVING ARRANGED VISIT.

9. IMPRESSIONS OF KHLEIFAOUI: KHLEIFAOUI APPEARED SELFCONFIDENT AND MUCH IN CONTROL. HE IS HARD-WORKING, ENERGETIC
AND IMPRESSIVE IN HIS OUTSPOKEN, STRAIGHTFORWARD MANNER. HE
APPEARED THOROUGHLY FAMILIAR WITH EVEN MINOR DETAILS OF GOVERNMENT PROJECTS. WE HAVE EARLIER RELAYED REPORTS THAT HE MIGHT
SOON BE OUT OF PREMIERSHIP BECAUSE OF HIS MARTINET ATTITUDE AND
INSISTENCE ON MAKING ALL GOVERNMENT DECISIONS. HOWEVER, AT NO
TIME DURING CONVERSATION DID HE GIVE ANY INDICATION HIS POSITION
INSECURE. WE THINK HIS WILLINGNESS TO ACCEPT POLITICAL RISKS
OF MEETING AMERICAN DIPLOMATIC OFFICER (WHICH COULD BE USED AS
WEAPON TO UPSET HIM) REFLECTS, IN FACT, HIS CONFIDENCE IN HIS
ABILITY TO SURVIVE. GP-1.

BUFFHM

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