FROM: London
TO: Secretary of State
NO: 581, July 28, 9 p.m.

NIACCT
SENTEHRIAN 33 (EYES ONLY FOR AMBASSADOR GRADY) FROM HARRIMAN RPTD DEPT 581.

FOR PRESIDENT AND SECRETARY FROM HARRIMAN:

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I met with PRIMIN, PONRSHY and number of members of cabinet this afternoon accompanied by Gifford. They expressed their desire to accept Iranian Govt's proposals but are faced with difficult problem of Brit public opinion here and morale of Brit personnel in south. I hope Iranian Govt will recognize their position in a friendly spirit.

I am authorized to deliver the following as Brit reply if Iranian Govt will make favorable response:

QUOTE

HMG have received from Mr. Harriman the Persian Govt's proposals for negotiation between HMG, on behalf of the Anglo-Iranian Oil Company, and the Persian Govt, and for discussions of matters of mutual interest to the two govts.

HMG are desirous of availing themselves of this invitation but it will be appreciated by the Persian Govt that the negotiations, which HMG for their part will enter into, with the utmost goodwill, can be conducted in a satisfactory manner only if the present tension which exists in the south is relieved. On the assurance that the Persian Govt recognize this fact and will enter into discussions in the same spirit, a mission headed by a cabinet minister will immediately set out.

HMG recognize on their own behalf, and on that of the company, the principle of the nationalization of the oil industry in Persia.

END QUOTE.

Brit have
2-581, July 28, 9 p.m., from London.

Brit have asked that foregoing be communicated to PRIMIN Mosadeq and that he be advised that if it is accepted by him, Brit mission will depart within 24 hours.

I would appreciate your taking this up with Mosadeq at earliest possible moment and that in your discussion with him you state that I earnestly hope he will respond favorably. It is of utmost importance that answer be received by me in London by Sunday night.

You will know best how to deal with him, but you may wish to suggest brief answer along following lines:

QUOTE

The Iranian Govt is pleased that Brit Govt is sending a mission to Iran in accordance with the proposal submitted through Mr. Harriman. The Iranian Govt recognizes the desirability of easing tension in the south, from the point of view of both govs and in the interest of the success of the negotiations, which the Iranian Govt will enter into in the same spirit of goodwill expressed by the Brit Govt.

END QUOTE

If for any reason you run into difficulties with Mosadeq, please keep matter open and use best efforts to persuade him to make no (rpt no) statements which would prejudice my further efforts here.

FYI only, I am sure you appreciate how far Brit have gone in above reply and that it would be extremely difficult for them to go further considering their problems here.

RSF, JEO

GIFFORD

NOTE: Mr. Ferguson (GFI) notified of receipt of message 10:45 p.m., 7/28/51 (GNO-M)