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Folder: IRAN (12/01/ 1980-03/05/1981)

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WITHDRAWAL SHEET

Ronald Reagan Library

Collection Name EXECUTIVE SECRETARIAT, NSC: COUNTRY FILE

Withdrawer

SMF 7/1/2008

File Folder IRAN (12/01/ 1980-03/05/1981)

FOIA

M2008-113

Box Number 36

FELIPPONE

ID	Doc Type	Document Description	No of Pages	Doc Date	Restrictions
54574	REPORT	RE KHOMEINI <i>D 3/29/2012 M113/1</i>	7	12/1/1980	B1 B3
54575	PAPER	RE THE HOSTAGE RELEASE IMPLEMENTATION AGREEMENTS <i>D 2/24/2010 M2008-113; R 10/12/12 M361/2</i>	5	ND	B1
54576	MEMO	SICK TO ALLEN RE BRITISH INTEREST IN US IRAN POLICY <i>R 6/16/2010 M113/1</i>	1	1/23/1981	B1
54577	MEMO	ALLEN TO THE PRESIDENT RE COMMISSION ON IRANIAN AGREEMENTS <i>D 2/24/2010 M2008-113; R 10/12/12 M361/2</i>	1	1/29/1981	B1
54578	MEMO	HAIG TO THE PRESIDENT RE INDEPENDENT COMMISSION ON IRANIAN AGREEMENTS <i>D 2/24/2010 M2008-113; R 10/12/12 M361/2</i>	2	1/28/1981	B1
54579	MEMO	SICK TO ALLEN RE IRAN ACTIONS <i>PAR 7/27/2018 M113/1</i>	6	1/30/1981	B1
54580	MEMO	SCHWEITZER TO ALLEN RE IRAN-IRAQ CONFLICT <i>R 6/16/2010 M113/1</i>	1	2/4/1981	B1
54581	MEMO	ALLEN TO SECRETARY OF STATE RE IRAN- IRAQ CONFLICT <i>R 6/16/2010 M113/1</i>	1	ND	B1

Freedom of Information Act - [5 U.S.C. 552(b)]

B-1 National security classified information [(b)(1) of the FOIA]

B-2 Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]

B-3 Release would violate a Federal statute [(b)(3) of the FOIA]

B-4 Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]

B-6 Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]

B-7 Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]

B-8 Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]

B-9 Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

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SMF 7/1/2008

File Folder IRAN (12/01/ 1980-03/05/1981)

FOIA

M2008-113

Box Number 36

FELIPPONE

ID	Doc Type	Document Description	No of Pages	Doc Date	Restrictions
54585	MEMO	SICK TO SHOEMAKER RE IRAN-IRAQ <i>R 2/24/2010 M2008-113</i>	1	2/4/1981	B1
54586	MEMO	SHOEMAKER TO SCHWEITZER RE IRAN-IRAQ MEETING <i>R 2/24/2010 M2008-113</i>	2	2/4/1981	B1
54587	MEMO	SICK TO ALLEN RE STATUS OF IRANIAN STUDENTS <i>R 2/24/2010 M2008-113</i>	2	3/3/1981	B1
54588	MEMO	LILLEY TO ALLEN RE IRAN <i>PAR 3/29/2012 M113/1</i>	1	3/25/1981	B1 B3

Freedom of Information Act - [5 U.S.C. 552(b)]

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C. Closed in accordance with restrictions contained in donor's deed of gift.

THE WHITE HOUSE
WASHINGTON

8

Jan. 23, 1981

To: Mr. Meese

From: Dick Allen

Attached is a copy of the
Hostage Release Implementation
Agreements prepared by State.

THE SECRETARY OF STATE
WASHINGTON

34575

~~CONFIDENTIAL/SENSITIVE~~

The Hostage Release Implementation Agreements

There is an Interagency Task Force currently examining these agreements and related issues. Its mandate is to ensure that no precipitate action is taken -- not only until we have had ample time to go over the agreements themselves, but also to allow us to determine the policy implications of any decisions we may take.

The essentials of the binding agreement (or Basic Declaration) between the U.S. and Iran can be summarized as follows:

-- In order to gain the release of the hostages, the U.S. placed in an escrow account (at the Bank of England in the name of the Algerian Central Bank) just under \$8 billion, the total of those Iranian assets held either by the Fed or by U.S. banks abroad. This money went to Iran, although \$3.7 billion was "returned" by Iran to pay off the loans and \$1.4 billion was retained in escrow account pending litigation over potential bank claims.

-- The portion of Iranian assets held by U.S. banks located in the U.S., \$2.2 billion, is still contested. As soon as U.S. judicial orders can be lifted, these funds are to be shifted to the escrow account. (The agreement calls for this to be done within six months). About half of the funds will then go on to Iran; half (a total of \$1 billion) will go on to a special security account to serve as collateral against outstanding claims. (Iran, however, is committed to replenishing this account to maintain a minimum balance of \$500 million until all claims are settled.)

-- The outcome of these claims will be decided by a nine-member "arbitration tribunal" which will hear all outstanding cases, including those currently in U.S. courts. The tribunal will be composed of three Iranian, three U.S. and three other members to be selected by mutual agreement. (These three U.S. positions are likely to prove very exacting and will make great demands upon the judgment and competence of those appointed.)

DECLASSIFIED

NLR/M10-3672 #34575 ~~CONFIDENTIAL/SENSITIVE~~

BY CW NARA DATE 10/12/12

-- Non-financial assets of Iran (purchased goods, etc) subject to U.S. jurisdiction will be returned without going through the escrow account, except that items such as military equipment purchased but not yet delivered will be subject to other restrictions.

-- As regards the Shah's wealth, the agreements provide that:

- Iran may sue to recover his assets and those of his family;
- the U.S. will freeze those assets pending litigation; and
- the U.S. will return such assets that U.S. courts rule belong to Iran.

(Note: We have also pledged to conduct a "census" of the Shah's wealth. It is difficult to exaggerate the political sensitivity of this matter. We thus plan to proceed most cautiously. We are told that most assets held by the Shah and his family in the U.S., except for some real property, have probably long since been removed.)

-- The agreement nullified those U.S. trade sanctions imposed by President Carter in the aftermath of the Embassy takeover. However, we still retain control over exports such as military items in the pipeline, and we can impose new ones. By U.S. law, for example, these are special controls that apply to any state that supports international terrorism.

-- The agreement also nullifies claims against Iran arising from the Embassy seizure, including claims by the hostages themselves. The U.S. retains its right to attempt to regain the Embassy and compound through diplomatic means. A commission will be appointed to consider the question of hostage compensation.

-- The U.S. has made a commitment not to interfere in Iran's internal affairs.

Action Required

Actions that need to be taken to carry out U.S. obligations under the agreements should be separated into:

(1) those that require immediate action; and (2) those that can be addressed after a policy review is completed.

Actions that need to be taken immediately, or that have already been taken (along with tentative assignments of responsibility) are as follows:

- Publication of Executive Orders: This has now been done.
- Release of Undertakings Agreement: This agreement was not released at Algerian request (most likely on behalf of Iran) because it specifies the dollar amount of assets transferred to Iran. Details of the agreement have been released, and there may no longer be any point in withholding it. We may, however, want to notify the Algerians before releasing it officially.
- Refine/Review Treasury Regulations to clarify technical details of the Executive Orders. (Being done by Treasury. However, those aspects that derive from the Executive Order concerning the assets of the former Shah are being delayed, pending policy review.)
- Establishing an interest-bearing security account to be the depository of the \$1 billion fund for the payment of U.S. claims awarded by the arbitration tribunal. (State and Treasury)
- Establishing a litigation strategy with respect to attempts to obtain preliminary injunctions to block the implementation of the agreements. (Justice has already instructed U.S. attorneys to oppose temporary restraining orders on the grounds that the government intends to allow holders of assets a reasonable time for compliance.) (Justice, White House)

While these immediate actions are being taken, the Interdepartmental Task Force is preparing an analysis of the possible time schedules for other actions to identify any technical or policy issues which require review.

These further actions could include:

- Possible new Executive Orders or Treasury Regulations for the transfer of U.S. private claims from the courts to the Arbitration Tribunal. (Justice, State, Treasury, and White House)
- Actions with respect to the Shah's assets: These could include actions (called for by the Executive Agreement) to enforce the identification and freezing of assets that are sued for by Iran in U.S. courts; U.S. representations in court that Iran's claims are not barred by sovereign immunity or act of state doctrines; and enforcement of any judgments obtained by the courts. (Justice, State, Treasury, and White House)
- Withdrawal of U.S. hostages' claims from the World Court. (State)
- Establishment of Commission on Hostages Compensation. (State, Justice, White House)
- Establishing of U.S.-Iran Claims Tribunal and development of strategy for settlement of claims. (State, Justice, Treasury, White House)
- Return of nonfinancial assets of Iran. (State, Justice, Defense)

In addition to actions that may be required by the terms of the agreements, we need to consider other steps to minimize the danger of encouraging future terrorist acts, and lay the foundations for protecting our larger vital interests in the region.

In the interim, we must all do everything possible to ensure not only that we handle these matters carefully and discretely, but also that the USG project a common view of the sensitive issues involved.

The Carter Executive Orders

There are nine Executive Orders signed by President Carter which enabled the USG to proceed with the several steps necessary to put the hostage deal into motion. They are as follows:

A. Restrictions on the Transfer of Property of the Former Shah of Iran. This clears legal obstacles to any effort by Iran to use the courts to obtain property and assets in the U.S. belonging to the Shah's estate or any close relative. It also requires that information concerning the Shah's estate be transmitted to the Treasury Department, that the U.S. freeze assets under suit and that the U.S. enforce any judgments obtained in U.S. Courts.

B. Revocation of Prohibition Against Transactions Involving Iran. This lifts earlier Executive Orders banning U.S. commerce with Iran.

C. Non-Prosecution of Claims of Hostages and for Actions at the U.S. Embassy. This prohibits anybody under U.S. jurisdiction, including hostages and families, from seeking a legal claim against Iran arising out of these events.

D. Direction to Transfer Iranian Government Financial Assets Held by Non-Banking Institutions. Anybody holding Iranian funds or securities is directed to transfer them to Federal Reserve Bank of New York.

E. Direction to Transfer Iranian Government Assets Held by Domestic Banks. This nullifies attachments against Iranian assets held domestically and orders funds to be transmitted to the Federal Reserve Bank.

F. Direction to Transfer Iranian Assets Overseas. This order, obviously, has already been implemented.

G. Direction Relating to Establishment of Escrow Accounts.

H. Direction to Transfer Iranian Government Assets. This allowed the Fed to transfer gold and proceeds from its sale of Iranian securities.

I. President's Commission on Hostage Compensation. This creates a nine-member panel to examine and make recommendations on whether the hostages should be compensated. Carter has picked four members and the President can appoint the remaining five.

Jan
14~~CONFIDENTIAL~~

January 23, 1981

INFORMATION/ACTION

MEMORANDUM FOR: RICHARD ALLEN
 FROM: GARY SICK *W*
 SUBJECT: British Interest in U.S. Iran Policy (U)

As you know, the British have four individuals, including missionaries, who are presently under detention in Iran. These cases are comparable to that of the American journalist, Cynthia Dwyer, who is in an Iranian prison under unspecified charges. The release of the 52 Americans has roused intense public interest in the UK about efforts to free their own people. (U)

I was contacted this morning by a British Embassy official who expressed his government's interest about U.S. policy on the release of military equipment to Iran as well as U.S. general policy on trade and economic relations generally. I told him that I would insure that you are aware of British interest and the possible relationship between our own policy and UK policy in attempting to get their own people freed. (C)

Although the British officials was quick to note that the British government is not presently asking us to take any specific steps. It is evident that they have a strong interest in any decisions which may be taken. It would probably be desirable to consult with the British before any final decisions are taken. (C)

*I spoke with the President about the four Brits
 He believes that we should not publicly mention
 them for fear of having them linked to US nationals
 still in Iran.
 We will keep the British interest in mind — and I
 advise you to keep me rounded.*

*W
1/31*~~CONFIDENTIAL~~

Rvw. on January 23, 1982

DECLASSIFIED

NLRR M08-113 #54576

BY KML NARA DATE 6/18/10

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OF CLASSIFIED ENCLOSURES

Smf 7/11/08

RECEIVED 02 FEB 81 14

TO ALLEN

FROM SICK

DOC DATE 23 JAN 81

KEYWORDS: IRAN

GREAT BRITAIN

DWYER, CYNTHIA

FMS

INTL TRADE

SUBJECT: BRITISH INTEREST IN US / IRAN POLICY

ACTION: NOTED BY ALLEN W/ COMMENT DUE: STATUS C FILES PA

FOR ACTION

FOR COMMENT

FOR INFO

SICK ✓

RENTSCHLER ✓

COMMENTS

REF# LOG NSCIFID (H / H)

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THE WHITE HOUSE
WASHINGTON

~~SECRET~~

January 26, 1981

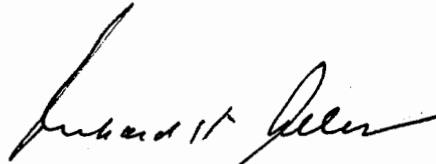
MEMORANDUM FOR

THE VICE PRESIDENT
THE SECRETARY OF STATE
THE SECRETARY OF THE TREASURY
THE ATTORNEY GENERAL

SUBJECT: Briefing for the President -- Iranian Accords

Your presence is requested at a meeting on Tuesday, January 27, 1981 at 1:00 - 1:30 p.m. for the purpose of briefing the President on the implementation of the Iranian Accords and for discussing guidance to be given to all present public affairs officers. (S)

This session will also serve as a means of pre-briefing the President for his press conference, which is anticipated to be held on Thursday. (C)



Richard V. Allen

~~SECRET~~

Review on January 26, 1987

DECLASSIFIED
Sec.3.4(b), E.O. 12958, as amended
White House Guidelines, Sept. 11, 2006
BY NARA *amp*, DATE *7/1/08*

~~SECRET~~

Subject: Iran

(include PRM, PD or DR # when applicable)

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smf 7/11/08

17

CLASSIFICATION: TOP SECRET ~~SECRET~~ CONFIDENTIAL UNCLASSIFIED
(check one)

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| <input type="checkbox"/> Mr. Aaron | <input type="checkbox"/> Ms. Farrar | <input type="checkbox"/> NSC Secretariat | <input type="checkbox"/> Mr. Thomson |
| <input type="checkbox"/> Admin. Office | <input type="checkbox"/> Mr. Fried | <input type="checkbox"/> Col. Odom | <input type="checkbox"/> Mr. Thornton |
| <input type="checkbox"/> Ms. Albright | <input type="checkbox"/> Mr. Friendly | <input type="checkbox"/> Mr. Oplinger | <input type="checkbox"/> Mr. Utgoff |
| <input type="checkbox"/> Col. Berta | <input type="checkbox"/> Mr. Funk | <input type="checkbox"/> Amb Owens | <input type="checkbox"/> Gen. Welch |
| <input type="checkbox"/> Mr. Blackwill | <input type="checkbox"/> Mr. Gregg | <input type="checkbox"/> Mr. Pastor | <input type="checkbox"/> Ms. Zweiben |
| <input type="checkbox"/> Mr. Bloomfield | <input type="checkbox"/> Mr. Henze | <input type="checkbox"/> Mr. Poats | |
| <input type="checkbox"/> Mr. Brement | <input type="checkbox"/> Mr. Huberman | <input type="checkbox"/> Mr. Rentschler | |
| <input type="checkbox"/> Mr. Deal | <input type="checkbox"/> Mr. Hunter | <input type="checkbox"/> Capt. Sick | |
| <input type="checkbox"/> Mr. Denend | <input type="checkbox"/> Mr. Jennings | <input type="checkbox"/> Sit Room | |
| <input type="checkbox"/> Mrs. Dodson | <input type="checkbox"/> Mr. Kimmitt | <input type="checkbox"/> Mr. Stebbins | |
| | <input type="checkbox"/> Mr. Larrabee | <input type="checkbox"/> Mr. Stewart | |

3

EXTERNAL DISTRIBUTION:

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THE SECRETARY OF DEFENSE The Pentagon				
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CHAIRMAN, JCS The Pentagon				
THE SECRETARY OF THE TREASURY Main Bldg/Room 3422	1			
THE SECRETARY OF COMMERCE 14th & Const/NW, Room 3422				
DIRECTOR, OMB Room 252 OEOP				
DIRECTOR AID Room 5942 New State				
THE SECRETARY OF ENERGY GA257, Forrestal Bldg				
THE SECRETARY OF TRANSPORTATION 400 7th Street S.W.				
U.S. REPRESENTATIVE TO UNITED NATIONS Room 7531/State Dept				
THE ATTORNEY GENERAL 10TH/Const. NW, Room 5119	1			
DEPUTY SECRETARY OF STATE Exec. Sec/Room 7241				
DEPUTY SECRETARY OF DEFENSE The Pentagon				
ASSISTANT TO PRESIDENT FOR DOMESTIC AFFAIRS Second Floor/West Wing				
DIRECTOR OSTP Room 360, OEOP				
DIRECTOR, INTL COMMUNICATIONS AGENCY (ICA) 1750 Penna. NW				
THE SECRETARY OF INTERIOR 18th & E Street NW				
THE SECRETARY OF AGRICULTURE Independence & 14th SW				
THE SECRETARY OF LABOR 100 Const Ave NW				
THE SECRETARY OF HEW 100 Independence Avenue, NW				
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18
 7/1/88

Subject: Iran

(include PRM, PD or DR # when applicable)

CLASSIFICATION: TOP SECRET SECRET CONFIDENTIAL UNCLASSIFIED
 (check one)

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| <input type="checkbox"/> Mr. Aaron | <input type="checkbox"/> Ms. Farrar | <input type="checkbox"/> NSC Secretariat | <input type="checkbox"/> Mr. Thomson |
| <input type="checkbox"/> Admin. Office | <input type="checkbox"/> Mr. Fried | <input type="checkbox"/> Col. Odom | <input type="checkbox"/> Mr. Thornton |
| <input type="checkbox"/> Ms. Albright | <input type="checkbox"/> Mr. Friendly | <input type="checkbox"/> Mr. Oplinger | <input type="checkbox"/> Mr. Utgoff |
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| <input type="checkbox"/> Mr. Bloomfield | <input type="checkbox"/> Mr. Henze | <input type="checkbox"/> Mr. Poats | |
| <input type="checkbox"/> Mr. Brement | <input type="checkbox"/> Mr. Huberman | <input type="checkbox"/> Mr. Rentschler | |
| <input type="checkbox"/> Mr. Deal | <input type="checkbox"/> Mr. Hunter | <input type="checkbox"/> Capt. Sick | |
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| <input type="checkbox"/> Mrs. Dodson | <input type="checkbox"/> Mr. Kimmitt | <input type="checkbox"/> Mr. Stebbins | |
| | <input type="checkbox"/> Mr. Larrabee | <input type="checkbox"/> Mr. Stewart | |

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EXTERNAL DISTRIBUTION:	# cys	Date	Time	Received/Signed For By:
THE VICE PRESIDENT (OEOB OFFICES)				
THE SECRETARY OF STATE Exec sec/room 7241	1			
THE SECRETARY OF DEFENSE The Pentagon				
DIRECTOR, ACDA Room 5933/Dept of State				
DIRECTOR CIA Langley, VA/or Pickup				
CHAIRMAN, JCS The Pentagon				
THE SECRETARY OF THE TREASURY Main Bldg/Room 3422	1	1-27-81	11:30	Jim DeLuca
THE SECRETARY OF COMERCE 14th & Const/NW, Room 3422				
DIRECTOR, OMB Room 252 OEOB				
DIRECTOR AID Room 5942 New State				
THE SECRETARY OF ENERGY GA257, Forrestal Bldg				
THE SECRETARY OF TRANSPORTATION 400 7th Street S.W.				
U.S. REPRESENTATIVE TO UNITED NATIONS Room 7531/State Dept				
THE ATTORNEY GENERAL 10TH/Const. NW, Room 5119	1	1/26	12:50	A. Williams
DEPUTY SECRETARY OF STATE Exce. Sec/Room 7241				
DEPUTY SECRETARY OF DEFENSE The Pentagon				
ASSISTANT TO PRESIDENT FOR DOMESTIC AFFAIRS Second Floor/West Wing				
DIRECTOR OSTP Room 360, OEOB				
DIRECTOR, INTL COMMUNICATIONS AGENCY (ICA) 1750 Penna. NW				
THE SECRETARY OF INTERIOR 18th & E. Street NW				
THE SECRETARY OF AGRICULTURE Independence & 14th SW				
THE SECRETARY OF LABOR 100 Const Ave NW				
THE SECRETARY OF HEW 100 Independence Avenue, NW				
THE SECRETARY OF HUD 251 7th Street SW				

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RECEIVED 26 JAN 81 16

19

TO AGENCIES

FROM ALLEN

DOCDATE 26 JAN 81

KEYWORDS: IRAN

SUBJECT: BRIEFING FOR PRESIDENT - IRANIAN ACCORDS

ACTION: ALLEN SGD MEMO TO AGENCIES DUE: STATUS C FILES PA

FOR ACTION

FOR COMMENT

FOR INFO

SICK

COMMENTS VP'S CY HAND-CARRIED BY IRENE; STATE & TREASURY RECD ADVANCE

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DISPATCH *ed P sheet* *10:15am* W/ATTCH FILE (C)

THE WHITE HOUSE

WASHINGTON

54577

SECRET

January 29, 1981

ACTION

MEMORANDUM FOR: THE PRESIDENT

FROM: RICHARD ALLEN *Allen*

SUBJECT: Commission on Iranian Agreements

Al Haig recommends against establishing an independent Commission on the Iranian Agreements.

If you concur, I will inform him of same.

Attachments

cc: Ed Meese
Jim Baker

DECLASSIFIED

NLRR M10-361/2 #54577

BY CW NARA DATE 10/12/12

SECRET

Classified by
State memo dtd
January 28, 1981

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

ACTION

January 27, 1981

MEMORANDUM FOR: THE PRESIDENT
FROM: RICHARD ALLEN *Allen*
SUBJECT: Bruce Laingen's 13 August 1979
Cable to Vance

This cable, published in today's New York Times, is very revealing, as it demonstrates that the State Department did not heed reports from the field.

You may wish to remind Mr. Laingen of it in your discussion with him today.

RECEIVED 10 MAR 81 14

TO PRES

FROM ALLEN

DOCDATE 27 JAN 81

KEYWORDS: IRAN

MEDIA

LAINGEN, BRUCE

VANCE, CYRUS

SUBJECT: BRUCE LAINGEN 13 AUG 1979 CABLE TO VANCE

ACTION: FOR INFORMATION

DUE:

STATUS C

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PRES

SICK

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24

THE SECRETARY OF STATE
WASHINGTON

SENSITIVE

54578

January 28, 1981

MEMORANDUM FOR: THE PRESIDENT
From : Alexander M. Haig, Jr. 
Subject : An Independent Commission
on the Iranian Agreements

I have considered the possibility of an independent Presidential Commission on the Iranian agreements. On balance I do not think it is a good idea and therefore recommend against it.

The major advantages of establishing a Commission are that it might:

- Remove the issue temporarily from the agenda of a new government that has many more pressing issues before it.
- Diffuse the emotional climate and permit a consideration of complex legal, financial, and international issues in a more deliberate atmosphere.

But I find the Commission's disadvantages more telling:


- It would be difficult to control the outcome.
- It would be viewed as an indecisive way to handle the situation.

You have taken the initiative with a tough statement announcing that any future seizure of U.S. diplomatic Missions would lead to immediate retribution. Appointing a Commission would prolong the focus on the Iranian seizure, and transfer the initiative to the independent Commission as well as to nearly inevitable Congressional hearings. Therefore, I think it is not desirable. I have discussed this issue with Senator Baker (who proposed a Presidential Commission) and he is prepared to support us whichever way you decide to go. He is confident he can manage the problems on his side if you decide against a Commission.

~~SECRET~~

SENSITIVE
RDS-3 1/27/01

DECLASSIFIED

NLRR 110-3612 #54578
BY  NARA DATE 10/2/17.

~~SECRET~~

25

SENSITIVE

-2-

Ultimately you will have to make the hard decisions required on the basis of internal Administration thinking. It is best that we keep control over this issue. The Interdepartmental Group that I established at your direction is currently clarifying the technical issues involved. That evaluation will provide the basis for development of the very sensitive policy issues that will need to be considered by the Cabinet and decided by you.

~~SECRET~~

SENSITIVE

RECEIVED 31 JAN 81 14

smf 7/1/06

TO PRES

FROM HAIG, A

DOCDATE 28 JAN 81

KEYWORDS: IRAN

SUBJECT: AN INDEPENDENT COMMISSION ON IRANIAN AGREEMENTS

ACTION: FOR INFORMATION

DUE:

STATUS C

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FOR ACTION

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PRES

MEESE, E

BAKER, J

SICK

COMMENTS

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27

MEMORANDUM

EYES ONLY

NATIONAL SECURITY COUNCIL

OUTSIDE THE SYSTEM

~~TOP SECRET~~

January 30, 1981

54579

Keep from

INFORMATION

MEMORANDUM FOR: RICHARD ALLEN
FROM: GARY SICK *ls*
SUBJECT: Iran Actions -- July through November 2, 1980

The following is a reconstruction of the key events on the hostage issue in the pre-election period. This is based on a comprehensive review of all information to the NSC during the period. I was personally involved in the strategy sessions at all levels, and I believe I can say unequivocally that this represents a complete picture of U.S. actions at the time.

July 27

-- Shah dies in Cairo.

August 1

-- PRC meeting on Iran. State presents a diplomatic strategy for the "new phase in Iran" (with election of Majlis) involving feelers through a wide variety of possible intermediaries. Approved by President for expedited action.

August 9

-- State prepares draft position paper outlining an opening and successive fall-back positions on Iranian claims/assets issues which elaborated on earlier U.S. positions. Once Iran releases hostages, U.S. prepared to work out financial arrangements. (Revised and finalized August 13.)

August 12

-- Rajai confirmed as Prime Minister. U.S. launches unpublicized diplomatic campaign to press him for early action on hostage issue.

*1980
E.O. 12958
As Amended
Sec. 3.3(b)(1)
1/4c*

EYES ONLY

~~TOP SECRET~~

Cl. by Multiple sources
Review date indefinite

~~TOP SECRET~~

DECLASSIFIED IN PART

NLRR MD8-113 #54579

BY *RW* NARA DATE 7/27/18

EYES ONLY

-2-

~~TOP SECRET~~ [REDACTED]

August 16

-- Jack Anderson column claims Carter Administration planning to start a war in October to regain political support. Administration denounces the report as totally false and "grotesque."

August 20

-- Marine battalion joins U.S. naval forces in Indian Ocean on long-scheduled deployment.

August 25

-- Saudi Ambassador tells U.S. officials in Washington that the Hajj (pilgrimage) to Mecca would be an appropriate moment for the hostages to be released as a sign of Moslem magnanimity. The Hajj this year falls in mid-October.

September 2

-- Behesti meets with Swedish Ambassador. He is unusually friendly and seems to wish to end the hostage crisis. State sends the Swedes a copy of the slightly revised basic position paper which had previously been made available to Tehran (but not to Behesti personally). The Ambassador is unable to get another appointment with Behesti until the 16th.

September 10

[REDACTED]

President nominates Christopher to go to Germany with a paper setting out the U.S. position on the Iranian points. It is the most encouraging Iranian position in a year, but the President and others suspect it is a false alarm, based on past experience.

September 11

-- President meets with Christopher and other key advisors to approve a U.S. position paper: as hostages leave, U.S. will simultaneously lift freeze, making available roughly \$6.8 billion immediately.

EYES ONLY

~~TOP SECRET~~ [REDACTED]

EYES ONLY

-3-

~~TOP SECRET~~ [REDACTED]

September 12

-- Khomeini announces four conditions for release of hostages in a long, rambling speech. The conditions are very similar to those given to Ritzel. Initial drafts of an agreement and some executive orders are prepared. Military trust fund and spare parts inventoried to see what, if anything, might be releasable.

September 16-18

-- Christopher holds two meetings with Tabatabai in Germany. Tabatabai says the four conditions were incorporated into Khomeini's speech after U.S. willingness to discuss them was confirmed. The assets situation was reviewed in considerable detail. The use of the German Central Bank is considered for an escrow account. Tabatabai basically accepted the U.S. proposal but could not give assurances that it would be accepted in Tehran.

September 22

-- Iraq attacks Iran. Because of war, Tabatabai unable to get back to Tehran immediately. Iran is informed via Germans that U.S. not involved in Iraqi attack.

September 25

-- Survey of Iranian military equipment divided into three conceptual categories: (1) cash; (2) non-lethal equipment and spares; and (3) lethal and/or sensitive items. (1) is releasable; (2) may be releasable if required in negotiations; (3) not releasable under any circumstances. We know that Iran is unaware of the military inventory except in very general terms, and we take every possible precaution to prevent detailed information appearing in the press.

September 27-29

-- Iraqi aircraft move into the lower Persian Gulf, and we learn that an attack on Iran from Arab states in the lower Gulf is imminent. The U.S. and U.K. approach these governments on an emergency basis to urge them to reconsider in light of the threat that all shipping out of the Gulf will be shut down and Iranian retaliatory strikes will be launched against the oil fields. The Iraqi planes are withdrawn, but Saudi Arabia realizes how vulnerable it is to Iranian bombing attacks and asks for emergency U.S. assistance in improving its defenses. An air defense package is proposed, including deployment of AWACS.

EYES ONLY

~~TOP SECRET~~ [REDACTED]

~~TOP SECRET~~

30

EYES ONLY

-4-

~~TOP SECRET~~

September 30

-- Majlis debates membership on Parliamentary Commission to prepare recommendations on settling hostage crisis.

-- AWACS sent to Saudi Arabia. Iran informed via Germans that this act does not detract from the U.S. position of neutrality between Iran and Iraq.

-- A U.S. firm secretly offers to provide Iran with military equipment and spares. Steps are taken to prevent such a deal.

October 1

-- Tabatabai still in Dusseldorf. Says that everything in Iran is on track, including the membership of the Parliamentary Commission.

October 2

-- Members of the Anderson campaign are approached by an Iranian who offers to release the hostages in return for military spare parts. The man produces a detailed list of F-14 equipment. Further investigation shows that this is a self-promoter.

October 3

-- Two Iranian bankers contact Treasury on a "personal initiative" to discuss freeing of Iranian assets and the hostage situation.

October 6

-- Tabatabai back in Tehran reports (via Germans) that Rafsanjani is "enthusiastic" about results of talks with Christopher. Tabatabai is to see Khomeini soon. Possibility of further meeting(s) in Germany discussed. Sample documents of agreements are positioned in Germany. Further refinement of military equipment inventory on contingency basis, including estimated pricing of air delivery of non-lethal items to Germany or Pakistan.

October 9

-- Khomeini, the religious advisor of the militants, says that if America meets Khomeini's demands, the hostages could be freed "tomorrow."

October 10

-- Tabatabai through Germans reports he has seen all of the top leadership and things are on track. Since Parliamentary Commission

EYES ONLY

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EYES ONLY

-5-

~~TOP SECRET~~ [REDACTED]

October 10 (cont'd)

must complete its work, he does not favor another meeting at this time. Speculation grows within the diplomatic community in Tehran that the hostages will be released before the end of October.

-- In a separate message, Tabatabai requests a detailed listing of material ordered by Iran but not yet delivered by the U.S. We send a very general reply identifying \$145 million of military and more than \$100 million of commercial items in U.S. custody. (The total military inventory of cash and equipment amounts to \$532 million. We assume Iran does not know this.)

October 12

-- Tabatabai raises possibility of staggered release of hostages in several groups and indicates interest in military spares. Tabatabai is informed by the Germans that no assurance can be given about delivery of military equipment in light of Iran-Iraq war. Tabatabai raises possibility of a further meeting, perhaps in Turkey, within a week. (In fact, no further meeting ever took place.)

October 15

-- A Chicago TV station reports that 5 U.S. cargo planes are due to arrive in Tehran on the weekend and that an agreement is imminent. The report is denied. In fact, no equipment was ever prepared for movement at any time, but stories and rumors pop up on almost a daily basis from this time through the election.

October 18

-- The Algerians take advantage of Rejai's presence in New York for the UN to discuss the hostage issue with him. The U.S. is in contact with the Algerians (but not the Iranians). Rejai was also in touch with Iran's American lawyers representing their interests here for a reading on the assets situation.

October 22

-- Rejai, back in Tehran, dismisses any connection between military spares and the release of the hostages. (Iran never mentioned the issue again in the negotiations.)

-- Israel informs us that Iran, through intermediaries, has asked them to supply some military equipment. We inform Israel that we cannot approve any transfer of U.S.-origin parts and ask

EYES ONLY

~~TOP SECRET~~ [REDACTED]

~~TOP SECRET~~

32

EYES ONLY

-6-

~~TOP SECRET~~ [REDACTED]

October 22 (cont'd)

them to postpone any action. They agree.

October 24-25

-- A much-revised draft of a possible escrow agreement is prepared in Washington in the event further negotiations occur.

October 26

-- Debate within the Iranian Majlis on the hostage issue continues.

October 28

-- In the Presidential debate, Carter mentions that if the hostages are released, we would release military items which Iran owns.

October 30

-- The Majlis debate on the hostages is postponed due to lack of a quorum.

November 2

-- The Iranian Majlis votes a set of conditions for release of the hostages, including several points which are not acceptable to the U.S. Carter returns from the campaign for meetings with his advisors. He decides to leave the door open for further discussions but not to either accept or reject the conditions outright.

EYES ONLY

~~TOP SECRET~~ [REDACTED]

~~TOP SECRET~~

MEMORANDUM

NATIONAL SECURITY COUNCIL

ACTION

February 4, 1981

MEMORANDUM FOR:

RICHARD V. ALLEN

FROM:

ROBERT SCHWEITZER

SUBJECT:

Iran - Iraq Conflict

54580

As we formulate specific actions to be taken in the Iran-Iraq war context, it is important that we have a general policy framework with which to work. The State Department has convened an Iran-Iraq working group which has not yet sharpened its focus in this direction. We should encourage this group to be more forward-looking and conceptual in its approach. We should task the group to develop general long-range policy objectives and to suggest specific near-term initiatives designed to support these objectives. The attached memorandum to Secretary Haig (Tab A) is designed to accomplish this purpose.

RECOMMENDATION

That you sign the memorandum at Tab A.

 Approve Disapprove

THE WHITE HOUSE

WASHINGTON

~~SECRET~~

54581

MEMORANDUM FOR:

THE SECRETARY OF STATE

SUBJECT: Iran - Iraq Conflict

As the war continues, it is increasingly important that we establish general long-range policy objectives towards both belligerents. The Iran - Iraq working group chaired by the State Department is an effective mechanism to begin to do this.

This working group should now be tasked to develop papers on our policy objectives towards Iran and Iraq, and specific near-term initiatives we should implement to move us in the right direction. These recommendations can then be considered by the Senior Interdepartmental Group and positions prepared for decision by the President.

Richard V. Allen
Assistant to the President
for National Security Affairs

~~SECRET~~

Review 2/4/87

DECLASSIFIED

NLRR M08-113 #54581

BY KML NARA DATE 6/18/10

MEMORANDUM

NATIONAL SECURITY COUNCIL

February 4, 1981

54585

MEMO FOR CHRIS SHOEMAKER

FROM: GARY SICK *JS*

SUBJECT: Iran-Iraq

Your memo looks fine. I would recommend three fixes or additions at points I have pencilled "A", "B" and "C" as follows:

A Change item to read as follows:

-- Iran is unlikely to turn immediately to the Soviet Union for military equipment since the clerics and Khomeini fear Soviet domination as much as they oppose U.S. involvement. Moreover, assimilation of new types of equipment is a lengthy process and is not responsive to immediate battlefield needs. Nevertheless, if Iran finds itself in extremis militarily and has no alternative source of supply, it is quite possible they could turn to the Soviets either for emergency resupply (perhaps through Libya) or for a long-term military supply relationship.

B Change item to read as follows:

-- Given this, we may wish to explore possibilities of opening some sources of U.S.-origin military equipment to Iran. They would almost certainly not accept a direct relationship with the U.S. for this purpose, but something might be worked out using an intermediary supply point such as Turkey or Pakistan. Because of the political sensitivities on all sides, this would have to be done in a very discreet--perhaps even clandestine--fashion. Such an approach would, of course, have to be carefully folded in to an overall strategy toward Iran, but if done properly it offers a possible means of gaining some leverage on Iran which is now almost totally lacking.

C Change item to read as follows:

-- The paper will recommend that the U.S. talk to Palme, the recent Islamic Conference emissary to Iran, and to U.S. allies about the efforts to negotiate a cease-fire. It would urge all parties to avoid any unilateral actions which might interfere with the Palme mission.

DECLASSIFIED

NLRR M2008-113 #54585

BY RW NARA DATE 2-24-10

MEMORANDUM

NATIONAL SECURITY COUNCIL

ACTION

February 4, 1981

MEMORANDUM FOR: GENERAL SCHWEITZER

FROM: CHRIS SHOEMAKER

SUBJECT: Iran - Iraq Meeting

54586

On 3 February State Department convened a meeting of the Iran - Iraq working group. The meeting was chaired by Acting Assistant Secretary Peter Constable, and consisted of a discussion of the current state of the war, its implications for the oil market, and the urgency of effecting a cease-fire. The major conclusions of the meeting were:

- As long as Iran and Iraq continue to export oil at the current level (about 1.4 million barrels a day between them) and Saudi oil production remains at 10 million barrels a day, the global oil situation will remain stable. The danger is that the war may expand to include more extensive attacks on oil facilities, or that the Saudis will reduce their current production levels. The consensus of the group was that the longer hostilities continue, the greater the danger will be to the world oil situation.
- Although there are some advantages to continued conflict, it is, on balance, in US interest to have the fighting stop. It is likely, however, that the war will continue at its present level for an extended period of time.
- Iran is unlikely to turn immediately to the Soviet Union for military equipment, since assimilation of new types of equipment is a lengthy process and is not responsive to immediate battlefield needs. However, in the long term, Iran may find it an attractive option to reconstitute its armed forces with Soviet equipment.
- Given this, it is important that Iran receive some equipment now from the West, possibly through Turkey or Pakistan. It is conceivable that a weapons supply relationship could lead to some Western leverage to encourage Iran to negotiate. Any relationship, however, must be with the clerical leadership. It would be a ~~mistake to attempt~~ to deal only with Bani-Sadr.

B

- There is probably no role the UN can play to stop the fighting at this point except through continued efforts of Olaf Palme. We should encourage all non-Soviet efforts to bring about a cease-fire.

The meeting concluded without a clear-cut course of action except that Constable will prepare a memorandum for Secretary Haig which lays out three issues:

- The paper will recommend that the US talk to Palme prior to his next round of discussions.
- The paper will identify the question of whether or not to encourage Western military supply relationships with Iran.
- The paper will identify the settling of the Shatt-al-Arab issue as the key ingredient in negotiated peace.

As far as it went, the meeting was reasonably productive. In the future, however, we need to put sharp emphasis on our long-term objectives in this situation. Certain members of the group, for example, were unwilling to address the question of the reconstitution of the Iranian armed forces. But it is this question which will bear most directly on the nature of Iran's future relationship with the Soviet Union. We must look beyond the immediate battlefield situation to our wider goals in the region. We should begin with a clear articulation of our post-war objectives with both Iran and Iraq. Only then can we set in motion actions which serve both our near-term needs and our longer-term goals.

Recommendation

We should have Mr. Allen suggest to Secretary Haig that the Department of State prepare a paper on our long-term objectives for both Iran and Iraq. The Iran-Iraq working group should then be convened to discuss these papers and to formulate recommendations on general policy and specific initiatives to the principals. I have prepared the attached memoranda for this purpose.

Gary Sick concurs.

UNCLASSIFIED UPON REMOVAL
OF CLASSIFIED ENCLOSURES

RECEIVED 10 MAR 81 14

Smf 7/1/08

TO ALLEN

FROM SCHWEITZER

DOCDATE 04 FEB 81

KEYWORDS: IRAN

IRAQ

SUBJECT: IRAN -- IRAQ CONFLICT

ACTION: ALLEN DISAPPROVED RECOM DUE: STATUS C FILES PA

FOR ACTION

FOR COMMENT

FOR INFO

SCHWEITZER

SICK

COMMENTS

REF# LOG NSCIFID (H / H)

ACTION OFFICER (S) ASSIGNED ACTION REQUIRED DUE COPIES TO

[This section contains several lines of extremely faint, illegible text, likely representing a table or list of actions and assignments.]

DISPATCH W/ATTCH FILE (C)

915 *AF*

NATIONAL SECURITY COUNCIL

March 3, 1981

MEMORANDUM FOR RICHARD V. ALLEN

FROM: GARY SICK *W*

SUBJECT: Status of Iranian Students

54587

The State Department is engaged in implementing the President's decision on normalizing visa regulations for Iranians so they will be comparable to those which now apply for Libyans, Soviets, or nationals of other nations where security interests are paramount. One exception to this rule will be treatment of minorities. Over the past year or two, we have maintained special regulations which favor entry by Jews, Bahais, and members of other minority faiths. Although there is at present little evidence of large-scale persecution of minorities in Iran (and in fact some Jews are beginning to return to look after their affairs), State proposes to retain these special provisions for the time being. I believe that is sensible.

There is, however, one problem which is more difficult. The President's decision did not address the special INS regulations concerning the status of Iranian students and other Iranian nationals who are in this country on legal visas of one sort or another. Because of the large numbers of Iranian students--60,000--in this country and the many cases of pro-Khomeini demonstrations and violence, the INS adopted regulations which prohibit Iranians from adjusting the status of their visas while in this country. Simply stated, this means that any Iranian in this country for a specific purpose (e.g. a prescribed course of study) or for a specifically prescribed period of time (e.g. two years) must leave when that purpose/time has been completed. The only recourse for those who wish to remain is to seek political asylum.

Last year at this time, we were contacted by some of the most prestigious universities in the country to complain that students with an arbitrary time limit on their visas were being forced to leave in the middle of their studies--in many cases even a month before final exams. This was rectified by an INS regulation which stipulated that students enrolled in bona fide courses or accepted to advanced programs (e.g. medical school or PhD programs) could continue their studies, if acceptance had been received prior to April 7, 1980. State and INS correctly assume that similar hardship cases will arise this year--for example, a student of a pro-Shah family who has finished a B.A. will have to leave the country even if accepted to graduate school, unless political asylum is chosen. Many resist asylum since it may affect their careers in Iran at a later date if the situation calms down.

Students from all other countries are routinely permitted to adjust their status according to their academic career. The problem with the Iranians, of course, is the very large numbers and the public perception that they are all pro-Khomeini. In fact, most of them are either anti-Khomeini or apolitical, but the activists get all the publicity. The large clash yesterday in Los Angeles between pro- and anti-Khomeini factions only underscores the problem for U.S. policy.

Who did all that marching?

DECLASSIFIED
MFR M1008-113 #54587
BY RW MAR DATE 2-24-10

The following options are available:

1. Lift restrictions on Iranians in the U.S. (including students). They would be treated the same as their counterparts from other nations.
2. Lift restrictions on the small number of non-student Iranians, who are relatively few in number and not very visible. The students would continue to be subject to limitations on change of status, i.e., when a given course of study is complete, they would have to leave or choose asylum.
3. Lift restrictions on non-students and change the regulations for students to permit them to remain if accepted into an approved course of studies. Thus, if a student is accepted into graduate school after completion of a B.A., he or she would be permitted to remain, even if the visa was written only for a B.A. or a given period of time which has expired.
4. Retain restrictions on all Iranians pending completion of our overall policy review toward Iran. (Date very uncertain)

Since there is no legal way to distinguish between "good" Iranians and "bad," restrictions always hurt those who are friendly to the U.S. as well as those who are not. The problem is to find a balance which is fair to those who will be our friends someday without appearing to be soft on the unpopular pro-Khomeini activists.

Option 4 is the easiest. However, if last year's experience is any guide, we will soon begin to have letters and calls from educators and Iranian friends of the Administration who will complain that we are unnecessarily making enemies of an entire generation of prospective Iranian leaders. NEA supports this option to avoid appearing weak.

I personally prefer Option 3, which would alleviate the worst of the inequities. Nevertheless, it provides an open door for any Iranian student who wishes to remain in the U.S. There is no shortage of schools and training programs which will accept almost anyone who can pay the tuition.

Option 2 would have minimal public visibility and would take care of the small numbers of Iranians who have not been a problem. However, it leaves the "good" students in the same position as Option 4.

Option 1, in my view, is premature at this time and would be perceived as being soft on the student militants.

State has asked for our informal views on this issue, since it will inevitably have political implications. Do you have a preference?

- Option 1
- Option 2
- Option 3
- Option 4

*I like 3 —
but have a problem being nice
to any Hamas
3/6/81*

RECEIVED

81 MAR 3 P 7: 42 .

41

JANET COLSON

JC

BUD NANCE

JC

DICK ALLEN

IRENE DERUS

JANET COLSON

JC

BUD NANCE

KAY

CY TO VP

SHOW CC

CY TO MEESE

SHOW CC

CY TO BAKER

SHOW CC

CY TO DEEVER

SHOW CC

CY TO BRADY

SHOW CC

*I phoned
RVA choice
to Andy Link
JC
5:15 pm
3/6*

RECEIVED 03 MAR 81 18

my 7/1/08

TO ALLEN

FROM SICK

DOCDATE 03 MAR 81

KEYWORDS: IRAN

VISA

SUBJECT: STATUS OF IRANIAN STUDENTS

ACTION: FOR DECISION

DUE: 07 MAR 81 STATUS X FILES

FOR ACTION

FOR COMMENT

FOR INFO

ALLEN

KEMP

COMMENTS

REF#

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ACTION OFFICER (S)

ASSIGNED

ACTION REQUIRED

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COPIES TO ✓

C 3/6

RVA make recon w/comment

GS, KE

DISPATCH

W/ATTCH

FILE

PA (C)
clm

~~SECRET~~

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aj

43

MEMORANDUM

NATIONAL SECURITY COUNCIL

~~SECRET~~

13526

E.O. ~~12958~~

March 25, 1981

As Amended

Sec. 3.3 (b)(1)

INFORMATION

DECLASSIFIED IN PART

NLRR M113 #54588

BY KML NARA DATE 3/29/12

MEMORANDUM FOR: RICHARD V. ALLEN

FROM: JIM LILLEY *jl*

SUBJECT: Possible Sale of Chinese Military Equipment to Iran (S)

This memo informs you of my actions recently to advise the Chinese not to sell sea mines to Iran. No action is required by you at this time. (S)

[REDACTED] the Chinese are negotiating a large multimillion dollar arms sales to Iran through European intermediaries. The deal is just about consummated. There are no policy objections to the Chinese selling arms to Iran, especially as it decreases Iran's dependence on the Soviet Union. But included in the arms sales are sea mines. (S)

After discussions with Gary Sick, we came to the conclusion that Chinese selling sea mines was a mistake as these mines could be used to interfere with western shipping in the Persian Gulf area. (S)

On two separate occasions I raised this issue with State, first at the desk level, where I got little action, and then directly with John Holdridge and CIA. (S)

Holdridge said he would work out an arrangement **[REDACTED]** to get the message across to the Chinese that we thought selling mines to Iran was a mistake. (S)

cc: General Schweitzer

June's
Hope the Chinese comply.

~~SECRET~~

Review on 3/25/81

RVA HAS SEEN

~~SECRET~~

RVA HAS BEEN

1502

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81 MAR 26 A 9: 45

JANET COLSON

Je 26/1082 1026

BUD NANCE

Je 26/1056

DICK ALLEN

Wa 30/0711

IRENE DERUS

Wed 31/0810

JANET COLSON

9/30/1027

BUD NANCE

KAY

CY TO VP

SHOW CC

CY TO MEESE

SHOW CC

CY TO BAKER

SHOW CC

CY TO DEEVER

SHOW CC

CY TO BRADY

SHOW CC

OF CLASSIFIED ENCLOSURES

smf 7/1/08

RECEIVED 25 MAR 81 18

45

TO ALLEN

FROM LILLEY

DOCDATE 25 MAR 81

KEYWORDS: ARMS SALES

CHINA P R

IRAN

SUBJECT: POSSIBLE SALE OF CHINESE MILITARY EQUIPMENT TO IRAN

ACTION: FOR INFORMATION

DUE:

STATUS IX FILES

FOR ACTION

FOR COMMENT

FOR INFO

ALLEN

KIMMITT

SCHWEITZER

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noted by RVA w/comment

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