

CONFIDENTIAL
 FM FCO
 TO IMMEDIATE ABU DHABI
 TELNO 174
 OF 251631Z JULY 90
 AND TO IMMEDIATE GULF POSTS, UKMIS NEW YORK
 INFO IMMEDIATE WASHINGTON, EC POSTS, OTHER ME POSTS
 INFO IMMEDIATE MOSCOW, PEKING

*file**PA 22 26**VAE/STANMAN**Kumar/ICMEX*

FCO TELNO 360 TO RIYADH (NOT TO ALL): IRAQ/KUWAIT

1. THE DISPUTE BETWEEN IRAQ ON THE ONE HAND AND KUWAIT AND THE UAE ON THE OTHER HAS SUBSTANTIALLY RAISED THE TEMPERATURE IN THE GULF. WE HAVE BEEN KEEPING IN CLOSE TOUCH WITH THE KUWAITIS AND THE SAUDIS.
2. IN FOLLOWING DEVELOPMENTS WITH ARAB GOVERNMENTS WE NEED TO BE CAREFUL TO DRAW A LINE BETWEEN SHOWING A RESPONSIBLE CONCERN OVER A POTENTIALLY DANGEROUS DISPUTE, AND RISKING, BY TAKING TOO CONSPICUOUSLY ACTIVE A ROLE, THE POSSIBILITY OF RAISING EXPECTATIONS WE CANNOT MEET OF ACTIVE UK INVOLVEMENT IN FINDING A SOLUTION. MR WESTON'S DISCUSSIONS IN KUWAIT AND SIR A MUNRO'S IN RIYADH HAVE BEEN WELL JUDGED.
3. OUR ASSESSMENT IS THAT IN THE WAKE OF ACTIVE ARAB DIPLOMACY, IN PARTICULAR BY PRESIDENT MUBARAK, THE IMMEDIATE THREAT OF IRAQI MILITARY INCURSION SEEMS TO BE SUBSIDING. BUT THE IRAQIS CONSIDER THEY HAVE SUBSTANTIAL GRIEVANCES AND THEIR BULLYING TACTICS ARE LIKELY TO CONTINUE. THE DISPUTE WILL ONLY BE RESOLVED BY ARAB LEADERS PERSUADING SADDAM HUSSEIN TO DRAW BACK AND SETTLE FOR A SATISFACTORY OPEC AGREEMENT IMPOSING CLEAR COMMITMENTS ON KUWAIT AND THE UAE, POSSIBLY WITH SOME ADDITIONAL FORMULA INVOLVING FURTHER NEGOTIATION TO GIVE THEM SATISFACTION FROM THE KUWAITIS OVER WAR DEBTS AND THE FRONTIER.
4. FOR ABU DHABI AND DUBAI. WE SHOULD LIKE MR KAY TO TAKE AN EARLY OPPORTUNITY TO GO OVER THE GROUND WITH RASHID ABDULLAH OR, IF HE IS STILL IN MOROCCO, WITH THE MOST AUTHORITATIVE INTERLOCUTOR AVAILABLE. HE SHOULD BE CAREFUL TO AVOID GIVING THE IMPRESSION OF OVER-ACTIVITY DESCRIBED IN PARA 2 ABOVE. HE MIGHT ASK FOR A FAREWELL MEETING ON THE BASIS OF HIS IMMINENT DEPARTURE, AND IN RAISING THE DISPUTE WITH IRAQ TO REFER BACK TO THE DISCUSSIONS WITH MR WALDEGRAVE AT THE UK/UAE JOINT COMMITTEE ON 10 JULY. HE COULD STRESS THAT OUR CONCERN THROUGHOUT HAS TO BEEN CALM THE SITUATION DOWN AND NOT TO MAKE STATEMENTS, EG ABOUT THE STATE ARMILLA PATROL, WHICH COULD ONLY SERVE TO RAISE THE LEVEL OF IRAQI RHETORIC. WE WOULD WELCOME AN INDICATION OF

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UAE THINKING ON THEIR PRESENT DIFFICULTIES AND THE LIKELY OUTCOME.

5. FOR OTHER GULF POSTS AND BAGHDAD. WITHOUT SEEKING CALLS TO DISCUSS THIS PROBLEM ONLY, YOU SHOULD TAKE A SUITABLY EARLY OPPORTUNITY TO COMPARE NOTES WITH HOST GOVERNMENTS.

6. FOR UKMIS NEW YORK. THERE MAY BE SCOPE FOR THE FIVE TO DISCUSS IRAQ/KUWAIT. AS POINTED OUT IN AN EDITORIAL IN TODAY'S TIMES THIS WOULD BE A USEFUL AND PROPER EXTENSION OF PRESENT COOPERATION. YOUR PRESENT ROLE AS COORDINATOR GIVES YOU THE OPPORTUNITY TO PURSUE THIS PERHAPS IN THE CONTEXT OF RISING TENSION IN THE MIDDLE EAST AS A WHOLE. IT WOULD NEED TO BE DONE CAREFULLY, BEARING IN MIND VITUPERATIVE IRAQI COMPLAINTS LAST WEEK THAT BY INVOLVING THE SECRETARY GENERAL KUWAIT HAD TRIED TO INTERNATIONALISE THE DISPUTE. GORE-BOOTH MENTIONED THIS IDEA TODAY TO HIS FRENCH COLLEAGUE, WHO WELCOMED IT. (LECLERCQ ADDED THAT THE FRENCH THEMSELVES HAD TAKEN NO ACTION ON IRAQ/KUWAIT, AND HAD DECIDED AGAINST SAYING ANYTHING IN PUBLIC).

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