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FOSDE 012/26

OO UKDEL SALON DE PROVINCE

GRS 293

CONFIDENTIAL

FM FCO 261230Z MAY 84

TO IMMEDIATE SALON DE PROVINCE (FOR SECRETARY OF STATE'S PARTY)

TELEGRAM NUMBER 18 OF 26 MAY 84

INFO IMMEDIATE UKMIS NEW YORK, WASHINGTON, GULF POSTS, BAGHDAD, TEHRAN, PARIS, BONN, ISLAMABAD, CAIRO, NEW DELHI, STOCKHOLM, ANKARA, AMMAN, TOKYO, SEOUL, UKDEL NATO.

IRAN/IRAQ: ATTACKS ON GULF SHIPPING: SITREP

1. NO FURTHER REPORTS OF ATTACKS ON SHIPPING IN THE GULF SINCE THE IRAQI CLAIM (STILL UNCONFIRMED) TO HAVE HIT SIX SHIPS NEAR BANDAR KHOMEINI ON 25 MAY.

2. THE UN SECURITY COUNCIL DEBATE HAS BEEN ADJOURNED UNTIL TUESDAY 29 MAY. THE GCC WILL BE CONSIDERING WHAT AMENDMENTS WILL BE NECESSARY TO MAKE THEIR DRAFT ACCEPTABLE TO THE NON-ALIGNED (UKMIS NEW YORK TELNOS, 545 AND 546). UKMIS DO NOT (NOT) REQUIRE FRESH INSTRUCTIONS.

3. UNCONFIRMED REPORT THAT THE JAPANESE WILL STOP SENDING THEIR OWN TANKERS TO KUWAIT AND NORTHERN SAUDI PORTS AS WELL AS TO KHARG.

4. LLOYD'S HAVE INCREASED WAR RISK INSURANCE PREMIUMS PAYABLE ON VESSELS TRAVELLING TO KHARG ISLAND AND BUSHIRE FROM 2 PER CENT TO 7 AND A HALF PER CENT. SHAikh YAMANI SUGGESTED ON 25 MAY THAT LLOYD'S MIGHT EFFECTIVELY CLOSE THE STRAITS OF HORMUZ BY CANCELLING INSURANCE COVER, BUT MR. STEPHEN MERRETT, A LLOYD'S COUNCIL MEMBER, HAS DENIED THIS, SAYING THAT IN PRACTICE THERE WAS NO POSSIBILITY OF INSURANCE NOT BEING AVAILABLE FOR SHIPMENTS TO AND FROM GULF POSTS. THE WAR RISK PREMIUM FOR ARAB POSTS STILL AT 0.25 PER CENT OF HULL VALUES. EARLIER IN THE WEEK YAMANI TOLD DAVIGNON IN BRUSSELS THAT THE GULF STATES MIGHT THEMSELVES TAKE RESPONSIBILITY FOR SHIPPING OIL OUT OF THE GULF EITHER BY ARRANGING FOR THEIR TANKERS TO CARRY OIL AND TRANSFER IT TO OTHER TANKERS OUTSIDE THE GULF OR BY TAKING ON THE INSURANCE COSTS FOR TANKERS FROM PURCHASING COMPANIES.

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