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FM WASHINGTON 181913Z
TO IMMEDIATE FCO
TELEGRAM NUMBER 586 OF 18 FEBRUARY 1984

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MR COLLES No 10

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YOUR TELNO 334 AND OUR JICTEL NO 040: POSSIBLE ESCALATION OF THE GULF WAR.

1. WE PUT THE POINTS IN PARAGRAPH 4 OF FIRST TUR TO PLACKE (DEPUTY ASSISTANT SECRETARY, STATE DEPARTMENT).
2. PLACKE SAID THAT THE CONSENSUS OF US ANALYSTS WAS THAT MEDIA REPORTS OF THE IRANIAN OFFENSIVE HAD BEEN MUCH EXAGGERATED. THE IRANIANS HAD MOUNTED TWO RELATIVELY SMALL CROSS-BORDER PROBES, ONE IN THE CENTRAL SECTOR AND ONE SOME EIGHTY MILES FURTHER SOUTH. THE IRANIANS TERMED IT THE OPENING OF VAL FAGR V AND IT DID NOT SEEM TO BE MORE THAN THAT, ALTHOUGH IT COULD TURN OUT TO BE A PRELIMINARY TO AN OFFENSIVE ON A LARGER SCALE. IT HAD PERHAPS BEEN ACCELERATED BY IRAQI STATEMENTS AND PROVOCATION. PLACKE NOTED THAT IRANIAN ARTILLERY BARRAGES WERE CONTINUING, BUT THAT THE IRAQIS HAD SO FAR HONOURED THEIR UNILATERAL UNDERTAKING, ANNOUNCED ON 14 FEBRUARY, TO HALT ATTACKS ON IRANIAN CITIES FOR A PERIOD OF ONE WEEK.
3. PLACKE CONFIRMED THAT THE STATE DEPARTMENT HAD SPOKEN TO THE HEAD OF THE IRAQI INTERESTS SECTION TO URGE RESTRAINT. EAGLETON WOULD BE TAKING PARALLEL ACTION IN BAGHDAD ON 18 FEBRUARY. THE AMERICANS WERE SEEKING TO PERSUADE OTHERS TO TAKE SIMILAR ACTION IN BOTH BAGHDAD AND TEHRAN.
4. AS TO IRAQI ABILITY TO WITHSTAND AN IRANIAN OFFENSIVE, PLACKE NOTED THAT THE IRAQIS HAD HELD FIRM FOR SOME TWO YEARS. IRANIAN TACTICS HAD NOT IMPROVED. THE IRAQIS HAD CONSTRUCTED EXTENSIVE DEFENSIVE WORKS AND THE DISPARITY IN THE MILITARY CAPABILITY OF THE TWO SIDES HAD INCREASED SIGNIFICANTLY IN THEIR FAVOUR. THEY SHOULD IN THEORY BE ABLE TO HOLD OFF THE IRANIANS. BUT THERE REMAINED QUESTION-MARKS OVER THEIR MILITARY LEADERSHIP AND MORALE.
5. PLACKE THOUGHT THAT IRAQI AIR STRIKES FURTHER DOWN THE GULF WERE POSSIBLE BUT NOT IMMINENT. THE RECENT PROPENSITY OF BOTH SIDES TO ATTACK CIVILIAN TARGETS WAS DISTURBING. THE IRAQI ATTACK ON THE BANDAR KHOMEINI PETROCHEMICAL COMPLEX WAS IN PART A REFLECTION OF THEIR DISSATISFACTION WITH UNSUCCESSFUL JAPANESE EFFORTS AT MEDIATION. THIS COULD EXTEND TO ATTACKS ON OIL SUPPLIES. BUT PLACKE THOUGHT THAT ANY SUCH IRAQI ESCALATION WAS LIKELY TO BE GRADUAL, BOTH FOR THE PSYCHOLOGICAL EFFECT ON THE IRANIANS AND TO MINIMISE ADVERSE INTERNATIONAL REACTIONS.

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16

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6. PLACKE FULLY ENDORSED THE NEED FOR US TO KEEP CLOSELY IN TOUCH AND IS LOOKING FORWARD TO SIR J LEAHY'S VISIT. IN ADDITION TO TALKS WITH MURPHY AND EAGLEBURGER, WE HAVE ARRANGED FOR SIR J LEAHY TO HAVE SEPARATE MEETINGS ON THE GULF WITH PLACKE, FAIRBANKS, ADMIRAL HOWE AND KEMP (NSC). TEICHER (NSC STAFF), TO WHOM WE SPOKE BEFORE RECEIVING YOUR TUR, SAID THAT THE NSC STAFF HAD BEEN GIVING SOME THOUGHT TO WHETHER THE JUNE ECONOMIC SUMMIT SHOULD BE INVITED TO ADDRESS THE CONSEQUENCES OF A FURTHER RESTRICTION OF OIL SUPPLIES. THIS MIGHT USEFULLY HELP TO FOCUS ATTENTION ON THE SITUATION IN THE GULF. THIS MAY BE RAISED WITH SIR J LEAHY ON 22 FEBRUARY.

7. WE HAVE SPOKEN ALSO TO KEMP (NSC). HE SAID THAT HE WOULD BE GLAD TO DISCUSS CONTINGENCIES IN THE GULF WITH LEAHY. THE AMERICANS DID NOT YET HAVE ENOUGH INTELLIGENCE FULLY TO ESTIMATE THE SCOPE OF THE IRANIAN OFFENSIVE, BUT THE EARLY REPORTS HAD BEEN EXAGGERATED. THE AMERICANS WOULD GO ON URGING RESTRAINT ON THE IRAQIS AND HOPED THAT OTHERS WOULD DO SO. WHAT WAS RESTRAINING THEM SO FAR, HOWEVER, WAS NOT DIPLOMATIC DEMARCHES BUT FEARS THAT THEIR AIR FORCE MIGHT NOT BE ABLE TO OPERATE EFFECTIVELY SOUTH OF BANDAR KHOMEINI. THE IRAQIS SEEMED TO BE TRYING TO PLAN SOME SORT OF LAND COUNTER-OFFENSIVE WHICH THE AMERICANS THOUGHT PRETTY ILL ADVISED.

8. IF IRAQI ATTACKS IN THE GULF DID INTENSIFY, THE IRANIAN RESPONSE WAS LIKELY TO B FURTHER ACTS OF TERRORISM IN SOME OF THE GULF STATES. THE AMERICANS DID NOT INTEND TO RUSH IN. SUCH ACTS WOULD HAVE TO BE DEALT WITH PRIMARILY BY STIFFENING THE RESOLUTION OF THE GOVERNMENTS CONCERNED. IF THE STRAITS WERE CLOSED THAT WOULD BE A DIFFERANT MATTER, AND THE U.S. WOULD HAVE TO TAKE ACCOUNT OF REQUESTS FROM THE STATES IN THE REGION.

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PS
PS| MR LUCE
PS| PUS
SIR J BULLARD
SIR J LEAHY
MREGERTON

COPIES TO
PS| CHANCELLOR OF EXCHEQUER
PS| MR PETER WALKER
PS| MR HESELTINE
MR JAGO CABINET OFFICE
MR O'NEILL. JIC
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