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THE VICE PRESIDENT'S MEETING WITH MR. NIR -- 7/29/86 0735-0805

PARTICIPANTS. The Vice President, Mr. Nir, Craig Fuller
DATE/TIME: 7/29/86 0735--0805
LOCATION: Vice President's suite/King David Hotel, Jerusalem

1. SUMMARY. Mr. Nir indicated that he had briefed Prime Minister Peres and had been asked to brief the VP by his White House contacts. He described the details of the efforts from last year through the current period to gain the release of the U.S. hostages. He reviewed what had been learned which was essentially that the radical group was the group that could deliver. He reviewed the issues to be considered -- namely that there needed to be a decision as to whether the items requested would be delivered in separate shipments or whether we would continue to press for the release of the hostages prior to delivering the items in an amount agreed to previously.
2. The VP's 25 minute meeting was arranged after Mr. Nir called Craig Fuller and requested the meeting and after it was discussed with the VP by Fuller and North. Only Fuller was aware of the meeting and no other member of the VP's staff or traveling party has been advised about the meeting. No cables were generated nor was there other reporting except a brief phone call between Fuller and North to advise that "no requests were made."
3. Nir began by indicating that Peres had asked him to brief the VP. In addition, Nir's White House contacts with whom he had recent discussions asked him to brief the VP.
4. Nir began by providing an historical perspective from his vantage point. He stated that the effort began last summer. This early phase he said "didn't work well." There were more discussions in November and in January "we thought we had a better approach with the Iranian side," said Nir. He said, "Poindexter accepted the decision."
5. He characterized the decision as "having two layers -- tactical and strategic." The tactical layer was described as an effort "to get the hostages out." The strategic layer was designed "to build better contact with Iran and to insure we are better prepared when a change (in leadership) occurs." "Working through our Iranian contact, we used the hostage problem and efforts there as a test," suggested Nir. He seemed to suggest the test was to determine how best to establish relationships that worked with various Iranian factions.

6. Nir described Israel's role in the effort by saying, "we activated the channel; we gave a front to the operation; provided a physical base; provided aircraft." All this to "make sure the U.S. will not be involved in logistical aspects." Nir indicated that in the early phase they "began moving things over there."

7. Before a second phase a meeting was desired. Nir indicated a February meeting took place with "the Prime Minister on the other side." Nir did not make it clear who else attended the meeting. He said the meeting was "dramatic and interesting." He said "an agreement was made on 4,000 units -1,000 first and then 3,000." The agreement was made on the basis that we would get the group," Nir said. "The whole package for a fixed price," he said.

8. Although there was agreement the other side changed their minds and "then they asked for the other items," according to Nir. "We were pleased because these were defensive items and we got to work with the military," said Nir. He continued, "there were 240 items on the list we were provided and we agreed to it."

9. A meeting was organized for mid May in Tehran to finalize the operation. The VP asked Nir if he attended the meeting and Nir indicated he did attend. Nir said, "two mistakes were made during this phase." "Two people were to be sent to prepare for the meeting but the U.S. had concerns about McFarlane," according to Nir. He described the meetings as "more difficult -- total frustration because we didn't prepare." And he said, "their top level was not prepared adequately." During the meeting in Tehran the other side kept reminding the group that "in 1982 there was a meeting which leaked and the Prime Minister was thrown out of office." Nir said that at the end of the May meeting, "they began to see the light." "McFarlane was making it clear that we wanted all hostages released," Nir reported and, "at the last moment the other side suggested two would be released if those at the meeting stayed six more hours." According to Nir, "the Deputy Prime Minister delivered the request (to delay departure) and when the group said 'no,' they all departed without anything."

10. According to Nir, "the reason for delay is to squeeze as much as possible as long as they have assets. They don't believe that we want overall strategic cooperation to be better in the future. If they believed us they would have not bothered so much with the price right now." Further, according to Nir, "there are serious struggles now within the Iran power groups. Three leaders share the view that we should go ahead but each wants to prove his own toughness."

11. Turning to what Nir said was the final or most recent phase, he reported, "we felt things would just die if we didn't push forward to see what could be delivered. They asked for four sequences, but we said no to talks until they showed something."

12. According to Nir, he told them about 10 days ago he would cancel the deal. Then nine days ago their Prime Minister called

saying that they were taking steps to release one -- the Priest. The second one to be released would be Jacobson. The Prime Minister also said that one would be released and then "we should give some equipment." Nir indicated to the VP that the bottom line on the items to be delivered was understood to be the same or even less but it was not the way the deal was originally made. The items involved spares for Hawks and TOWs. No denial or approval was given according to Nir. Nir said he made it clear that no deal would be discussed unless evidence is seen of a release.

13. On Tuesday or Wednesday a message was intercepted between Tehran and the guards according to Nir. On Friday, three hostages were taken out and on Saturday Janco was taken out, put into a trunk and driven to a village in the Bakka Valley. Nir then described what Janco reported with regard to the conditions under which he was held and what he knew of the other hostages including Buckley. (I assume we have detailed briefing already.) The VP asked Nir if he had briefed Peres on all of this and he indicated that he had.

14. Nir described some of the lessons learned: "we are dealing with the most radical elements. The Deputy Prime Minister is an emissary. They can deliver...that's for sure. They were called yesterday and thanked and today more phone calls. This is good because we've learned they can deliver and the moderates can't. We should think about diversity and establish other contacts with other factions. We have started to establish contact with some success and now more success is expected since if these groups feel if the extremes are in contact with us then it is less risky for the other groups -- nothing operational is being done...this is contact only."

15. Nir described some of the problems and choices: "Should we accept sequencing? What are alternatives to sequencing? They fear if they give all hostages they won't get anything from us. If we do want to move along these lines we'd have to move quickly. It would be a matter still of several weeks not several days, in part because they have to move the hostages every time one is released."

16. Nir concluded with the following points: "The bottom line is that we won't give them more than previously agreed to. It is important that we have assets there 2 to 3 years out when change occurs. We have no real choice than to proceed."

17. The VP made no commitments nor did he give any direction to Nir. The VP expressed his appreciation for the briefing and thanked Nir for having pursued this effort despite doubts and reservations throughout the process.

 8/6/86
BY: CRAIG L. FULLER

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