

NEW PERSPECTIVES ON THE PERSIAN GULF

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HEARINGS BEFORE THE SUBCOMMITTEE ON THE NEAR EAST AND SOUTH ASIA OF THE COMMITTEE ON FOREIGN AFFAIRS HOUSE OF REPRESENTATIVES NINETY-THIRD CONGRESS FIRST SESSION

JUNE 6, JULY 17, 23, 24, AND NOVEMBER 28, 1973

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have a regular on-going supply and assistance relationship with Syria, with Iraq, and with the regime in Aden.

SAUDI ARABIAN DETERRENT STRENGTH

Mr. WOLFF. But if I can just finish this line of questioning, Mr. Chairman; the fact is at present time, if there were a threat to the Saudis, they could not, even with this new equipment, stand on their own, is that correct?

Mr. SISCO. Well, this is a very iffy question because I don't know what kind of threat you are talking about.

Mr. WOLFF. Would we be willing to back this up further is what I am saying? In other words, if we are now interested in protecting the Saudis to such an extent as to prevent an attack upon them, if an attack were made upon them, would it be in our interest to go to their rescue?

Mr. SISCO. Well, I can't answer that question. I think we would have to weigh this situation.

Mr. WOLFF. After all, we are concerned with our supply of oil and isn't that part of our plan for the future?

Mr. SISCO. Sure. Obviously this is one consideration that would have to be weighed, but what we would do in those circumstances, obviously, this would have to be decided in light of all of the facts and what kind of a threat you are taking about and what the situation is. The only thing I would say to you is this: We did put in the record very clearly in a letter to Senator Fulbright here about 10 days ago that when this whole question arose, as a result of the statement made as to whether or what action, if any, we would take in those circumstances, certainly we gave assurance we have no plans to use force in this situation.

As I say, if you are talking here about a threat to Saudi Arabia, what the United States would be required to do, there is not anybody that can really predict. Our whole policy is really directed at avoiding this kind of a choice.

SECURITY SUPPORTING ASSISTANCE

Mr. HAMILTON. Mr. Secretary, we will go into executive session shortly and I do want to ask one question while we are still in public session.

The administration has recommended a reduction in security supportive assistance to Israel to \$25 million. Does that reflect some kind of change in focus in our Middle East policy or just what is the meaning of it?

Mr. SISCO. It does not represent any kind of change in policy or focus. The reason why we requested a reduction from 50 to 25 is purely for budgetary reasons, stringency of budget.

Mr. HAMILTON. Gentlemen, if there is no objection, we will move now to executive session. Are you ready for that?

I will ask all persons in the room to leave them, unless they are with Mr. Sisco or Members of Congress or on the staff of the committee.

[Whereupon, at 3:25 p.m. the subcommittee recessed and proceeded in executive session.]

NEW PERSPECTIVES ON THE PERSIAN GULF

TUESDAY, JULY 17, 1973

HOUSE OF REPRESENTATIVES,
COMMITTEE ON FOREIGN AFFAIRS,
SUBCOMMITTEE ON THE NEAR EAST AND SOUTH ASIA,
Washington, D.C.

The subcommittee met at 2 p.m. in room 2255, Rayburn House Office Building, Lee H. Hamilton, chairman of the subcommittee, presiding.

Mr. HAMILTON. This meeting of the subcommittee will come to order. Today the Subcommittee on the Near East and South Asia resumed its hearings on recent political and strategic developments relating to the Persian Gulf area. In February 1972 we reviewed with the Department of Defense a number of strategic and military issues involving the Indian Ocean and Persian Gulf. That testimony focused on MIDEASTFOR, the small U.S. Navy force stationed on the Island of Bahrain in the Persian Gulf.

We would like today to focus, in particular, on U.S. arms supply policies and military presence in the Persian Gulf, on the extent, duration and specifics of sales of arms to Persian Gulf states that have been contracted recently or are being negotiated or discussed and on the strategic thinking of some of the leaders in the Persian Gulf. Iraq, Saudi Arabia, and Kuwait will be emphasized in our discussions.

We are pleased to have with us today Deputy Assistant Secretary for International Security Affairs, James H. Noyes. Mr. Noyes, you have a prepared statement and you may proceed as you wish.

I understand you may want to summarize that statement and that would be fine with the subcommittee. If you do, your full statement will be entered in the record. You may proceed.

STATEMENT OF JAMES H. NOYES, DEPUTY ASSISTANT SECRETARY OF DEFENSE FOR NEAR EAST, AFRICAN, AND SOUTH ASIAN AFFAIRS

Mr. NOYES. Thank you, Mr. Chairman. As you have suggested with an 18-page statement, in the interest of time I would like to make just some brief summary comments and then answer any questions that may follow.

Clearly this appears to be a timely moment to examine in a public context this very interesting subject which has captured a good deal of attention in the press over recent months. My statement naturally stresses the military aspects of our diplomacy in this area, but I would like to make it clear that all of us in the administration, particularly

including those in the Department of Defense, are especially conscious of the commercial, technical, cultural interests and relationships between the United States and the countries of the area we address.

PRIMARY CHALLENGE POLITICAL

Clearly the primary challenges to us and to that area are political rather than military. I think it is worth consideration for a moment in view of some of the public comment that has arisen on the subject of arms sales and our policy in the area. It is well to remember not only the ancient, but the more modern military history of this area, its tribes, the history of outside invasion and foreign occupations of various sorts. I say this because we should be careful not to portray the development of military forces there as a kind of Western virus that is being introduced as a foreign concept into the area. Because of the long British role in the gulf we have developed a degree of U.S. public attitude that these countries really do not need defense establishments, because they have not had these, and that it is somehow inappropriate for them to develop them.

The concept has grown that somehow it is more dangerous to have modern defense equipment in the hands of the people in this area than in Western hands.

This same viewpoint sees in the area the background of tribal animosities, ancient ethnic, political and other disputes and draws the conclusion that the introduction of modern weapons will destabilize the area or tempt them to enter warfare that they might not otherwise contemplate.

DEFENSE SYSTEMS A NECESSITY

In examining his viewpoint, let me quickly assure you that none of us applaud the necessity of using the sort of vast resources required for establishing and maintaining modern defense systems. We all view this with a degree of regret and sorrow as do the leaders of the area we are discussing.

But I think we need to be careful not to slip into a kind of paternalistic attitude that what is good for us in our Western societies—that is, that we feel we must speak from adequate strength if we are to negotiate and if we are to conduct our foreign affairs with credibility is only good for us. We must not slip into the thinking that those emerging nations which have ample resources and which are developing a kind of economic power that is unprecedented, somehow do not have the same sort of requirement that we do.

I think it is unrealistic to expect a crop of states who have had others responsible for their security for decades, at a point where the group who has been responsible departs from the scene, to expect these states to opt to be defenseless.

EVIDENCE OF REGIONAL COOPERATION

There is one other point. Some observers have said there is no evidence of cooperation in the Gulf area and that arms sales will foster trends counter to cooperation. There is a good deal of recent evidence of cooperation between Kuwait, Bahrain and other coun-

tries. In my statement I refer to increasing military cooperation in the area, but we should also look at the political area where there have been a number of high-level visits and discussions in recent months.

Iranian and Saudi Foreign Ministers have exchanged visits. Heads of states of the Emirates and Iran have exchanged visits. Sultan Qabus of Oman has recently visited Qatar. The Qatar Foreign Minister has visited the UAE.

On the 19th of June the Kuwait Foreign Minister and the Government of Bahrain signed four separate agreements of cooperation—economic, commercial, health, cultural and information. On the 30th of June the Kuwait Foreign Minister signed a similar set of agreements with the United Arab Emirates. He expects Qatar and Oman to sign similar agreements. In signing these agreements the parties extolled them as significant steps toward fruitful cooperation in the Gulf.

One other point has been raised with some emphasis in the public debate on the question of arms sales in this area. It has been said that we really have no policy rationale behind our sales. I would like to stress that dating back over several decades we have responded with military assistance and sales in the area based on a carefully formulated rationale.

Early in this administration special steps were taken to devise a policy that would cope with departure of the British military forces in December of 1971.

BROAD INTERRELATIONSHIPS

In the simplest terms our policy derives from recognition of important relationships—political, economic and otherwise—with the countries of this area. We have something they want and vice versa. We need to nourish and support and to develop and retain friendly political relations.

Security considerations are of paramount concern to any society. We believe these countries should be strong and stable. When they ask us for assistance within the limits of our policy, we respond positively for the sake of the relationship.

To add a bit of perspective, let me put this negatively. Here we have close friendships with Saudi Arabia, with Iran, of many, many years standing. At the point when the British leave—the British who have kept the peace in the area, have kept small disputes from bubbling up—at a point when potentially hostile or actually hostile states are arming with modern weapons on the periphery of this area, these countries turn to us and ask—motivated from a great deal of respect for American know-how and the utility of American equipment—they turn to us and ask, “Will you help us in an area that is absolutely vital to our security?”

ANSWERING DEFENSE NEEDS

Were we to say “No,” I wonder what kind of relationship we would have with those countries from that point. What kind of policy, what kind of friendships would we cultivate?

Finally, just a last note of caution, I think, is in order in reading or assessing the rather dramatic press reports of multimillion dollar arms deals, so called, in this or in any other area. As we all know, the cost of modern weapons is astronomical. Most of these countries particularly emphasize their air defense system. When you talk about several squadrons of modern aircraft, you talk about radar, air defense installations and other such things, you can quickly get to half a billion dollars without really buying anything very dramatic.

In one recent instance I know of, half of that half-billion dollar charge was for actual construction, but this was called in an oversimplified way, an arms purchase.

So that is simply a final point I wanted to make regarding the sense of perspective with which we should view these defense agreements and sales.

Thank you, Mr. Chairman.

[Mr. Noyes' prepared statement follows:]

STATEMENT OF JAMES H. NOYES, DEPUTY ASSISTANT SECRETARY OF DEFENSE (ISA)
FOR NEAR EASTERN, AFRICAN, AND SOUTH ASIAN AFFAIRS

Mr. Chairman and members of the committee, I welcome this opportunity to appear before you again, and to discuss with you recent developments in the Persian Gulf area. On February 2, 1972, I testified before this committee on the military situation in the Persian Gulf, the Red Sea, and the Indian Ocean; and on March 20, 1973, I testified before you on the military situation in South Asia.

I would like to preface my remarks by two general observations. First, as a Department of Defense representative, I intend to concentrate on the military aspects of our diplomacy, but I want to assure you that we in the Department of Defense do appreciate the importance of the other aspects of our diplomacy—economic, cultural, technical, and political. As I noted last year, I believe the challenge posed to the United States in the Indian Ocean and Persian Gulf areas is to a great extent political in nature and that, although our policy of military cooperation with a number of the states of these areas can and must support our diplomacy, the principal response to this challenge should emphasize political rather than military activity. Military instruments can contribute to political solutions; they cannot serve as solutions in and of themselves.

Second, our diplomacy can call on several major military instruments to support our interests and foreign policy objectives in peacetime and, of these, I regard the combination of arms sales and advisory and training programs as the most important. These military programs can help a recipient state in the area of its most vital national interest—its security; they are thus highly valued by the recipients as a vital contribution to the maintenance of friendly relations. These military endeavors are simultaneously a reflection of existing close and friendly ties and a means of strengthening them. They are rooted in mutual self-interest, the soundest basis for good relations between states.

U.S. AND SOVIET MILITARY ACTIVITIES IN THE INDIAN OCEAN AREA

In my testimony last year and again in March of this year, I provided you with detailed data on the military balance in the Indian Ocean area. There is very little to report in the way of change. The U.S. Naval communications station on Diego Garcia was commissioned and became operational on March 20, 1973. Construction should be completed in mid-1975.

Our general policy in the Indian Ocean area has not changed since last year. We wish to avoid military competition with the U.S.S.R. in the area as much as possible while maintaining our ability to assert military influence in case of need. As you may recall, the United States and U.S.S.R. in 1971 raised briefly the subject of arms limitation in the Indian Ocean, with no result. Neither power has supported the Sri Lanka-sponsored U.N. resolution, first proposed in December 1971, to establish the Indian Ocean as a "Zone of Peace." Our position is based in part of the effect the creation of such a regional ocean regime could have on freedom of the seas and on our Law of the Sea objectives.

THE PERSIAN GULF/ARABIAN PENINSULA AREA

Our defense relations with states of the Persian Gulf/Arabian Peninsula area are based on our interests in the area, the policy, given the available options, which can best serve those interests, and the politico-military instruments available to support that policy.

Our security interests in the Gulf are mainly three:

First, we wish to contain Soviet military power within its present borders. This interest was paramount during the height of the cold war when we were concerned with Soviet expansion and the adverse effect that expansion could have on the global balance and on our specific interests in the Persian Gulf/Arabian Sea area. Great Britain shared this interest, and until 1971 maintained special treaty relations with Kuwait, Bahrain, Qatar, and the seven Trucial states that kept the peace in the Gulf. With the gradual improvement in relations between the U.S.S.R. and Iran and between the U.S.S.R. and ourselves, the threat of Soviet overt military action against the sovereignty and independence of states in the Persian Gulf and the Arabian Peninsula has lessened and is no longer a cause of immediate concern.

We also have a security interest in access to Persian Gulf oil. Prior to 1970, our main interest in Persian Gulf oil was economic. Less than 3 percent of our oil came from the Gulf areas. But in that year it became clear to many of us that the United States was going to need to import increasing quantities of Persian Gulf oil in the future. Projections vary, of course, but conservatively we estimate that, if present trends continue, the U.S. will import about half of its oil requirements in 1980 and that half of this will come from the Persian Gulf. Saudi Arabia and Iran will account for much of these Gulf imports.

Another security interest is continued free movement of U.S. ships and aircraft into and out of the area, and continued access to logistic support facilities on Bahrain for our small Middle East force.

Clearly our interests can best be served if the states of the Persian Gulf/Arabian Peninsula area are independent, stable, and secure, and if they are friendly to ourselves and to our allies. Our policy accordingly seeks to support the orderly economic, social, and political development of the states of the area, to develop and maintain good relations with them, and to assist them militarily to provide for their own defense.

A decisive event in the life of the Gulf states was the 1968 British decision to terminate its protective treaty relationships in the area and to withdraw its operational military forces by the end of 1971. Partly as a result of that decision, the President initiated a study of future U.S. policy in the region. A major conclusion of that study, and a number of follow-on studies, was that the United States would not assume the former British role of protector in the Gulf area, but that primary responsibility for peace and stability should henceforth fall on the states of the region. The Gulf powers themselves, I hardly need add, came to the same conclusion. In the spirit of the Nixon doctrine, we are willing to assist the Gulf states but we look to them to bear the main responsibility for their own defense and to cooperate among themselves to insure regional peace and stability. We especially look to the leading states of the area, Iran and Saudi Arabia, to cooperate for this purpose.

Our Gulf military supply policy is not the result of a series of improvisations prompted by a suddenly discovered energy problem. Some of the publicity that has appeared in recent months concerning arms sales to several Persian Gulf area nations has tended to leave that impression with the general public. It is well worth emphasizing, therefore, that the United States has had longstanding defense relationships in this area, centered in Iran and Saudi Arabia and going back even to World War II days. We have had a military advisory mission in Iran since 1947. Grant aid was first extended to Iran in 1950, and military sales programs were initiated in 1964. Nor has the acquisition by Iran of modern F-4 aircraft really been a recent phenomenon; negotiations began in 1966 and first deliveries began in September 1968. Thus, we began with a period in which Iran was weak and the United States provided grant aid. As Iran's economy progressed, we turned to a mix of grant aid and sales. Today, Iran pays for all its needs and we no longer provide any grant aid. We have thus achieved one of the major objectives of our program of military cooperation, we have helped Iran move from a position of weakness and dependence to one of strength and independence. The U.S. role in Iran today consists of selling equipment and providing necessary military and technical advice.

Similarly, the United States has had a longstanding military supply relationship with Saudi Arabia dating back to the early 1950's, and the Saudis have turned to the United States primarily, though not exclusively, for help in modernizing their armed forces. Some of these programs have been in existence for a number of years.

Our relationships with Kuwait are much more recent but they considerably predate recent news reports that we were about to launch an arms program for that country. In fact the Kuwaitis came to us two summers ago, shortly after the British defense commitment to Kuwait ended, and indicated that they would like to obtain U.S. cooperation in strengthening their military defenses.

I should like now to discuss briefly our security relations with specific states of the area in a little more detail.

Iran

Turning first to Iran again, I would like to give the committee some quantitative measure of the development of the U.S. arms supply relationship over the past two decades. Iran received \$837 million in U.S. military grant aid from fiscal year 1950 to fiscal year 1972. Beginning in fiscal year 1965 and extending through fiscal year 1973, Iran has also purchased approximately \$3.7 billion in military equipment and training from the United States.

Recently, a great deal of public attention has been focused on the "\$2 billion arms deal the Pentagon has worked out with Iran." As I have indicated, there is no one "deal" or package involved. Rather, there has been a steady growth of Iranian purchases over some 8 years since fiscal year 1965 with the total for fiscal year 1973 amounting to about \$1.9 billion. And many of the purchases which were consummated in fiscal year 1973 were under consideration for several years; it was in 1973 that the Government of Iran decided that the combination of its needs and available resources was such that these programs could now be initiated. As you know, the average leadtime for the manufacture of sophisticated military equipment is about 2 years. In addition, the equipment which Iran has purchased will form an important element in its force structure for at least the next decade. Thus, the Government of Iran is continuing to modernize and upgrade its armed forces on a long term basis in order to meet its defense requirements well into the 1980's.

The presence of U.S. military personnel in Iran and the increase in their overall number has also received considerable public attention. The MAAG itself has actually been reduced since 1968 by more than 50 percent; today the MAAG's strength is about 200. Recently, in response to a request from the Government of Iran, we agreed to dispatch additional U.S. military technical personnel to Iran to provide advice and assistance on military equipment Iran has purchased from the United States. This service, however, is being provided on a sales basis. These personnel will be organized into technical assistance field teams, or TAF'T's which will go to Iran for specified periods of time. Since the arrival of the TAF'T's is keyed to the arrival of equipment, the numbers of personnel will fluctuate, but we expect the number to peak in early 1974 and at no time to exceed 500. Thus, although there will be a substantial number of U.S. military in Iran, the bulk of these are expected to be there for a finite period, and it should be kept in mind that they do not comprise armed military units but, rather, technical teams.

Assistant Secretary Sisco has already given you a graphic description of how the Government of Iran views its national security and the threats to that security. I do not propose to cover that ground again but instead will give a short description of our view of Iran's situation.

First and foremost, Iranian military planners must consider the potential threat posed by any neighbors with which relations are, or have been, seriously strained. At this time, unfortunately, such tensions do exist with Iraq, and Iran must be prepared to deter any aggression from that quarter and, if deterrence fails, to defend Iranian airspace and territory. Views may vary concerning the force levels required to achieve deterrence and for a successful defense, but there is no doubt of the need for that capability.

In addition to viewing Iraq as a potential threat, Iran has a historical concern with its northern borders. Relations between Iran and the U.S.S.R. are cordial and active but, on a contingency basis, Iran must consider how it would defend itself in the event of global or local conflict. Here the Iranian strategy would be, as has been described by the Shah, to fight a hard delaying war of attrition and await a diplomatic resolution of the conflict. Although Iran could not "defeat" a major power, its armed forces would have the capability to make

an attack costly enough to give a potential attacker serious reason for pause. Its first purpose would be to deter an attack.

One final factor in considering Iran's defense requirements is the sheer size of the country. Although small by comparison to its northern neighbor, Iran stretches almost 1,400 miles from the northwest to the southeast, and about 900 miles from east to west. This area, approximately 636,000 square miles, is one-fifth the size of the United States and more than one-half the area of NATO Europe. Obviously a territory of this size does present serious problems for defense planners.

Saudi Arabia

Turning now to Saudi Arabia, Saudi-United States relations have long been close and cordial and, as I stated earlier, our policy toward the gulf, since the British announced their intention to withdraw, has been to encourage friendly states in the area to assume responsibility for collective security in the region. Saudi Arabia, as the preeminent power on the Arabian Peninsula, has primary responsibility there. The Saudis are deeply concerned over the security threat from Iraq and from PDRY, both armed by the Soviet Union. Saudi concern has been intensified by the PDRY air attack against a Saudi frontier post in March, by hostile PDRY activity against the Yemen Arab Republic, and by clandestine radio broadcasts attacking the Saudi regime itself.

Our programs in Saudi Arabia cover a fairly broad range. The Saudis are buying F-5 jet fighters to replace older aircraft and we have agreed in principle to sell the Saudis a limited number of F-4 Phantoms. Since early 1972, we have been helping the Saudis within the context of a long-range program, to expand their small navy by the addition of 19 small ships, construction of shore installations, and training. As the result of a memorandum of understanding concluded in March 1973 a program to modernize the Saudi National Guard (an internal security force) is now in its beginning stages. American companies are continuing to assist in improving Saudi Arabia's air defense capabilities and since 1966 we have been helping the Saudi Army with a mobility modernization program.

Our U.S. military training mission (USMTM) in Saudi Arabia administers and supervises our programs of military cooperation, generally speaking, and assists and advises the Saudi Ministry of Defense and Aviation with respect to plans, organization and certain training. At present the USMTM is composed of 125 U.S. military personnel. The U.S. Government also provides, through the U.S. Army Corps of Engineers, engineering and construction management services for design, contracting, and construction of certain facilities for the Saudi military forces. At present, there are approximately 100 Corps of Engineer civilian and military personnel in Saudi Arabia. There are also about 30 U.S. Air Force civilian and uniformed personnel in-country in connection with the F-5 program.

These various programs provide support for the Saudi contribution to collective security in the gulf. They also demonstrate to the Saudis in a very concrete way our own concern for their security.

Kuwait

Next I would like to discuss Kuwait. Kuwait was declared eligible for sales under our Foreign Military Sales Act on January 17, 1971. As I mentioned earlier after the British defense commitment was ended in 1971, Kuwait informed us that it would strengthen its military defenses and would look to the United States for help. Late that year, the Kuwaitis formally asked us to send a small military team to study their defense requirements; and, in February 1972, a survey team visited the country. As you know, the Secretary of Defense has primary responsibility under the Foreign Military Sales Act to determine military end-item requirements. Since we had never before had any defense relationship with Kuwait, we could only fulfill our responsibility under the statute by sending a team to study the situation on the scene. The team's report indicated the need for improved air and ground defenses and an enhanced coast guard capability.

The primary threat to Kuwait was clearly from Iraq. We concluded that, although Kuwait alone could not hope to sustain a defense indefinitely against an all-out attack, it could, by building up its strength, increase its ability to deter such an attack. And if deterrence should fail, it would be in a better position to counter an attack and to hold out until outside help could arrive.

In early 1973, Kuwait sent a military team to Europe to look at French and British equipment and at U.S. equipment in Germany. Shortly thereafter, Iraq launched an attack on Kuwait's border. Our discussions with Kuwait were inten-

sified and a small U.S. team visited Kuwait a second time. Subsequently, we informed the Government of Kuwait that we were willing to sell certain defense articles that would provide a modern air defense system, better ground defenses, and improved communications, command and control. This proposal is the roughly \$500 million package that was publicized in the press. It should be noted that the program would be stretched out over at least a 7-year period and half of it would be for construction and other nonhardware items. Kuwait's requirement for a high-performance jet interceptor to replace its existing inventory is still under active consideration.

We are prepared to oversee the implementation of the program, and we are willing to provide training in the United States and Kuwait required by the program. As a matter of policy, we wish to keep any U.S. military presence small and to rely, wherever possible, on U.S. industry to provide the necessary training and support manpower. The extent of our advisory and training efforts, of course, will depend to some degree on what the Government of Kuwait decides to buy from us. It is also looking at British and French equipment and, to date, has bought nothing from us.

Lower gulf states and Oman

Turning now to the lower gulf states and Oman—I would like first to draw a distinction between our policy toward Saudi Arabia, Iran, and Kuwait, and our policy toward Oman and the lower gulf states of Bahrain, Qatar, and the United Arab Emirates. In the case of the former, we believe they have an external security threat or threats that establish their military requirements and justify our efforts to help them meet those requirements, both to provide for their own security and to enable them to cooperate militarily to maintain peace and stability in the Gulf, free of outside interference. In the case of the lower gulf and Oman, we believe the main need is to help them strengthen their internal security capabilities. We are willing, therefore, to sell these states a limited amount of arms that will enhance their internal security and will not undermine area stability or undermine the important role the British still play in the area.

The lower gulf states and Oman were found eligible under the Foreign Military Sales Act on January 2, 1973. In the case of the United Arab Emirates (UAE), the U.S. Government recognizes and has diplomatic relations only with the UAE Government and must deal with it for the purpose of FMS transactions, even though the individual Emirates comprising the UAE have concurrent power to maintain their own defense forces and to buy arms. This legal requirement coincides with our political desire to foster the unity and progress of the confederation.

One aspect of our arms sales policy requires special mention; that is, the question of whether these arms, and especially the F-4's, might be used in the Arab-Israeli context. There is, of course, no absolute guarantee that this will not happen; but we consider it highly unlikely for a number of reasons. These reasons already have been reviewed for you by the Assistant Secretary Sisco.

There is no question in our minds that the United States has important interests which justify its helping to insure the security of Saudi Arabia and Kuwait by making arms available to them. While the offer of F-4s to Saudi Arabia is a more sensitive question, it seems clear to us that the sale will represent a normal evolution in Saudi Arabia's defense establishment.

Recent military development

Mr. Chairman, in your letter of May 31 to Deputy Secretary Clements, you also expressed interest in recent military developments in the region such as the Dhofar rebellion in Oman and various border clashes. I have alluded to some of these developments earlier but will now touch on them in a little more detail.

In Oman, Sultan Qabus' campaign to suppress the Dhofari rebellion has shown some progress in recent months. A complete military solution to the problem, however, is probably unobtainable, as long as the People's Democratic Republic of Yemen (South Yemen) continues to provide a privileged sanctuary, unwavering ideological support, a training base, and generous military supplies to the Dhofar rebels and the Popular Front for the Liberation of Oman and the Arab Gulf (PFLOAG), an active, radical group which is also seeking to subvert existing regimes in the lower gulf states. Highly visible social, educational, and economic welfare measures initiated in Dhofar have, however, done much to undercut rebel propaganda and to increase the allegiance of the population to the young and dynamic Sultan. There has been a recent noticeable increase in rebel defections in Dhofar. Over the long term, the Sultan must continue to press forward with his social welfare and developmental efforts, while continuing efforts to improve the military situation.

In the Yemen area, clashes flared in September and October of 1972 between the PDRY (South Yemen) and the Yemen Arab Republic (YAR or North Yemen) and were followed by a November agreement to discuss unity between the two countries. While unity discussions continue in a desultory manner, the PDRY has stepped up a campaign of subversive activity in southwest YAR designed to take advantage of tribal differences within the YAR. The YAR continues to fear a renewal of overt military activity by the PDRY.

In March 1973, PDRY aircraft also bombed an installation near the frontier in Saudi Arabia.

With reference to the Iraq-Kuwait border conflict, although Iraq has periodically laid claim to all of Kuwait, the immediate cause of the present dispute appears to be Iraq's desire to strengthen the security of Umm Qasr which, with Soviet help, Iraq is developing into a leading port, oil terminal, and naval base. To secure a perimeter around Umm Qasr and its approaches, Iraq apparently desires control of the area around Al Samitah, the Kuwaiti border port seized by Iraq on March 26, 1973, and of Kuwait's two uninhabited islands of Warbah and Rubiyan which dominate the deep water approaches to the port and naval base. Since the border flare-up, the two countries have entered into discussions to resolve the issue peacefully. Iraq has removed its forces from Al Samitah, but troops of the two countries continue to face each other at the border.

The Soviet Union and other Communist nations have active especially in Iraq and the PDRY, arousing real concern among the Persian Gulf states. The PDRY has become heavily dependent on the Soviet Union for economic and military assistance. The People's Republic of China is also a contributor and since the beginning of 1973, Cuban technicians have arrived on the scene. Czechoslovakia and other eastern Communist countries also provide some military assistance. The U.S.S.R. enjoys access to Aden and its great natural harbor. The Soviet Union also continues to be the principal source of military supply and training assistance for both Syria and Iraq as well as important economic development programs. We believe, however, that traditional Arab suspicions of Soviet intentions are a factor in their relationships.

CENTO

Mr. Chairman, you have also expressed an interest in the importance of CENTO. The focus of CENTO has historically been oriented along the "Northern Tier," and although the world situation has changed as we have moved into the era of negotiation, regional military alliances have not lost their *raison d'être*.

CENTO was established in 1959 as a successor to the 1955 Baghdad Pact to provide for mutual defense against the threat of possible Communist aggression and to provide an instrument for political and economic cooperation and development as well. In the military field, regular exercises are planned and conducted, conferences on technical military matters are held, and interaction among military personnel is facilitated and encouraged. These activities have contributed to both the military capabilities of the regional countries and to their sense of mutual cooperation.

We believe that it is in the best interest of the United States, the United Kingdom, and the regional nations that the political, economic, and military cooperation fostered in CENTO be continued. Such cooperation can contribute to peace and stability and developmental efforts in the CENTO area. I believe the United States should continue its modest level of support for the organization.

REGIONAL MILITARY COOPERATION IN THE PERSIAN GULF AREA

In closing my statement, Mr. Chairman, I would like to address the question of what the prospects are, if any, for military cooperation among the littoral states of the Persian Gulf area. In the face of the long-standing and wide variety of disputes found in this area, it is indeed a most fair question.

Certainly the historic rivalry between the Iranians on the eastern side of the Gulf and the Arabs on the western side, and ideological, territorial, and tribal differences among the Arabs, as well as marked disparities of wealth and power, do hamper cooperation among the states of the region. But considering, as one example, the number of Arab Emirates (9) in the lower gulf area and the diversity of political and economic conditions among them, their transition from the protectorate status of 1971 has gone exceedingly well. In addition, there have been some encouraging signs of military cooperation in the area. Saudi Arabia, Iran, and the UAE are assisting other countries in the area with arms and military training. Sharjah police and elements of the UAE Defense Force (formerly the Trucial Oman Scouts) and Abu Dhabi Defense Force cooperated last year

to foil an attempt to overthrow the Government of Sharjah. Although not Persian Gulf powers, Jordan and Pakistan are cooperating militarily with several of the Arab States of the peninsula. We believe that compatibility of U.S. equipment among several of these states can help to facilitate regional military cooperation.

Perhaps one common interest now emerging, at least among some of the more conservative states in the area, is a common interest in stability. Even though viewed by these nations from differing standpoints, this common interest or objective does present a basis and an incentive for increased cooperation. No one can say what degree of success will be attained, but I believe that we must encourage and support these nations in that direction, both from the standpoint of their own development and our own self-interest. I do not think we can afford to do otherwise.

In terms of our own military presence in the area, I have already pointed out that the number of our advisory and training personnel will fluctuate depending on the status of individual country programs. Our objective, however, is to keep those numbers as low as possible. We do not plan to increase the size of our operational military forces stationed in the area.

Under present circumstances, I believe we are on the right course in the Persian Gulf area—to support the orderly economic, social, and political development of the area, to develop and maintain good relations with the area states, to provide military equipment and advisory assistance while leaving the main responsibility to them for their own defense, and to encourage regional cooperation as a means of insuring peace and stability in the area.

Mr. HAMILTON. Thank you, Mr. Secretary.

The statement you submitted to the subcommittee is a very fine one. Given the restrictions I know you operate under, I think it is very helpful. We appreciate it very much.

WHY DOES SAUDI ARABIA NEED PHANTOMS

Why does Saudi Arabia need Phantom jets? What is its security problem that is so great that they need Phantom jets?

Mr. NOYES. Saudi Arabia has, of course, a sizable land mass. The decision, I believe, that—or the factor in their decisionmaking process that was overriding in wanting to make a transition from the F-5 with a lesser capability to something in the category of the F-4, the primary consideration was really geography. If they are to have a credible deterrent to the PDRY, to other areas that have threatened them—and we get here into a great many technical factors—but had they not opted for the F-4, they would have had to build a series of air bases throughout their country to enable them to cope with this geographic problem involved.

SOUTH YEMEN

Mr. HAMILTON. Do you think the threat to Saudi Arabia comes from the South Yemenis? Is there an actual threat?

Mr. NOYES. When there are modern aircraft being introduced into a hostile neighboring state yes, I think the Saudi reaction has been certainly influenced by what their neighbors are doing.

Mr. HAMILTON. How many aircraft have been introduced?

Mr. NOYES. Into the South Yemen?

Mr. HAMILTON. Yes.

Mr. NOYES. I regret for the purposes of an open hearing I am unable to address that, Mr. Chairman.

Mr. HAMILTON. Are Mig-21's operational there and if so, how many?

Mr. NOYES. I could address that in executive session, but let me say the evidence is considerable that there are or will be more advanced aircraft in southern Yemen than there have been in the past.

Mr. HAMILTON. How many Phantom jets are we selling Saudi Arabia?

Mr. NOYES. This has not been determined, Mr. Chairman. In fact, whether any will be sold—

Mr. HAMILTON. But we have a request from them for Phantom jets, is that correct?

Mr. NOYES. That is correct.

Mr. HAMILTON. When will a determination be made?

Mr. NOYES. This is, I assume, under review within the Government of Saudi Arabia. I just cannot really speculate. The initiative is up to them.

Mr. HAMILTON. Do they have a request pending before our Government at the moment?

Mr. NOYES. They do not in terms of a specific number. We just have not advanced to that stage.

INHIBITING COMPETITION WITH RUSSIA

Mr. HAMILTON. Your statement on page 2 talks about how we wish to inhibit military competition with the U.S.S.R. in the area as much as possible. How do you inhibit military competition by selling great quantities of arms? We are selling more than the Soviets are selling in the area. Isn't the more likely result of selling vast quantities of arms to Saudi Arabia and Kuwait a response from the Soviet Union and perhaps others to sell arms to their friends in the area? Isn't that a perfectly reasonable kind of scenario to write here?

Mr. NOYES. I find it very difficult, Mr. Chairman, to, in all of these situations in the Middle East and other areas, successfully cope with the chicken-and-egg kind of sequence that comes here, as to who started, who brought in what kind of weapon and what kind of reaction that provoked. You would get from the Saudis or Iranians a very convincing argument—and I am sure from the Syrians and Iraqis and PDRY Government—you would get "the other guy is always at fault" kind of statement.

UNITED STATES AS MAJOR ARMS DEALER

Mr. HAMILTON. There is much merit to what you say, Mr. Noyes, but at the same time it is true, is it not, that given the magnitude of the sales, the United States is by far the largest arms supplier in the Persian Gulf area. We are doing it on a magnitude far greater than the Soviet Union, am I not right?

Mr. NOYES. I would not be prepared to admit that, the reason being—there have been statements made to that effect—but the trouble is it depends on what point in time you are starting from. Some of our more recent agreements extend a decade.

Now are you going to go back and say pick up precisely what the Soviets have sold a decade ago. How are you going to attach a dollar value? How does one attach a dollar figure that is accurate for purposes of compatibility?

Mr. HAMILTON. Let's take that point. On the basis of your statement, you state that between 1965 and 1973 we sold approximately \$3.7 billion in military equipment and training to Iran, just one country in the area. But in fiscal 1973 alone, we sold Iran about \$1.8 billion worth. That means that in one fiscal year we sold over half of what we sold in the 6 or 7 preceding fiscal years. So there has been, in that country at least, a very sharp change in our military sales policy because we are selling in 1 year almost as much as we have sold in the preceding 6 or 7 fiscal years. That is a sharp change in direction in policy.

Mr. NOYES. I have several problems with your thesis, Mr. Chairman.

Mr. HAMILTON. Is it a fact? Did I state the figures correctly?

Mr. NOYES. I would have to check that, but let me say the figures are mixing apples and oranges. If you pass from one generation of aircraft that cost \$400,000 each into a generation of aircraft that cost \$4 million, you may be getting virtually the same kind of force structure. If you get into much, much more sophisticated weapons—the state of the art throughout the world is changing—this does not as much necessarily represent a change in policy on the part of the United States as it does the change in the nature, the cost, et cetera of the weapons being purchased.

IS THERE A BUILDUP OF ARMS?

Mr. HAMILTON. You are contending there has not been a pickup in the quantity in destructive power that we are putting into that area in the last few years?

Mr. NOYES. Specifically in connection with Iran I would say that the Government of Iran for many years has determined that it will have an improved force structure. In recent years in anticipation of the British withdrawal they decided this must be modernized, but I do not think either they or we have had a radical change in policy.

Mr. HAMILTON. Mr. Noyes, I think we are going to suspend. The bells are running wild and we don't know what the situation is since the electronic system is out. So we will recess to vote.

[A brief recess was taken.]

ARMS SALES TO IRAN AND SAUDI ARABIA

Mr. HAMILTON. The subcommittee will resume its sitting.

Can you furnish for us the amounts that we sold to Iran and Saudi Arabia and the other countries on a year-by-year basis going back to 1965?

Mr. NOYES. Yes; we will be glad to.

Mr. HAMILTON. Do you have those figures before you?

STATEMENT OF JAMES TIMBERLAKE, COUNTRY DIRECTOR FOR KUWAIT, BAHRAIN, QATAR, UAE, OMAN, AND INDIAN OCEAN AFFAIRS, OFFICE OF ASSISTANT SECRETARY OF DEFENSE (INTERNATIONAL SECURITY AFFAIRS)

Mr. TIMBERLAKE. Not by years. We have totals from 1950. Then we have them for the single year 1972. We would have to break them down year by year for you.

Mr. HAMILTON. We would like a breakdown by year from the year 1965 forward through the fiscal year, through as late as you can get it for each of the countries in the Persian Gulf area.
[The following information was supplied:]

PERSIAN GULF STATES: ARMS TRANSFERS (PROGRAMS) BY YEAR, 1965-71

[In thousands of dollars]

	1965	1966	1967	1968	1969	1970	1971	1972	1973
Military assistance program:									
Saudi Arabia.....	1,263	668	768	759	620	532	640	474	217
Iran.....	33,547	62,696	34,690	22,134	23,899	2,631	2,090	934	
Excess defense articles: ¹									
Saudi Arabia.....							2		
Iran.....	203	832	631	3	197				
Foreign military sales:									
Saudi Arabia.....	6,040	81,312	94,348	34,312	3,947	2,551	73,136	306,797	60,693
Iran.....	59,676	137,536	213,591	141,360	212,138	91,208	445,913	499,217	2,054,311
Ship loans:									
Saudi Arabia.....									
Iran.....								12,700	
Commercial sales: ²									
Saudi Arabia.....	856	14,902	33,580	35,481	6,253	12,723	8,200	5,134	3 (15,450)
Iran.....	57	5,122	2,022	5,147	10,084	9,811	27,059	39,885	3 (42,400)
Total:									
Saudi Arabia.....	8,159	96,882	128,696	70,552	10,820	15,806	81,978	312,405	76,360
Iran.....	93,483	206,186	250,934	168,644	246,318	103,650	475,062	552,736	2,096,711

¹ Value in accordance with sec. 8(c) of Public Law 91-672.

² Deliveries.

³ Estimate.

Mr. HAMILTON. Do we have any military commitments in this area, Mr. Noyes?

Mr. NOYES. There are no military commitments per se. We have an agreement with Iran. Dr. Timberlake, do you have the precise wording on that?

Mr. TIMBERLAKE. There is a 1959 bilateral agreement of cooperation between the United States and Iran which is based on the 1957 joint resolution to promote peace and stability in the Middle East. That resolution, you will recall, spoke of providing assistance to any Middle East nation requesting assistance against armed aggression from any country controlled by international communism. It was a bilateral and multilateral treaty aimed primarily at the Soviet threat.

Mr. HAMILTON. It requires nothing more or less than to consult.

Mr. NOYES. It calls on us, acting in accordance with our constitutional processes, to take such appropriate action, including the use of armed forces as may be mutually agreed upon.

SOVIET THREAT

Mr. HAMILTON. On page 3 of your statement you talk about our security interests in the gulf. First, you say "We wish to contain Soviet military power within its present borders." At the bottom of that paragraph you say that is no longer a cause of immediate concern. I do not understand what your assessment of the Soviet threat in the area is. You seem to say two different things there.

Mr. NOYES. Mr. Chairman, I believe the word "immediate" is perhaps the key word here. In other words, the countries of that area need to remain strong for a number of reasons, one of which being the

would be taken as a very discouraging sign in relation to our attitude toward that area and perhaps many other areas of the world.

Mr. HAMILTON. What is our commitment under CENTO, is it just a commitment to consult in the event of aggression?

Mr. NOYES. Essentially, but let me be more specific. We are not a member of CENTO although we participate in some of its activities. We did enter into a joint declaration with members of CENTO in 1958 in which we declared our intention to cooperate with them for their security and defense. Our 1959 bilateral agreement with Iran, which I mentioned earlier, was made pursuant to that declaration.

MIDEASTFOR AND DIEGO GARCIA

Mr. HAMILTON. MIDEASTFOR was recently modernized with the addition of a newer ship. Do you have any other changes in plan or function in mind for MIDEASTFOR?

Mr. NOYES. There are no such changes, Mr. Chairman, other than the hope to qualitatively improve the kinds of ships that are rotated in. We have in the past not used our most modern destroyers, and the plan is to gradually upgrade the ships that will rotate from the Atlantic Fleet into MIDEASTFOR.

Mr. HAMILTON. Do you plan any increase in the number of ships in MIDEASTFOR?

Mr. NOYES. There is no such plan that I know of.

Mr. HAMILTON. Has there been any increase in the past year?

Mr. NOYES. There has not.

Mr. HAMILTON. Diego Garcia has recently opened. What function will that facility have so far as the Persian Gulf area of the world is concerned?

Mr. NOYES. Diego Garcia as a facility pertaining to the whole Indian Ocean has no specific relevance to the Persian Gulf except to the extent that U.S. naval ships passing through the Indian Ocean or stationed in the Indian Ocean area would be dependent on the communications backup provided by Diego Garcia.

Mr. HAMILTON. How many American military people do we have on Diego Garcia?

Mr. NOYES. About 1,000 at present but most of these are construction personnel. When completed, the facility will have 251 United States and 28 United Kingdom personnel.

Mr. HAMILTON. Is there any plan to increase that number?

Mr. NOYES. I am not aware of a plan of that type.

Mr. HAMILTON. Are these all communication people basically?

Mr. NOYES. That is correct.

U.S. DEFENSE-RELATED PRESENCE

Mr. HAMILTON. We have as a result of the increased interest in the Persian Gulf and the increased arms and sales, as your statement suggests, an increased American presence in these countries to train nationals and to service equipment. Can you give us the total number of Americans in the two countries, Saudi Arabia and Iran, that are working on defense-related items?

Mr. NOYES. I would have to check that for you, Mr. Chairman. I know in Saudi Arabia there are approximately 10,000 Americans, of

whom probably half are in oil and oil-related jobs but there are so many other companies and activities, I would have to sort out and provide that for you later.

Mr. HAMILTON. We would like for you to do that, Mr. Noyes. The number of civilian contractors. We are interested in the number of civilian contractors that we have in the area, what these people are doing, what U.S. companies are involved.

We have heard, for example, that Bendix and Raytheon and Bell and Northrop are all operating under contracts. We would like to know what they are doing there, what their presence is, and what their involvement is.

Mr. NOYES. We will provide that.

[The following information was supplied:]

DEFENSE-RELATED CIVILIAN CONTRACTS IN IRAN AND SAUDI ARABIA

Currently, there are approximately 30 U.S. firms with defense-related contracts operating in Iran utilizing about 900 civilian employees in-country. The number of contractor personnel is expected to increase in the year ahead as some programs, now in their early stages, take on momentum. In Saudi Arabia, the comparable figures are 5 firms with about 700 civilians. In both countries, the firms are providing a wide spectrum of assistance to the military services of the two countries primarily related to instruction, training, and maintenance concerning the equipment purchased from the United States.

Firms operating in this fashion include the following, among others:

In Iran:

Boeing
Raytheon
Bowen-McLaughlin-York
Control Data Corp.
I.T. & T.
Hughes Aircraft
Iran Aircraft
Lockheed Aircraft Corp.
Northrop
Bell Helicopter
Motorola, Inc.
Stanwick Corp.
General Electric
Westinghouse
Philco-Ford
McDonnell Douglas
Computer Sciences

In Saudi Arabia:

Lockheed
Raytheon
Bendix
AVCO
Northrop (and subsidiaries)

Mr. HAMILTON. Mr. Gilman.

THREATS TO SAUDI ARABIA

Mr. GILMAN. Thank you, Mr. Chairman.

Mr. Noyes, I regret I was not here during your testimony. I have reviewed your statement and would like to ask a few questions.

With regard to some of the propositions set forth, one of the premises upon which our Nation is contemplating providing equipment and supplies for Saudi Arabia has been the proposition of attempting to avoid some of the threats that Saudi Arabia is confronted with.

Could you specify for us some of these threats that you see as a possible influence for our providing this sort of military assistance to Saudi Arabia?

Mr. NOYES. Congressman Gilman, I might first mention that one of the threats which causes concern in Saudi Arabia is really in the non-