

ADVANCE COPY

CONFIDENTIAL  
FM WASHINGTON  
TO IMMEDIATE FCO  
TELNO 2003  
OF 212159Z AUGUST 90  
INFO IMMEDIATE UKMIS NEW YORK, UKREP BRUSSELS, RIYADH, AMMAH, ACTOR

YOUR TELNO 1458: GULF CRISIS: JORDAN

## SUMMARY

1. US ACTIVELY CONSIDERING IMMEDIATE ECONOMIC ASSISTANCE TO JORDAN, WITH FOLLOW-UP OVER THE NEAR AND LONGER TERMS. BOTH BILATERAL AND INTERNATIONAL ASSISTANCE ENVISAGED. WILL CONTINUE TO HOLD JORDAN TO FULL IMPLEMENTATION OF UN SANCTIONS.

## DETAIL

2. I TOOK ACTION ON TUR ON 21 AUGUST WITH MACK (DEPUTY ASSISTANT SECRETARY, MIDDLE EAST). I LEFT A COPY OF THE POINTS IN YOUR PARA 3 AS A SPEAKING NOTE, HAVING DRAWN ON THEM DURING OUR TALK AND ALSO GAVE MACK A COPY OF THE PAPER FAXED TO US 17 AUGUST (WHILE EMPHASISING THE PROVISIONAL NATURE OF ITS VIEWS).

3. MACK SAID THAT US ECONOMISTS AGREED THAT THE COST TO JORDAN'S ECONOMY OF IMPLEMENTING UN SANCTIONS WOULD BE ROUGHLY DOLLARS ONE BILLION PER ANNUM. THE US WAS TAKING A 3-STAGE APPROACH TO THE PROBLEM: HOW TO HELP JORDAN IMMEDIATELY, IN THE SHORT-TERM (SAY TO THE END OF 1990) AND THEN OVER THE LONGER TERM. MACK SAID THAT FINAL DECISIONS HAD STILL TO BE MADE, BUT THEY WOULD BE MADE QUICKLY, PERHAPS AS EARLY AS TOMORROW. JORDAN NEEDED TWO THINGS IMMEDIATELY: OIL AND CASH.

(A) OIL: STATE ESTIMATED THAT JORDAN NEEDED 60,000 BPD TO REPLACE FORMER IRAQI SUPPLIES. THE US MIGHT TRY TO APPROACH THE SAUDIS AS EARLY AS 22 AUGUST TO SEE WHAT THEY COULD PROVIDE. THE APPROACH WOULD REMAIN CONDITIONAL ON JORDAN FULLY IMPLEMENTING UN SANCTIONS (MACK WAS INTERESTED BY THE KING'S SEEMING INDIFFERENCE TO THIS IN PARA 5 OF AMMAN TELNO 442, A COPY OF WHICH I ALSO GAVE HIM). EVEN WITH FULL IMPLEMENTATION, HOWEVER, THE SAUDIS MIGHT NOT BE EASY TO PERSUADE. THE KING WAS NOT POPULAR IN RIYADH. BUT ARGUMENTS FOR REGIONAL STABILITY AND THE PRESERVATION OF A NEIGHBOURING MONARCHY - BOTH MAJOR SAUDI INTERESTS - SHOULD ULTIMATELY PREVAIL.

(B) CASH: THE US WOULD APPROACH THE KUWAITIS ABOUT MONEY FOR JORDAN. THEY WERE THE MOST OBVIOUS SOURCE, BUT THERE WERE OTHER POSSIBILITIES TOO. THESE INCLUDED UAE, BRUNEI AND JAPAN (SEE BELOW).

4. AFTER TACKLING JORDAN'S IMMEDIATE NEEDS, OTHER OPTIONS WERE AVAILABLE IN THE NEAR TERM. THE US WOULD WISH TO COORDINATE WITH THE UK BEFORE TALKING TO THE JORDANIANS. WE WERE THE KEY TO QUOTE LIAISON WITH THE EC UNQUOTE. I POINTED OUT THAT, WITH THE EXCEPTION OF 50 MECU, EC AID FUNDS WERE LARGELY SPOKEN FOR. WE THOUGHT IT BETTER FOR COMMUNITY COUNTRIES TO ACT BILATERALLY. MACK ACCEPTED THIS, BUT SAID WE COULD BE HELPFUL IN APPROACHING THE GERMANS. THE US WERE ALSO INCLINED TO LEAN HARD ON THE JAPANESE, IN BOTH THE NEAR AND LONGER TERMS. THEY HAD ALREADY MADE STRONG REPRESENTATIONS IN TOKYO, ARGUING THAT JAPAN SHOULD CONTRIBUTE MORE TO THE MANAGEMENT OF THE CURRENT CRISIS. TOKYO HAD ALREADY AGREED IN PRINCIPLE TO ASSIST JORDAN. ALSO IN THE NEAR TERM, US AID MONEY CURRENTLY ALLOTTED TO PROJECTS IN JORDAN MIGHT BE CONVERTED TO CASH. THIS WOULD REQUIRE PRESIDENTIAL WAIVER PERMISSION AND MIGHT ALSO HAVE TO GO TO CONGRESS. IN SOME SENSES THIS WAS ROBBING PETER TO PAY PAUL, AS IT WAS DIVERTING LONG TERM ASSISTANCE FOR SHORT TERM NEEDS. BUT THE REQUIREMENTS WERE URGENT. STATE WOULD ALSO CONSIDER QUOTE SCROUNGING FOR FALLOUT FROM OTHER PROGRAMMES UNQUOTE, AND WOULD SEEK TO EXTEND THEIR PL 480 ASSISTANCE (FOOD AID).

5. OVER THE LONGER TERM, THE US WOULD LOOK AT SUPPLEMENTARY APPROPRIATIONS. THIS WOULD REQUIRE CONGRESSIONAL APPROVAL (AND MACK NOTED THAT KING HUSSEIN HAD NOT BEEN POPULAR IN CONGRESS EVEN BEFORE THE CRISIS FOR WHAT WAS FELT IN SOME QUARTERS, PERHAPS UNFAIRLY, TO BE HIS EQUIVOCAL ATTITUDE TOWARDS THE PEACE PROCESS). SUCH APPROVAL WOULD REQUIRE NOT JUST A COMMITMENT TO SANCTIONS, BUT A PERIOD OF DEMONSTRATED ADHERENCE AND PERHAPS EVEN DAMAGE TO THE JORDANIAN ECONOMY. SOME BILATERAL MILITARY ASSISTANCE WAS ALSO POSSIBLE. THE QUOTE SOUTHERN REGIONAL AMENDMENT UNQUOTE PERMITTED SALE OF MILITARY SURPLUS FROM THE EUROPEAN THEATRE. SOME LOW TECH BUT MUCH NEEDED EQUIPMENT - EG TRUCKS - COULD BE TRANSFERRED TO JORDAN FOR ITS WELL-TRAINED BUT POORLY-EQUIPPED FORCES. THIS WOULD ALSO HAVE AN INDIRECT ECONOMIC BENEFIT AS IT WOULD HELP REDUCE JORDANIAN MILITARY EXPENDITURE. OTHER, NON-BILATERAL AVENUES INCLUDED:  
(A) THE INTERNATIONAL FINANCIAL INSTITUTIONS: THESE WERE WORTH CONTACTING, ALTHOUGH THE US SHARED OUR PREFERENCE FOR BILATERAL AVENUES OF ASSISTANCE (AND WANTED IN PARTICULAR TO STEER JORDAN

AWAY FROM AN APPEAL TO THE UN UNDER ARTICLE 50).

(B) PARIS CLUB: A RESCHEDULING OF JORDAN'S DEBTS MIGHT BE EXAMINED.

(C) THE US MIGHT PUSH FOR AN ACCELERATION OF THE UNITY DAM AGREEMENT BETWEEN ISRAEL AND JORDAN (ONE OF THE JORDAN VALLEY PROJECTS).

(D) THE ESTABLISHMENT OF A QUOTE FRIENDS OF JORDAN CLUB UNQUOTE OF DONOR NATIONS, WHO MIGHT MEET AND CONCERT ACTIVITY.

6. I ASKED MACK TO LET US KNOW AS SOON AS THE NECESSARY DECISIONS HAD BEEN TAKEN. MACK UNDERTOOK TO DO SO, WHILE NOTING THAT SUCH INFORMATION MIGHT WELL ALSO BE PASSED BY TELEPHONE AT POLITICAL LEVEL. IF THERE WAS TO BE ANY SECURITY COMPONENT TO THE PACKAGE, MACK THOUGHT THAT DISCUSSION SHOULD BE LIMITED TO THE TRIANGLE OF US/UK/JORDAN.

WOOD

YYYY

DISTRIBUTION

34

ADVANCE

3431

IRAQ/KUWAIT  
PS  
PS/MR WALDEGRAVE  
PS/PUS  
MR TOMKYS  
~~MR GORE-BOOTH~~  
MR FAIRWEATHER  
MR GOULDEN  
MR BERMAN (LEGAL ADVISERS)  
HD/MED  
HD/NENAD  
HD/NAD  
HD/SED  
HD/UND  
HD/CONSULAR D  
HD/NEWS D  
HD/NPDD  
HD/SECPOL D

HD/AMD  
HD/ECD(E)  
MR PRIDDLE, DEPT OF ENERGY  
MR W D REEVES CABINET OFFICE  
MR D J GOWAN CABINET OFFICE  
MR BARRASS, CABINET OFFICE  
(BY TUBE H29)  
PS/NUMBER 10 DOWNING ST  
SIR P CRADOCK,  
(NO 10 DOWNING ST)  
CABINET OFFICE DIO  
(BY TUBE H29)  
SIR ROBIN BUTLER, CAB OFFICE  
AUS (C) MODUK  
HD/SEC (O) (C) MODUK  
MR LS SMITH BANK ENGLAND  
EMERGENCY UNIT  
RESIDENT CLERK

NNNN