

Message Text

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ACTION EUR-25

INFO OCT-01 EA-11 NEA-10 ISO-00 AEC-11 AID-20 CEA-02

CIAE-00 CIEP-02 COME-00 DODE-00 EB-11 FEA-02 FPC-01

H-03 INR-10 INT-08 L-03 NSAE-00 NSC-07 OMB-01 PM-07

RSC-01 SAM-01 SCI-06 SPC-03 SS-20 STR-08 TRSE-00

PA-04 USIA-15 PRS-01 IO-14 SAJ-01 DRC-01 /210 W

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R 141707Z MAR 74

FM AMEMBASSY BONN

TO SECSTATE WASHDC 1077

INFO AMEMBASSY BRUSSELS

AMEMBASSY THE HAGUE

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY LONDON

USMISSION EC BRUSSELS

USMISSION OECD PARIS

AMEMBASSY TOKYO

AMEMBASSY TEHRAN

AMEMBASSY MOSCOW

C O N F I D E N T I A L BONN 04098

E.O. 11652: GDS

TAGS: ENRG, PFOR, GW, IR

SUBJECT: IRANIAN PRIME MINISTER'S VISIT TO BONN

REF: BONN 3777 (NOTAL)

1. IRANIAN PRIME MINISTER HOVEYDA VISITED BONN FROM MARCH 6 TO 10. DURING HIS VISIT HE HAD CONVERSATIONS WITH CHANCELLOR BRANDT, FOREIGN MINISTER SCHEEL,
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ECONOMICS MINISTER FRIDERICHS AND FINANCE MINISTER

SCHMIDT. IN ADDITION HE HAD DISCUSSIONS AT THE HOUSE OF GERMAN INDUSTRY IN COLOGNE AND WITH OIL AND CHEMICAL INDUSTRIALISTS.

2. A MAJOR TOPIC OF DISCUSSION DURING THE VISIT WAS THE PROPOSED CONSTRUCTION OF A 25 MILLION TON REFINERY AT BUSHIR. OUR ECONOMICS MINISTRY SOURCES STATE THAT LITTLE PROGRESS WAS MADE IN RESOLVING THE OUTSTANDING ISSUES THE PRIMARY ONE OF WHICH REMAINS THE LINK WITH A PETROCHEMICAL PROJECT. THE FRG BELIEVES IT HAS CONVINCED THE IRANIANS THAT A HUGE PETROCHEMICAL COMPLEX IS OUT OF THE QUESTION BUT THE IRANIANS CONTINUE TO INSIST THAT AGREEMENT ON THE REFINERY BE LINKED TO AGREEMENT ON SOME SORT OF PETROCHEMICAL FACILITY. ADDITIONAL UNRESOLVED QUESTIONS ARE THE PRICE OF THE OIL WHICH WOULD BE SUPPLIED TO THE REFINERY, THE CONTROL OF THE OIL, THE QUANTITY OF THE REFINERY OUTPUT WHICH WOULD BE DESTINED TO GERMANY AND THE OWNERSHIP AND FINANCING OF THE PROJECT. OUR SOURCES EXPECT THAT REPRESENTATIVES OF BOTH PETROLEUM AND CHEMICAL COMPANIES WILL CONTINUE THESE DISCUSSIONS IN TEHRAN DURING LATE APRIL.

3. HOVEYDA ALSO DISCUSSED THE PROPOSED TEN BILLION CUBIC METER NATURAL GAS PROJECT DURING HIS VISIT. HERE TOO THERE APPEARS TO BE A GENERAL WILLINGNESS ON BOTH SIDES TO PROCEED WITH THE PROJECT BUT THERE REMAIN A NUMBER OF DETAILS TO BE NEGOTIATED. THE ONLY ALTERNATIVE NOW UNDER SERIOUS CONSIDERATION IS A TRIANGULAR ARRANGEMENT UNDER WHICH GAS WOULD BE PIPED FROM IRAN TO THE CAUCASUS IN EXCHANGE FOR THE DELIVERY OF SOVIET GAS TO THE FRG. THE GERMAN FIRM RUHRGAS WILL CONDUCT NEGOTIATIONS WITH THE SOVIET UNION OVER THE CONSTRUCTION OF A PIPELINE. THE QUESTIONS OF PRICE AND QUANTITIES REMAIN TO BE NEGOTIATED. INTERGOVERNMENTAL NEGOTIATIONS ARE TO TAKE PLACE, PROBABLY IN APRIL, BETWEEN THE FRG, IRAN AND THE USSR.

4. TWO OTHER TOPICS RAISED BY HOVEYDA WERE A
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CONFERENCE OF GERMAN INVESTORS AND THE SHAH'S PROPOSAL OF NEW DEVELOPMENT FUND DRAWN PARTLY FROM INCREASED OIL REVENUES. THE INVESTORS CONFERENCE WILL TAKE PLACE IN PERSOPOLIS BETWEEN APRIL 28 AND MAY 2 AND OVER 35 LEADING GERMAN INDUSTRIALISTS HAVE ALREADY BEEN INVITED. THIS CONFERENCE IS TO BE PATTERNED ON EARLIER ONES HOSTED BY IRAN FOR INDUSTRIALISTS FROM THE US, JAPAN AND THE UK. THE QUESTION OF THE

INVESTMENT FUND WAS DISCUSSED ONLY IN GENERAL TERMS
AND THE FRG WAS NONCOMMITAL TOWARD IT. IT WILL BE
DISCUSSED AT THE SPECIAL SESSION OF THE UN GENERAL
ASSEMBLY IN APRIL.

5. THE VISIT WAS CORDIAL THROUGHOUT AND RECEIVED
CONSIDERABLE FAVORABLE PRESS COVERAGE. IT WAS TOTALLY
DEVOID OF INCIDENTS.
HILLENBRAND

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NNN

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