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FM WASHINGTON 232250Z MAY 84

TO IMMEDIATE FCO

TELEGRAM NUMBER 1619 OF 23 MAY

INFO IMMEDIATE MODUK (DS11, DROW), PRIORITY UKMIS NEW YORK, BAGHDAD, TEHRAN, GULF POSTS, JEDDA, UKDEL NATO, PARIS, MOSCOW, CAIRO AND AMMAN

US/UK TALKS ON THE GULF

SUMMARY

1. US/UK OFFICIAL TALKS REVEALED BROAD IDENTITY OF VIEW. FOCUS ON DIPLOMATIC ACTIVITY. MORE WORK REQUIRED ON PRINCIPLES FOR PROTECTION OF NEUTRAL SHIPPING.

DETAIL

2. THE FCO/MOD TEAM HELD TALKS IN WASHINGTON ON 22/23 MAY. THE U S INTELLIGENCE BRIEFING AND SUBSEQUENT DISCUSSION WAS REPORTED IN MY JIC TELNO 111 (NOT TO ALL). THIS TELEGRAM SUMMARISES THEIR DISCUSSIONS TODAY WITH STATE DEPARTMENT AND PENTAGON OFFICIALS.

3. WELCOMING THE BRITISH TEAM, ADMIRAL HOWE STRESSED THE IMPORTANCE THE U S ADMINISTRATION ATTACHED TO THESE TALKS. THE PRESIDENT HAD BEEN QUOTE LAID BACK UNQUOTE IN HIS PRESS CONFERENCE LAST NIGHT (MY TELNO 1602). IT WAS IMPORTANT PUBLICLY TO OFFER REASSURANCE IN THIS WAY. BUT THE ADMINISTRATION WERE DEEPLY CONCERNED ABOUT THE POSSIBLE IMPLICATIONS OF THE SITUATION IN THE GULF, WHICH WOULD BE DISCUSSED AT A WHITE HOUSE MEETING ON 24 MAY. HOWE RECALLED THE BRITISH EMPHASIS ON POLITICAL RATHER THAN MILITARY SOLUTIONS.

~~BE DISCUSSED AT A WHITE HOUSE MEETING ON 24 MAY.~~ HOWE RECALLED THE BRITISH EMPHASIS ON POLITICAL RATHER THAN MILITARY ACTIVITY AND HOPED THAT WE WOULD WELCOME THE ADMINISTRATION'S EMPHASIS ON DIPLOMACY. HASKELL (FCO) SAID THAT OUR MINISTERS TOO VALUED THESE TALKS: WE SAW THE SITUATION IN VERY MUCH THE SAME TERMS AND WELCOMED THE CALMING LINE THE U S WERE TAKING IN PUBLIC.

4. PLACKE (STATE DEPARTMENT) PREDICTED A PROLONGED PERIOD OF INSTABILITY AND UNCERTAINTY IN THE GULF WITH WHICH WE WOULD HAVE TO LEARN TO LIVE. THE IRAQIS WERE LIKELY TO RESUME THEIR ATTACKS ON TANKERS AND THE IRANIANS TO RETALIATE. THE INCREASES IN INSURANCE AND FREIGHT RATES WERE UNLIKELY TO HAVE MUCH PRACTICAL EFFECT: RELUCTANCE OF SEAMEN TO SERVE IN THE GULF MIGHT BE A MORE IMPORTANT FACTOR. THE IMPLICATIONS FOR KUWAIT NEEDED TO BE WATCHED. IF KUWAITI OIL PRODUCTION FELL MUCH BELOW 500,000 BPD THEY WOULD RUN SHORT OF THE ASSOCIATED GAS ON WHICH THEIR POWER AND DESALINATION PLANTS DEPENDED. LOSS OF KUWAIT AND KHARG OIL EXPORTS WOULD BE MANAGEABLE ON THE WORLD OIL MARKET. SAUDI PRODUCTION COULD PROBABLY BE INCREASED WITHIN A MONTH OR SO TO 8 MILLION BPD TO MAKE UP ANY SHORTFALL.

5. PLACKE NOTED THAT IRANIAN INFORMATION ON GULF SHIPPING WAS MUCH BETTER THAN THE IRAQIS'. THEY MIGHT NOT BE CONTENT SIMPLY TO RESPOND TO AN IRAQI ATTACK ON KHARG TANKER TRAFFIC, BUT TRY TO PUT ADDITIONAL PRESSURE ON THE GULF STATES, IN THE HOPE OF PERSUADING AT LEAST THE KUWAITIS TO CUT OFF FINANCIAL SUPPORT OF IRAQ. HASKELL ARGUED THAT THE GULF WAS A SIDE ISSUE FOR THE IRANIANS WHO WERE CONCENTRATING ON THE LAND WAR AGAINST IRAQ, AND MIGHT NOT WANT TO PROVOKE WESTERN INTERVENTION, OR SQUANDER THEIR RELATIVELY LIMITED RESOURCES OF AIRCRAFT AND MUNITIONS IN ACTION AGAINST THIRD COUNTRIES. EVEN A COMPLETE CESSATION OF OIL EXPORTS FROM KHARG WOULD NOT IMMEDIATELY EFFECT IRAN'S ECONOMIC CAPACITY TO CONTINUE THE WAR.

6. GENERAL TIXIER (DOD) SAID THAT HE WAS ABOUT TO VISIT SAUDI ARABIA. OTHER U S TEAMS WERE IN KUWAIT AND OMAN. THE SAUDIS WERE MAKING CLEAR THAT THEY WANTED TO PROTECT THEIR TERRITORY AND SHIPPING THEMSELVES. THEY WERE PRESSING FOR ARMS DELIVERIES TO BE EXPEDITED AND FOR OTHER REQUESTS, PARTICULARLY STINGER, TO BE MET. THEY HAD ALSO SOUGHT U S ADVICE ON THEIR MILITARY SHORTCOMINGS AND OUTSTANDING EQUIPMENT REQUESTS. TIXIER SAID THAT THE FRENCH HAD MEANWHILE OFFERED THE SAUDIS 4 CROTALE BATTERIES WHICH COULD BE DELIVERED WITHIN 6 DAYS. THERE WAS LITTLE MILITARY ACTION THE U S COULD TAKE IN THE ABSENCE OF A SAUDI REQUEST. THE U S WERE NOT PRESSING FOR ACCESS OR FACILITIES BUT NEEDED CONTINGENCY PLANNING TALKS TO DISCOVER WHAT FACILITIES THE SAUDIS WOULD BE PREPARED TO MAKE AVAILABLE. THIS MESSAGE WAS HARD TO GET ACROSS, BUT THE U S WERE MAKING SLOW PROGRESS. TIXIER ACKNOWLEDGED THAT SAUDI DOUBTS OF U S RELIABILITY AFTER LEBANON WERE A REAL FACTOR. SAUDI WILLINGNESS TO ABSORB PUNISHMENT SHOULD NOT BE UNDER ESTIMATED: THE U S MIGHT SEE A MILITARY CASE FOR INTERVENTION ARISING BEFORE THE SAUDIS REACHED THE STAGE OF ASKING FOR HELP. A FORMAL REQUEST FOR ASSISTANCE WAS OF COURSE ESSENTIAL AND MULTINATIONAL ACTION MUCH PREFERABLE TO UNILATERAL U S MOVES. THE AMERICANS CLEARLY DOUBT THAT THE FRENCH WILL BE WILLING TO BECOME INVOLVED.

7. IT WAS AGREED THAT WEATHER THE U S WOULD BE

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7. IT WAS AGREED THAT NEITHER THE U S NOR THE UK HAD ANY EFFECTIVE LEVERAGE OVER THE IRAQIS. THE AMERICANS DISCOUNTED INDICATIONS THAT THE IRAQIS WOULD DESIST FROM THEIR ATTACKS ON GULF SHIPPING IF THE U S OFFERED FULL FINANCIAL SUPPORT FOR THE AQABA PIPELINE. THEY WERE CONSIDERING AN APPROACH TO THE FRENCH ABOUT THE SUPPLY OF MIRAGE AND, MORE IMPORTANT, EXOCETS. THEY DID NOT WANT THE IRAQIS TO LOSE THE WAR, BUT SOME UNCERTAINTY OVER THEIR RESUPPLY OF EXOCETS COULD BE USEFUL. IT SEEMED PROBABLE, HOWEVER, THAT MANUFACTURING CONSTRAINTS WOULD MAKE IT DIFFICULT FOR THE FRENCH TO AGREE TO THE IRAQIS' LATEST REQUEST TO INCREASE THE SUPPLY OF EXOCETS. PLACKE NOTED THAT THE IRAQIS HAD IN THE PAST BEEN WILLING TO FOREGO ESCALATION OF THE WAR TO ALLOW DIPLOMATIC INITIATIVES TIME TO MAKE PROGRESS. BUT IT WAS DIFFICULT TO SEE WHAT THEY COULD BE OFFERED IN PRESENT CIRCUMSTANCES, OR HOW EFFECTIVE INFLUENCE COULD BE BROUGHT TO BEAR ON THE IRANIANS. IT WAS AGREED THAT AN INFORMAL BOYCOTT OF IRANIAN OIL WAS A NON STARTER.

8. PLACKE SAID THAT THE IRAQIS HAD REACTED FIRMLY TO THE LATEST U S DEMARCHE. THE AMERICANS HAD MADE THE POINT THAT FURTHER ATTACKS ON NEUTRAL SHIPPING RISKED BRINGING IN NON REGIONAL POWERS. THE IRAQIS MAINTAINED THAT THEY WERE NOT TRYING TO INTERNATIONALISE THE WAR. THERE WOULD BE FURTHER DISCUSSION WITH TARIQ AZIZ IN NEW YORK AND ON HIS RETURN TO BAGHDAD. THE GULF STATES WERE CLEARLY UNENTHUSIASTIC ABOUT ANY UNILATERAL U S INTERVENTION, BUT WANTED REASSURANCE THAT U S HELP WOULD BE AVAILABLE IN EXTREMIS. HASKELL DESCRIBED THE EC DEMARCHES IN BAGHDAD AND TEHRAN.

9. KANTER, (STATE DEPARTMENT) DREW ATTENTION TO THE PROBLEMS WHICH WOULD ARISE IN THE EVENT OF A REQUIREMENT TO PROTECT NEUTRAL SHIPPING. THE LEGAL POSITION WAS CONFUSED. ANY ACTION RISKED BEING SEEN AS TAKING SIDES IN THE WAR. COULD WE BE SEEN TO ACQUIESCE IN IRAQI ATTACKS ON SHIPPING USING KHARG OR INDEED TO BE OFFERING PROTECTION FOR SUCH SHIPPING? HASKELL NOTED THAT WE HAD PROTESTED TO THE IRAQIS ABOUT THEIR ATTACKS ON A BRITISH SHIP EN ROUTE TO BANDAR KHOMEINI IN MARCH: WE WOULD THEREFORE REGARD ATTACKS ON SHIPPING OF THIRD COUNTRIES USING KHART AS ILLEGAL. PLACKE SAID THAT THE AMERICANS HAD USED THE PHRASE QUOTE NEUTRAL SHIPPING UNQUOTE IN THEIR DEMARCHES BUT HAD NOT DEFINED IT PRECISELY. IRAQI OR IRANIAN SHIPS WERE CLEARLY EXCLUDED: BUT THIRD COUNTRY SHIPS CALLING AT IRAQI OR IRANIAN PORTS PROBABLY CAME WITHIN ITS AMBIT.

10. THE AMERICANS HAD IDENTIFIED A NUMBER OF PROBLEMS WITH THEIR QUOTE GATEHOUSE UNQUOTE CONCEPT, AND WERE NOW THINKING IN TERMS OF A FREE NAVIGATION TRACK, IE A SHIPPING LANE WITHIN WHICH PROTECTION MIGHT BE OFFERED TO NEUTRAL SHIPS. THIS TOO WOULD GIVE RISE TO A NUMBER OF PROBLEMS AND MIGHT BE ABUSED BY TRAFFIC EN ROUTE TO BELLIGERENT PORTS OR CARRYING CONTRABAND. THE U S WOULD WANT TO ACT ONLY IN RESPONSE TO A REQUEST FROM THE GCC: THE APPROVAL OF COUNTRIES OF REGISTRATION WOULD ALSO BE REQUIRED. IT WAS AGREED THAT THE AMERICANS SIDE WOULD PRODUCE A PAPER ON THE PROBLEMS ASSOCIATED WITH PROTECTION OF NEUTRAL SHIPPING.

11. IN A BRIEF DISCUSSION OF DEVELOPMENTS AT THE UN (SEE ALSO NY

11. IN A BRIEF DISCUSSION OF DEVELOPMENTS AT THE UN (SEE ALSO MY TELNO 1600) IT WAS CLEAR THAT THE U S REMAINED RELUCTANT TO TAKE AN ACTIVE ROLE BUT WERE HOPING FOR A BALANCED RESOLUTION AVOIDING CONDEMNATION OF IRAN ALONE. THEY WERE ATTRACTED BY HASKELL'S PERSONAL SUGGESTION THAT EXPLICIT MENTION OF IRAN MIGHT BE CONFINED TO THE PREAMBLE AND THAT THE OPERATIVE PARAGRAPHS MIGHT CONDEMN ALL INTERFERENCE WITH THIRD COUNTRIES' SHIPPING. THE AMERICANS WOULD PREFER TO AVOID ANY LANGUAGE CALLING ON OTHER COUNTRIES TO EXERCISE RESTRAINT, BUT ACCEPT RELUCTANTLY THAT SOME FORMULA WILL BE NECESSARY TO MEET SOVIET INSISTENCE ON THIS POINT. THEY HOPE THAT IT WILL NOT GO BEYOND LANGUAGE PREVIOUSLY USED IN THIS CONTEXT.

12. HASKELL MENTIONED CONCERN IN EUROPE THAT THE SITUATION IN THE GULF SHOULD NOT GIVE RISE TO MISUNDERSTANDINGS BETWEEN THE SUPERPOWERS, WHO, IN OUR VIEW, HAD CERTAIN COMMON INTERESTS IN THE REGION. PLACKE SAID THAT THE STATE DEPARTMENT WAS WORKING ON INSTRUCTIONS FOR THE U S EMBASSY IN MOSCOW TO DISCUSS THIS ISSUE IN SOME DETAIL WITH THE SOVIET MFA. HASKELL WELCOMED THIS.

13. LEGGE (MOD) SAID THAT, IN THE UK VIEW, THE MOD/CENTCOM DISCUSSIONS DID NOT AMOUNT TO JOINT CONTINGENCY PLANNING WHICH COULD BE TAKEN TO IMPLY MINISTERIAL APPROVAL FOR CERTAIN ACTION. WE HAD BEEN CAREFUL TO SAY PUBLICLY ONLY THAT WE CONTINUED TO BE IN CLOSE TOUCH WITH THE AMERICANS ABOUT THE SITUATION. PLACKE SAID THAT THE ADMINISTRATION'S CONCERN WAS DIFFERENT: THEY WANTED TO BE ABLE TO ASSURE CONGRESS AND U S PUBLIC OPINION THAT THE ALLIES WERE PLAYING THEIR PART. IT WAS AGREED THAT THEY COULD REFER FOR THIS PURPOSE TO THE PRIME MINISTER'S PUBLIC STATEMENTS, TO THE DEPLOYMENT OF THE ARMILLA PATROL AND OUR MCM FORCE, AND TO CLOSE CONTACTS AND EXCHANGE OF INFORMATION WITH US ON THE MILITARY AND POL/MIL NETS, BUT THAT MENTION OF JOINT CONTINGENCY PLANNING SHOULD BE AVOIDED.

14. BOTH SIDES AGREED TO HOLD FURTHER TALKS AT SHORT NOTICE IF THIS WERE REQUIRED BEFORE THE POL/MIL TALKS SCHEDULED FOR LATE JUNE.

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