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NATIONAL SECURITY COUNCIL  
WASHINGTON, D.C. 20506

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Meeting of the NSC Meeting

DATE: August 3, 1990  
LOCATION: The Cabinet Room  
TIME: 9:10 - 10:15 a.m.

SUBJECT: NSC Meeting on the Persian Gulf (S)

PARTICIPANTS:

WHITE HOUSE

The President  
The Vice President  
Brent Scowcroft  
John Sununu  
Marlin Fitzwater  
Andy Card

JUSTICE

Richard Thornburgh  
William Barr

JCS

Colin Powell  
Tom Kelly

OVP

The Vice President  
Carnes Lord

CIA

William Webster  
Richard Kerr

NSC

Richard Haass  
Sandra Charles

ENERGY

James Watkins  
John East

STATE

Lawrence Eagleburger  
Robert Kimmitt

OMB

Richard Darman

TREASURY

Nicholas Brady  
John Robson

DOD

Richard Cheney  
Paul Wolfowitz

Minutes

The President: Let's get started. It's been a remarkable 24 hours. It's fortunate Mrs. Thatcher is at Aspen. I am glad we are seeing eye-to-eye. Important that she plans. She shared her views 100 percent with me. She is very concerned for the reasons

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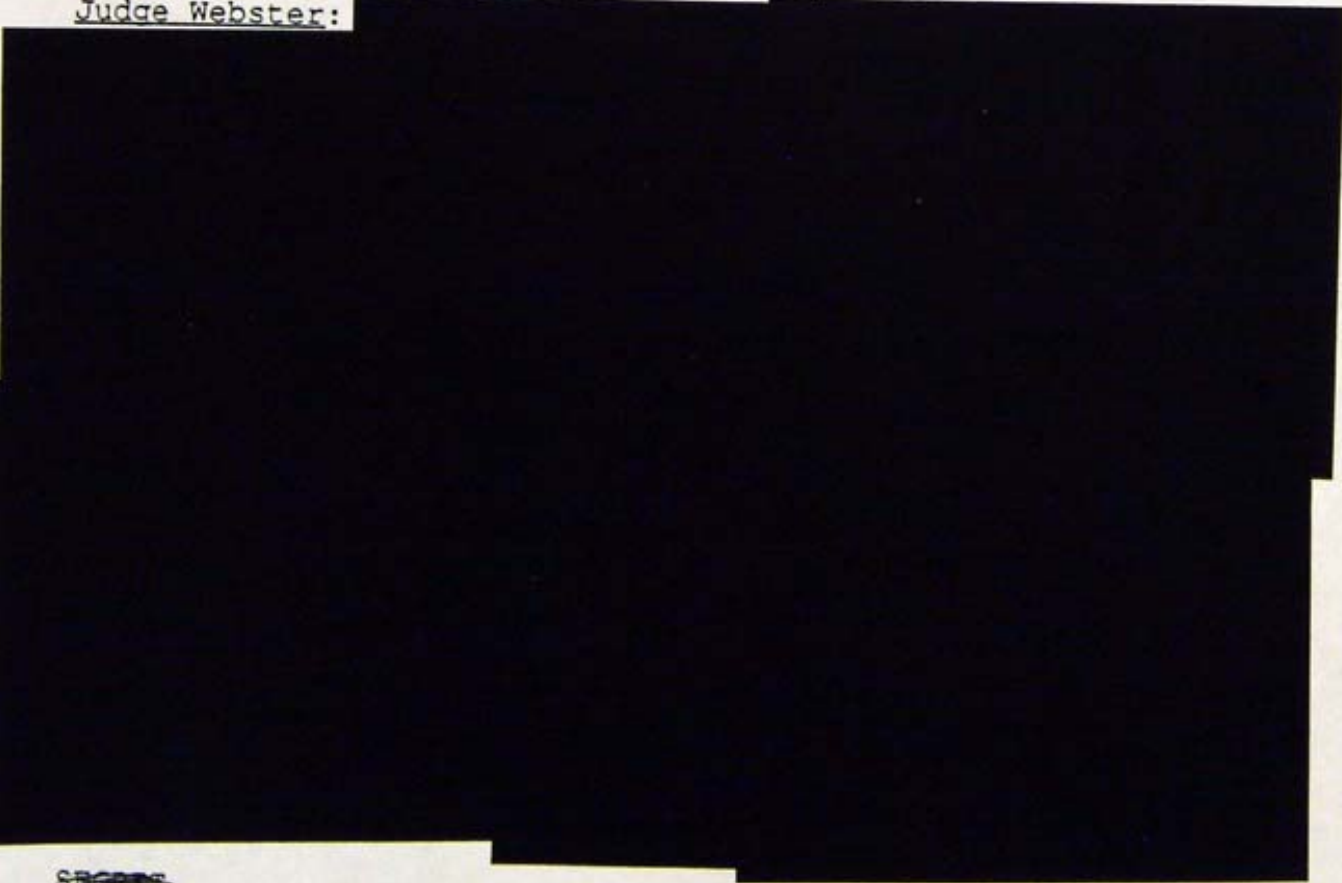
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she gave yesterday after she saw the same evidence. Where is Tom Pickering? Many governments are prepared to take political and economic action. I am pleased with the Soviet stand. Maybe you could elaborate further, Larry. (S)

King Fahd, King Hussein, Mubarak, and Saleh and I talked at length. They expressed great concern and some other disquieting factors. Their reaction was hand wringing. King Fahd's reaction was the strongest, and he was the most concerned for obvious reasons. Diplomatic efforts are underway to get Saddam to back off. He is ruthless and powerful. Others' efforts might not succeed to get his troops out, and Kuwait's ruler back in. We need to weigh the implications of taking this on directly. The status quo is intolerable. I am grateful for your hard work yesterday. Brent? (S)

General Scowcroft: I propose we start with Bill Webster who can update the situation, followed by a few words keying on what has been said, our objectives, where we are, the UN, collective action, and reviewing economic sanctions operations. (C)

Judge Webster: 

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General Scowcroft: It would be useful to take a minute to look at our objectives. I appreciate the community's opinion and remarks. I detected a note in the end that we may have to acquiesce to an accommodation of the situation. My personal judgment is that the stakes in this for the United States are such that to accommodate Iraq should not be a policy option. There is too much at stake. It is broadly viewed in the United States that a commitment to Kuwait is de facto based on our actions in the Gulf before. Beyond the consequences of successful move by Iraq are what else the DCI said: that they would dominate OPEC politics, Palestinian politics and the PLO, and lead the Arab world to the detriment of the United States, and the great stakes we have in the Middle East and Israel. It seems while the alternatives are not attractive, we have to seriously look at the possibility that we can't tolerate him succeeding. Anyone want to comment on this? (S)

Secretary Eagleburger: My personal opinion--this is not Jim Baker--is I couldn't agree more. This is the first test of the post war system. As the bipolar contest is relaxed, it permits this, giving people more flexibility because they are not worried about the involvement of the superpowers. The Soviets have come down hard. Saddam Hussein now has greater flexibility because the Soviets are tangled up in domestic issues. If he succeeds, others may try the same thing. It would be a bad lesson. (S)

On the oil issue, he would dominate OPEC over time. As to his intentions, Saudi Arabia looks like the next target. Over time he would control OPEC and oil prices. If he succeeds, then he would target Israel. This is what we could face unless he leaves the scene. We need to think of this as a very, very critical time. (S)

Secretary Cheney: The last day or so I have thought about the stakes and consequences of Iraq taking Kuwait. Initially, we should sort this out from our strategic interests in Saudi Arabia and oil. He has clearly done what he has to do to dominate OPEC,

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the Gulf and the Arab world. He is 40 kilometers from Saudi Arabia, and its oil production is only a couple of hundred kilometers away. If he doesn't take it physically, with his new wealth he will still have an impact and will be able to acquire new weapons, including nuclear weapons. The problem will get worse, not better. (S)

Looking at the military possibilities and options, we should not underestimate the U.S. military forces we would need to be prepared for a major conflict. (S)

General Scowcroft: This should be kept in this room. The press have already indicated interest in this. (C)

Governor Sununu: I agree with Larry and Dick on production control. If he moves into Saudi Arabia, he would control 70 percent of Gulf oil; if he moves into UAE, then he would have 90-95 percent of the oil in the Gulf or 70 percent of all of OPEC. It would be very easy for him to control the world's oil. This would be heady for Saddam. (S)

Mr. Darman: Even without that he would be in control of world oil prices with Kuwait plus Iraq. Without a physical takeover, he will gradually do this if he is not undone. It would mean a transfer of funds and economic power in the world to him. I don't disagree with the seriousness. After a careful look, we should introduce a bold statement of concerns and it must be linked with options. (S)

General Scowcroft: There is no question the reason we are here is to review our options now and then go into what we can and what we can't do. (S)

Secretary Brady: The oil production figures are: the Arabs, 15 million barrels a day, OPEC 25, and the world total 65. (C)

Mr. Darman: It also matters who controls excess production. (C)

Secretary Brady: The world oil situation will adjust. (C)

Mr. Darman: Through price. Energy and CIA should work on a disruption scenario. Right now, there is not much to become concerned about. (C)

General Scowcroft: We have several tracks going: military, diplomatic, and economic. What is happening at the UN on sanctions? (C)

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Secretary Eagleburger: Pickering has shown the mandatory sanctions draft resolution to the Perm Five. The Soviets support it, the British and French want to discuss the details, the PRC is now not sure they won't support it. If there is a consensus, we would seek wider Security Council support. There was a change in Tom Pickering's meeting with the non-permanent members of the Security Council. The NAM is nervous. Within the UN process, it's moving. Chapter 7 mandatory sanctions would be imposed on military and economic assistance. At this stage, it's hard to imagine we will not succeed. Support for it has increased. (C)

Secretary Brady: The speed that others signed on with the idea of freezing assets also was much greater than ever before. (C)

Secretary Eagleburger: For the freeze on Iraq and Kuwait, the Belgians, French, Germany, and UK are on board. The Swiss are concerned about freezing Kuwait, not Iraq. (C)

Secretary Brady: They should understand it's a defensive freeze because of the invasion. (C)

The President: I am encouraged on the diplomatic front. What about Iran? (C)

Secretary Eagleburger: Iran has condemned the invasion and said Iraq should get out. The Kuwaiti Foreign Minister met with Velayati. According to the Kuwaiti Ambassador here, Iran said to them you tell us what you want and we will do it. Kuwait said we want you to persuade Iraq to leave. After some delay Iran is now saying it will be supportive. (C)

The President: On the Iranian border Iraq still has troops. (U)

General Powell: They have forces astride the Shatt. (U)

The President: Can Iraq sustain a two front war? (C)

General Powell: There is no war in the south. (C)

Judge Webster: From some U.S. reports, it appears they have pulled some forces out. (C)

Secretary Eagleburger: What about Iran's capability? (C)

General Powell: There is not much to sustain a confrontation. (C)



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The President: It's been enough to hold Iraq at bay for two years. (C)

General Scowcroft: What about on the other side with Syria? (C)

Secretary Eagleburger: Syria asked us to push the Arab States in 24 hours. There will be an Arab Ministerial in Cairo. Maybe they will agree. There is clear evidence that Assad is nervous. It may be fertile ground in that their thinking of the damage of action on the Iraqi/Syrian border. (C)

The President: What about the Summit? (U)

Secretary Eagleburger: It's a mini-summit with some of the Arab States, including Syria. (C)

General Scowcroft: The Arab Summit might buy off Saddam? (C)

Secretary Eagleburger: Kuwait is not very popular in the Arab world. So it might be difficult. (C)

The President: They want an Arab solution to the question. Mubarak wanted 48 hours until after the Summit with King Fahd. There was hand wringing wanting us not to do anything. There was even more distance from Yemen. We'll figure it out. King Fahd was the exception. He was very firm. He equated Saddam to the most evil person; he was very unflattering. (S)

Secretary Brady: It is clear what Saddam is up to. He owes debts of \$45 billion to the Arabs, \$27 billion to western Europe, and \$10 billion to others -- \$83 billion around the world. Iraq depends on imports, except for oil, he has no exports. So the options are not only oil but all this too. If he is broke and needs something, how can he get it? He has no credit and no cash. (S)

Secretary Cheney: In the military arena, they are self-sufficient in some military production. They have been going for new capability. (C)

The President: Is there any way he could buy off Iran by freeing the Dawa prisoners? (C)

Secretary Eagleburger: He may kill them or give them to Iran. I'm not sure, but he may try. Also to neutralize Iran he may give them concessions on the Shatt. He has different options to reduce Iran's involvement. (S)

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General Scowcroft: It's similar to his OPEC strategy. (C)

Secretary Brady: On their capability to produce, the maximum would be 4.5 million barrels per day. Three is now being produced. They have the technology to increase capacity. If he can, he could buy off his debts with increased production. I don't know how, but we should interdict globally all imports. It may be worthwhile for State and Treasury produce something on that. (C)

General Scowcroft: The UN resolution would do that on paper. (U)

Secretary Eagleburger: A UN resolution would prove to Japan this is real, and it would be easy to move in that direction. Without a resolution, it will be hard to do in Tokyo. (C)

Secretary Brady: We could freeze assets on an administrative basis. No Kuwaiti assets would be transferred. (C)

Secretary Eagleburger: US intervention needs to be discussed. (C)

Secretary Watkins: We looked at a multilateral embargo on oil, closing pipelines, encouraging excess production. We looked at a drawdown of our SPR and other ideas. We should be cautious, particularly about long-term pricing. (C)

First, on a multinational embargo. Looking at where Iraq oil is going: 25 percent to the United States, 12 to Greece and Turkey; 10 to Japan; 5 to Italy, Spain, Portugal, Luxembourg and Belgium. The impact would not be in Iraq's favor. It would reduce revenues. In 30-60 days they'll try to discount the price and find a market. This is not a long-term fix. (C)

Second, on closing both pipelines, this would be worth doing, but Iraq would respond by threatening both countries. We would have to give economic and military support to the nations involved. For Turkey, it would mean \$250 million lost per year from the loss of oil. For Saudi Arabia, \$230 million lost per year. (C)

Mr. Darman: Plus there would be an oil loss, too. (C)

Secretary Watkins: Spare production capability in Saudi Arabia and UAE is 2.2 million barrels per day in the short term. Non-OPEC it would be in Venezuela. (C)

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General Scowcroft: We should put this in as soon as possible. (U)

Mr. Darman: The question is should we do it. (U)

Secretary Watkins: Iraqi reprisals should be considered there as the pipelines are closed. The SPR draw down could be seen as saber rattling, and therefore, is it destabilizing? We may recommend it later as an option with IEA. Ninety days at total consumption, and 800 days for the loss of Iraq, if we agree to use the reserve alone. (S)

The President: What about existing surplus in the market? (C)

Secretary Watkins: Worldwide there is excess oil. There is over one hundred days stockpiled in the United States without touching the SPR. (C)

Secretary Eagleburger: The Turks would agree to close the pipeline if NATO asks. It may be premature. NATO has strong reasons to disagree. (S)

General Scowcroft: This is another diplomatic avenue we have not explored. We need to get NATO involved. (C)

Secretary Cheney: On the military front, as indicated yesterday the carrier has encountered a storm and will be in the North Arabian Sea in two days. The EISENHOWER is in the eastern Mediterranean. We are concerned about aircraft on the carrier. In reality where they will be located, there is not a lot you can do with naval aircraft. They can reach some targets, but they won't alter the military situation. The options require access to ground facilities. We need Saudi Arabia to agree to a

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General Powell: Looking at force packages for a contingency, there are two: the first, to deter further Iraqi action with Saudi Arabia would require US forces on the ground. This is the most prudent option, [REDACTED] Saddam Hussin looks south and sees a U.S. presence. This would include an air package or U.S. troops to exercise to deter Iraq.

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The second would be to deploy U.S. forces against Iraqi forces in Kuwait to defend Saudi Arabia, or possibly go against Iraq. Looking at this option, this is harder than Panama and Libya. This would be the NFL, not a scrimmage. It would mean a major confrontation. Most U.S. forces would have to be committed to sustain, not for just one or two days. He is a professional and megalomaniac. But the ratio is weighted in his favor. They also are experienced from eight years of war. (S)

The President: But why weren't they able to kick Iran? (S)

General Powell: They tried and over time, they adapted, and came out okay in the end. Another problem they had was a smaller population base. (S)

The President: I am not certain he is invincible. They tried for five years, and could not get across a small part of land. (C)

General Powell: But Iran paid in manpower. (C)

Judge Webster: [REDACTED] (C)

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Mr. Kerr: [REDACTED]

Secretary Eagleburger: So the Soviet decision is less significant in pinching him. (C)

General Powell: The real solution must be long term. It is an international and regional problem, so the whole world must realize this has got to be dealt with internationally. One question is how individualized is this aggression? If he is gone, would he have a more reasonable replacement? (S)

General Scowcroft: Iraq could fall apart. (S)

Mr. Kerr: [REDACTED] (S)

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Mr. Haass: It's unlikely anyone else would have the same cult of personality. (C)

General Scowcroft: Saddam's only real reaction to U.S. pressure is the military option. If we look at economic pressure, then we need to think how he will respond and look at the costs. (S)



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Judge Webster: [REDACTED] (C) 1.5d

Mr. Darman: Unless we can cut off the world, we can't just ask them. Producers will find a way unless they are physically blocked. (C)

Mr. President: We can't pay though. (C)

Mr. Darman: CIA mentioned world attempts at economic sanctions before have had no success. (C)

Secretary Brady: Closing the gas pipelines would be different. Everyone recognizes there is a world surplus. (C)

Secretary Cheney: It would be easy to do in Kuwait. (C)

Secretary Brady: It would be in these parties interests to keep assets in country. (C)

Mr. Darman: We need a level of enforcement. (C)

Governor Sununu: But less than military action could be required for a major response. It is an option to consider. (S)

Secretary Brady: How long would it take for the military to get in place to interdict with ships? (S)

General Powell: The ships are there now. (C)

Mr. Darman: The question is what step he takes. (C)

General Scowcroft: Maybe using the American people. (C)

Secretary Eagleburger: There are 3800 U.S. citizens in Kuwait. Five hundred are in Iraq. There are 14-15 citizens reported in Iraqi custody. Reports are that others are being held in hotels in Kuwait. Planning has been done but an evacuation needs to be in a permissive environment. (C)

In Baghdad we are working with other embassies to find a neutral Ambassador to ask for all to leave. It probably won't work. I have sent Hamdoon a telegram on this saying very forcefully that U.S. citizens must be protected and those in Kuwait should be allowed to leave. We have called in Mashat. He made no promises. Saddam is a tough son of a bitch. He recognizes this asset. (C)

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The President: This would change the ball game. When Saleh mentioned Grenada, I said there were U.S. lives at stake. We should tell Saddam this would be a new ball game, and give him our bottom line. Whatever resolve it takes, with or without our friends, we will do it. It would be a very different equation. For the CINC and the Chairman it would make life complicated. We need a bottom line. This clearly changes everything. The change is that U.S. deaths and hostages will not be tolerated. (C)

Secretary Eagleburger: We have been careful in Kuwait about recognizing the puppet regime. Our diplomats are not active but will consider actions to make sure U.S. people are okay. They are trying to find all Americans. (C)

Ambassador Glaspie is in London. The issue is whether to send her back to Iraq. It could send the wrong signal but we could send her back with a strong message from you. I prefer we do that. (C)

The President: Why don't you talk to Brent about that? (U)

Mr. Darman: That is highly relevant. We also should consider actions to protect Saudi Arabia and the oil fields in the short term. (S)

Secretary Eagleburger: That brings up the question of what if Iraqi troops keep going south? (C)

Secretary Cheney: The estimate today is that in 72 hours they could take the eastern province. (C)

Judge Webster: [REDACTED]

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The President: I raised the aircraft with Fahd, and he said not yet. (S)

Governor Sununu: What about Bahrain? (C)

Secretary Brady: Is it possible he knows Saudi Arabia is a redline? (S)



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Secretary Eagleburger: Part of the issue is on the other side. They worry if that attracts Saddam's attention, does that mean we will defend them? (S)

Governor Sununu: There's one psychological problem in the government: they are unwilling to take such a step because they claim they don't know what we are willing to do. We have to define at a minimum a package of steps we would commit to Saudi Arabia. Then until they hear, they won't take any action that is provocative. The reinforcement of a U.S. commitment to evaluate against the risk. The idea would be to talk privately and publicly of this commitment to bolster resolve. This is a critical factor. (S)

Mr. Watkins: On oil embargo, I'll ask the Secretary of Defense to look at our ability to interdict Gulf and Red Sea oil. (C)

The President: Is there one concentrated place for this oil? (C)

Secretary Cheney: It can be done, but it is not simple. There are things we can do but they are not easy. Interdicting tankers there should be easy. (C)

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