

MR COLLES

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TO IMMEDIATE WASHINGTON

TELEGRAM NUMBER 334 OF 17 FEBRUARY

POSSIBLE ESCALATION OF THE GULF WAR

1. AT A MEETING OF MINISTERS ON 17 FEBRUARY GREAT UNCERTAINTY WAS EXPRESSED ON HOW THE U S ADMINISTRATION MIGHT REACT TO THE LATEST IRANIAN OFFENSIVE AGAINST IRAQ, IN THE AFTERMATH OF THEIR EXPERIENCES IN LEBANON. IT WAS AGREED THAT THERE WAS A NEED TO KEEP IN THE CLOSEST POSSIBLE TOUCH WITH ALL U S DEPARTMENTS AND AGENCIES CONCERNED WITH GULF CONTINGENCY PLANNING (INCLUDING PLANS ON OIL SUPPLIES AND STOCKS), SO AS TO DISSUADE THE ADMINISTRATION FROM PRECIPITATE ACTION WHICH WOULD INCREASE THE RISK OF ISLAMIC FUNDAMENTALIST DESTABILISATION OF MODERATE GULF REGIMES. IT WAS ACCEPTED THAT IF THE IRANIANS TOOK STEPS E G TO TRY TO CLOSE THE STRAITS OF HORMUZ, THE FIRST PRIORITY WOULD BE DIPLOMATIC ACTION TO ATTEMPT TO DE-ESCALATE THE CRISIS, E G HIGH-LEVEL APPROACHES TO URGE RESTRAINT ON THE IRAQIS. WE SHOULD STRESS TO THE U S THAT ANY MILITARY RESPONSE SHOULD BE LIMITED TO PROTECTIVE MEASURES, E G CONVOYING AND MINE-CLEARING OPERATIONS. THOUGH THE SUBJECT HAD BEEN COVERED (E G DURING RAPHEL'S VISIT TO LONDON IN DECEMBER), IT WAS CONSIDERED THAT WE SHOULD GO OVER THE GROUND AGAIN WITH THE AMERICANS ON DILOMATIC STEPS TO BE TAKEN BEFORE, OR IN PARALLEL WITH, MILITARY INTERVENTION AFTER ANY IRANIAN MILITARY ACTION.
2. IT WAS AGREED THAT THE VISIT OF SIR J LEAHY TO WASHINGTON NEXT WEEK, AND THE MEETINGS BETWEEN THE SECRETARY OF STATE FOR DEFENCE AND MR WEINBERGER (ABOUT 26 FEBRUARY) AND THE SECRETARY OF STATE FOR ENERGY WITH MR HODEL (ABOUT 6 MARCH), WOULD BE SUITABLE OCCASIONS FOR FURTHER TAKING OF THE US PULSE ON THE VARIOUS ASPECTS OF GULF CONTINQENCY PLANNING (INCLUDING THE IEA EMERGENCY SHARING SCHEME), AND FOR FEEDINQ IN OUR OWN IDEAS.

3. SINCE THE MINISTERIAL MEETING MENTIONED ABOVE TOOK PLACE, US EMBASSY HAVE TOLD US THAT THEIR INTERESTS SECTION IN BAGHDAD HAVE BEEN INSTRUCTED TO URGE RESTRAINT ON THE IRAQIS AND PRESS THEM TO CEASE ATTACKS ON CIVILIAN TARGETS. THIS IS WELCOME NEWS, SO FAR AS IT GOES.

4. GRATEFUL IF YOU COULD NOW COMPARE NOTES AT AN AOPROPRIATELY HIGH LEVEL WITH THE STATE DEPARTMENT AND NSC ON THE FOLLOWING POINTS:

- (I) HOW DO THEY SEE THE SITUATION ON THE GROUND FOLLOWING THE LAUNCHING OF THE VAL FAJR V ATTACK ON 16 FEBRUARY AND THE IRAQI COUNTER-ATTACK? DO THEY BELIEVE THAT THE IRAQIS CAN HOLD THE IRANIANS IN THIS SECTOR?
- (II) DO THEY THINK THAT DIVERSIONARY IRAQI AIR STRIKES FURTHER DOWN THE GULF THAN BANDAR KHOMEINI ARE IMMINENT?
- (III) WE WELCOME THE ACTION THEY HAVE ALREADY TAKEN IN URGING THE IRAQIS TO CEASE ATTACKS ON CIVILIAN TARGETS. AS AND WHEN THEY FORESEE DANGER TO WESTERN SHIOPING IN THE GULF OUTSIDE THE IRAQI MARITIME EXCLUSION ZONE, WE TRUST THEY WILL CONTINUE TO USE THEIR INFLUENCE IN BAGHDAD TO URGE MAXIMUM RESTRAINT.
- (IV) WE BELIEVE THERE IS GREATER NEED THAN EVER TO KEEP VERY CLOSE IN OUR CONSULTATIONS ON GULF CONTINGENCY PLANNING, WHICH HAVE GONE WELL SO FAR. THIS WILL BE A PRIME AIM OF SIR J LEAHY'S VISIT TO WASHINGTON NEXT WEEK (HE WILL AIM TO CALL AT N S C AS WELL AS ON STATE DEPARTMENT).
- (V) AS IRANIAN REACTIONS TO ANY IRAQI RAIDS ON KHARG WHICH ARE LESS THAN 100 PER CENT SUCCESSFUL MAY FALL WELL SHORT OF ATTEMPTS TO BLOCK THE STRAITS OF HORMUZ, WE BELIEVE IT IS NECESSARY TO EXCHANGE VIEWS AGAIN ON THE RANGE OF DIPOLMATIC STEPS WHICH COULD BE TAKEN TO DEFUSE A CRISIS BEFORE IT ESCALATED TO THE POINT OF IRANIAN MILITARY ACTION TO BLOCK THE STRAITS. LEAHY WILL BRING WITH HIM SOME IDEAS ON THIS ASPECT.

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HD/DEFENCE D

HD/NAD

HD/ESSD

PS

PS/MR LUCE

PS/PUS

SIR J BULLARD

SIR J LEAHY

MR EGERTON

COPIES TO

PS/CHANCELLOR OF EXCHEQUER.

PS/MR PETER WALKER

PS/MR HESELTINE.

MR JAGO, CAB OFF.

MR ONEILL JIC

MR COLES, NO 10.