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UAE/US RELATIONS : CHENEY'S VISIT.

SUMMARY

1. US RIDING HIGH. SEEKING UAE INCREASED OIL PRODUCTION AND SUPPORT WITH DEFENCE COSTS.

DETAIL

2. MY US COLLEAGUE HAS GIVEN ME AN ACCOUNT OF CHENEY'S BRIEF VISIT HERE ON 20 AUGUST.

3. WALKER SAID THAT THE PARTY WAS OVERWHELMED BY THE WARMTH OF SHAIKH ZAYED'S WELCOME. IN TERMS NORMALLY RESERVED ONLY FOR THE BRITISH, ZAYED LECTURED MEMBERS OF HIS FAMILY AND CABINET ATTENDING THE MEETING ABOUT THE CLOSENESS OF UAE/US RELATIONS. THE US HAD COME QUICKLY TO DEFEND THE UAE. THEY STOOD SHOULDER TO SHOULDER WITH THE EMIRATES IN THEIR TIME OF DIFFICULTY. THE UAE WOULD NOT FORGET AND WOULD IN TURN ALWAYS STAND SHOULDER TO SHOULDER WITH THE AMERICANS IN FUTURE.

4. WALKER SAID THAT CHENEY HAD TWO PRINCIPAL OBJECTIVES :

A) TO ASK UAE TO INCREASE OIL PRODUCTION AND

B) TO LOOK FOR FINANCIAL SUPPORT FOR THE COST OF THE US OPERATION.

ON A) ZAYED HAD MADE NO COMMITMENT BUT HOPED THE POSITION WOULD BE EASIER SOON. HE HAD AGREED TO B).

COMMENT

5. NOT SURPRISINGLY THE AMERICANS ARE RIDING HERE AT THE

MOMENT. UNTIL RECENTLY ZAYED GAVE ALL US VISITORS A ROASTING ABOUT THEIR MIDDLE EAST POLICY AND WAS ONCE QUOTED AS DESCRIBING AMERICA AS THE ARAB WORLD'S NUMBER TWO ENEMY. IT REMAINS TO BE SEEN WHETHER PALESTINE WILL AGAIN BECOME A MAJOR BILATERAL PROBLEM IN THE AFTERMATH OF THE CURRENT CRISIS. ZAYED'S ARAB NATIONALIST STREAK IS BOUND TO BE LESS IN EVIDENCE FOR A WHILE. THOSE AROUND HIM SAY HE REMAINS SHOCKED BY THE ACTIONS OF SADDAM, A MAN ZAYED BELIEVED HE UNDERSTOOD AND WITH WHOM A FRIENDSHIP SEEMED TO BE DEVELOPING.

6. ON OIL ZAYED'S RESPONSE TO CHENEY WAS PROBABLY A REFERENCE TO THE PROPOSAL FOR AN OPEC SUMMIT WHICH COLLAPSED LATER THE SAME DAY. I CONTINUE TO BELIEVE THAT THE UAE WILL BE CAUTIOUS ABOUT GETTING OUT AHEAD OF AGREED OPEC QUOTAS FOR THE TIME BEING. IT WAS QUOTA BUSTING WHICH GOT THEM INTO TROUBLE WITH IRAQ IN THE FIRST PLACE SEMI COLON IRAN HAS WARNED THEM AGAINST INCREASING NOW SEMI COLON AND THERE IS NO ECONOMIC IMPERATIVE SINCE AT TODAY'S PRICE AND PRODUCTION LEVELS (DOLLARS 30 AT 1.5 MBPD) REVENUES ARE NEARLY TWICE AS HIGH AS BEFORE THE INVASION.

7. ON DEFRAYING US COSTS I SUSPECT THE UAE CONTRIBUTION WILL BE THE FREE SUPPLY OF LOCAL LOGISTIC SUPPORT EG FUEL, ACCOMMODATION AND TRANSPORT. THE HANDING OVER OF CASH IS, IN OUR EXPERIENCE, LIKELY TO PROVE MORE DIFFICULT. ON THE OTHER HAND US PROSPECTS OF SECURING MAJOR ARMS SALES MUST HAVE INCREASED SIGNIFICANTLY.

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