



PM/84/95

PRIME MINISTER

Prime Minister
 Not discussed
 but you will
 wish to note.

C.D. Stowell 13/6

Prime Minister 40

For meeting with
 Sir Geoffrey Howe
 on 13 June

C.D. Stowell 12/6.

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Iran/Iraq: The Gulf War

1. You will recall that at the meeting of OD(EM) on 18 May, it was agreed that we should continue our contacts with the United States on contingency planning, with the aim of influencing American policy towards an intensification of diplomatic activity aimed at limiting the recent attacks on shipping and away from premature military intervention. I reported briefly on these discussions at Cabinet on 7 June, but thought that you and other OD(EM) colleagues would welcome a further account.
2. A team of officials from the Foreign and Commonwealth Office and the Ministry of Defence visited Washington on 22 and 23 May, and their discussions were followed up by my own meetings with Messrs Shultz and Weinberger in the margins of the NATO Ministerial meeting the following week. I met Shultz again in London on 5 June, having previously reviewed the position with the Defence Secretary and agreed on the line to be taken with the Americans. The Gulf situation was also discussed collectively and in various bilateral meetings during the Economic Summit. We now need to draw these threads together.
3. The official level talks in Washington confirmed that the overall US approach to the Gulf situation is essentially the same as our own. The Americans agree that the emphasis must be placed on diplomatic activity; that military action

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must be very much a last resort; and that a clear, public request for help from the Gulf States is a prerequisite for any Western involvement. It is reassuring that this line has been affirmed in public statements, including those by President Reagan himself. I believe that this cautious and pragmatic approach owes a good deal to the series of UK/US talks, in which we have helped the Americans to think through the implications of an escalation of the Iran/Iraq conflict and to assess the disadvantages of precipitate action.

4. In my own meetings with Shultz and Weinberger on 28 and 29 May, I was careful to emphasise, as our officials had previously made clear, that our participation in exchanges on options for possible Western military operations had been entirely without commitment to UK involvement in any joint action. This was accepted by both, though remarks by Shultz about the number of cards which the Americans have on the table, and the likelihood of their being called, suggested that he is still somewhat more ready than the rest of his colleagues to contemplate direct US military involvement in the protection of shipping, and also more inclined to respond promptly to any attempt to close the Straits of Hormuz. But even he agreed that the US wanted to avoid being drawn in, other than by providing the Gulf States, especially Saudi Arabia, with the equipment they need for more effective self-defence. In practice, such US assistance has its limits, as is shown by the US Administration's refusal to sell Stinger missiles to Kuwait, having previously circumvented Congressional opposition to their sale to Saudi Arabia. We are instructing our Ambassador at Kuwait to tell the Kuwaitis that we are ready to sell them Blowpipe without delay and/or Javelin as soon as it is available, to fill this gap. We shall be looking for any other ways in which sales of British defence equipment can improve the Gulf States' own defensive capabilities and

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reduce the likelihood of an appeal for outside help.

5. Sir John Leahy's visit to Washington on 7 June provided further confirmation of the generally cautious American attitude to possible military involvement in the Gulf. Three or four points from his visit are perhaps worth stressing:

- (a) one circumstance in which the Americans would react quickly, and probably without consultation with us or their other allies, would be a direct Iranian attack on US assets in the Gulf area, possibly extending to non-military targets such as US Embassies.
- (b) in the unlikely event of a really serious disruption of oil supplies, the Americans might wish to start moving from diplomatic to military action earlier than we and others would wish (though such military action might in the first instance take the form merely of additional precautionary deployments).
- (c) the Americans attach great importance to the active association of their allies with any measures to protect shipping (which gives us very considerable leverage with them, should we wish to exert it).
- (d) the Americans have not followed up their earlier contacts with the Russians, to reassure them that any Western military action would be designed solely to protect shipping and would convey no threat to the Soviet Union.

Although we have already made the latter point to the Soviet Embassy in London, I shall ask our Ambassador in Moscow to reinforce it.

6. At the Economic Summit, the Gulf situation was in the forefront of all the participants' minds. It would have

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been unrealistic to expect that the Summit could achieve a breakthrough over a conflict which has lasted for nearly 4 years, and has defied the best efforts of a dozen or more would-be mediators; though this did not prevent the Governments of Egypt and Iraq appealing for economic measures which would bring pressure on Iran to accept negotiations for a ceasefire. Nevertheless, the Summit did agree on a statement by the chair reaffirming the participants' support for principles that have been threatened by the conflict, including respect for international humanitarian law and for freedom of navigation. It also expressed confidence in the international system's ability to cope with any foreseeable problems in the area of oil supplies.

7. Earlier, on 1 June, the UN Security Council adopted resolution 552 (I enclose a copy). Though founded on a complaint by the Gulf States about Iranian attacks on their shipping, it avoids specifically condemning Iran. We kept a low profile during negotiations on the text, but made clear our general sympathy and support for the Gulf States. As a result we earned the thanks of most of the latter without appreciably damaging our relations with Iran.

8. In a separate initiative on 8 June the UN Secretary-General appealed to both parties to cease their attacks on civilian population centres in each other's territories. This appeal was promptly accepted by Iran and, somewhat more surprisingly, by Iraq. Similar gestures have been made in the past, without facilitating progress towards a wider ceasefire. But the apparent interest of both countries in UN supervision of the response to the Secretary-General's appeal should be a hopeful sign.

9. Despite these developments at the United Nations, Iraqi attacks on ships going to Kharg Island and Bandar Khomeini have continued, and there has been one further retaliatory attack (which did little damage) by Iran. The shooting down



of at least one Iranian aircraft on 5 June showed, somewhat unexpectedly, that the Saudis were willing to display skill and political determination in their own defence, even though their leaders are now concerned about the possible consequences. However, the exaggerated publicity given to the US supporting role in the provision of AWACs and tanker aircraft, and the equally exaggerated reports about the escorting activities of US Navy ships in the Gulf, may have increased the risk of an incident directly involving US and Iranian ships or aircraft during the next few days, and this could have worrying consequences.

10. Nevertheless, the Iranians now face something of a dilemma, particularly if the Iraqi attacks on their shipping continue. In the face of Saudi readiness firmly to repel their incursions, they may eventually have to choose between

- (a) all-out retaliatory air attacks against Saudi Arabia or other Gulf States, with the risk of losing substantial numbers of their remaining aircraft.
- (b) continuing their own attacks on Arab ships, even though the Saudi defensive capability will either put their aircraft at risk or compel them to reduce the frequency and effectiveness of the attacks.
- (c) resorting to sabotage action against eg Arab offshore oil installations, or to a terrorist campaign within the more vulnerable Gulf States.
- (d) accepting that it would be better to cut their losses and concentrate on the land war with Iraq, where the long-postponed Iranian offensive is still awaited.

The Iranian attack on a Kuwaiti tanker on 10 June, much further from the Arab side of the Gulf than previous attacks, may

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indicate an intention to pursue option (b). Though the situation remains volatile, I do not believe that the likelihood of a serious disruption of shipping movements and oil supplies has become any greater as a result of the past few days' events.

11. However, if the situation should deteriorate and the Americans are presented with, or engineer, a request for Western military help, we shall have a difficult decision to make. As I have said, I believe our involvement in discussions on possible military options with the Americans was both necessary and beneficial, in ensuring that their attitude to the possibility of a major crisis is now realistic and appropriately cautious. But we have always recognised that such involvement would inevitably heighten US expectations that, if a crisis developed, we should be prepared if necessary to participate with them in operations to protect neutral shipping in the Gulf and/or to keep open the Straits of Hormuz. I believe it is vital that we should maintain complete independence to take this decision ourselves. We should continue to be chary of military involvement in any but the most extreme circumstances (we are not a major consumer of oil from the Gulf), and should continue doing everything possible to prevent a crisis reaching the point of military action by Western forces. But if the situation deteriorates, we shall require a very careful calculation of where the national interest lies, balancing the inevitable damage to our relations with the Americans and the Arab States if we stay out, with the military and political costs of embarking upon what could turn out to be a dangerously open-ended commitment. An important additional argument in favour of a very cautious approach, which we need to keep in mind, is our present understanding that any UK forces so involved would operate in cooperation with, but separate from, US forces. This would require the

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commitment of fairly substantial naval and land-based air assets. For the moment, I do not think any decisions are needed one way or the other. But we must clearly continue to watch the situation closely.

12. I am sending copies of this minute to OD colleagues and to Sir R Armstrong.

A handwritten signature in blue ink, appearing to be 'G. Howe', written in a cursive style.

GEOFFREY HOWE

Foreign and Commonwealth Office
12 June 1984