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PRIME MINISTER

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THE GULF

Percy Cradock is planning to go to Washington next week. He will see his usual intelligence community contacts. He has also arranged a meeting with General Scowcroft for a 'substantive' discussion.

We have a potential problem here. Percy is not fully informed on your talks with the President or with Secretary Cheney, and is not among the very restricted number of people who are informed of American thinking at the highest level (they number only Defence Secretary, CDS, me and the Foreign Secretary - in part). The Americans have enjoined us to preserve the strictest security.

You have discussed the most sensitive issues with Secretary Cheney, and will be talking to the President at the end of the week. This may make it necessary for Percy to go into these with Brent Scowcroft.

The alternatives seem to me:

- i) to brief Percy fully on <u>all</u> the issues and authorise him to discuss them in Washington. I would need to warn Brent Scowcroft that we were doing this and seek his agreement;
- ii) to ask Percy to restrict himself to intelligence aspects: the issue of whether to go back to the UN for authority for military action: future strategy at the UN: the risks of Israeli involvement: assessment of the Iraqi nuclear programme: strategic deception: long-term security arrangements for the Gulf: possible initiative on Arab/Israel in the wake of Iraqi withdrawal. But he would be instructed NOT to deal with military planning, military strategy and

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the transition to the military option, which would be reserved for you and the President and CDS/General Powell. Again I would warn General Scowcroft in advance which subjects could and could not be raised (bearing in mind that Percy is bound to be accompanied by someone from the Embassy).

I think the second option would still give him a very full agenda.

Prefer (i) or (ii)?

e D.P.

C.D. POWELL

16 October 1990

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