

PRIME MINISTER

MEETING OF MINISTERS: THE GULF

You have a regular meeting of Ministers on Monday to review the latest developments in the Gulf. Mr. Waldegrave will represent the Foreign Secretary who is on a visit to Egypt and Israel.

The principal issues to cover are as follows.

DIPLOMATIC

- action at the UN. The Security Council has been taken up with discussions of Jerusalem killings, and no progress has been made with a resolution on compensation and other issues. Nor has there been any further discussion with the Americans of resort to the United Nations for a resolution authorising the use of force. But there is no evidence that Secretary Baker has changed his mind on this. It will remain a problem.
- Sanctions. There is still no evidence that sanctions are having any real effect on Iraqi decisions. Meanwhile the paper in the folder gives evidence of extensive sanctions-breaking activity by a group of countries. This is becoming a serious problem. Despite our strong representations, Jordan's compliance with sanctions appears to have deteriorated with a substantial increase in lorry traffic. You will want to ensure that any aid is suspended until their performance improves. Meanwhile, a paper is in preparation on options for action against countries which break sanctions.
- Hostages. Mr. Heath's visit to Iraq has been postponed. It seems likely that, when he does go, the Iraqis may agree to release some of the sick and elderly hostages. The Government's public line on his visit will require careful handling.

- Embassies in Kuwait. The Americans continue to hanker after coordinated closure of Embassies in Kuwait in return for safe conduct for diplomats and others living in diplomatic missions. We are discouraging this.

- Diplomatic Activity. The briefing given by the Russians on Primakov's visit to Baghdad underlines how remote Saddam Hussain is from reality and how lacking in understanding of his isolation. Although the Russians say they are more hopeful of a peaceful resolution, there seems remarkably little evidence to sustain this view. He appears almost fatalistic in his acceptance that force will be used.

There has not been much Arab diplomatic activity in the past week. The main question has been how far the events in Jerusalem have distracted attention from Kuwait and will undermine the solidarity of the coalition against Iraq.

- US Policy. Perhaps the most disturbing feature of the past week has been the impression of dithering in Washington over the budget, the decline in the President's standing and the seeming paralysis of policy in the Gulf: in particular there has been no follow up to your discussion with the President. This is not a reassuring basis on which to enter what may be the most difficult and dangerous phase of the Gulf conflict.

The Defence Secretary and Foreign Secretary are worrying about what they feel is lack of clarity about US (and our) strategic objectives in the Gulf: the extent to which we believe they will necessitate massive military action against Iraq: and the implications for targetting policy (i.e. do we go for dams and oil fields or try to avoid destruction of economic targets: we shan't get reparations if we destroy Iraq's main source of income). They are also concerned at American reluctance to discuss some of these issues with us.

There may be a case for a message from you to the President this week, following up your talk with him.

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Camp ready.MILITARY

- 7 Armoured Brigade. The Defence Secretary should report on progress with deploying 7 Armoured Brigade.
- Iraqi tankers. There are indications that an empty Iraqi tanker with a reinforced crew may run the gauntlet up the Gulf during the week-end.
- Arrangements for the Media in the event of a conflict. You might ask for a report on the meeting held on this in the Cabinet Office on Friday.
- Meeting with Secretary Cheney. Both you and the Defence Secretary will be seeing Secretary Cheney in the course of Monday. You may like a separate word with the Defence Secretary and CDS about this at the end of the meeting.

OIL

- Oil prices. Oil prices remain stubbornly high, not because there are any supply shortages but because of fears of a conflict.

C.D.P

CHARLES POWELL
12 October 1990

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