

Jp 01240

PRIME MINISTER

OPD(G): Wednesday 19 December

At your meeting tomorrow, in addition to oral reports by the Foreign Secretary, you will have three papers:

- a. a joint Foreign Office/Home Office paper on the expulsion of suspect Iraqis from the UK;
- b. a JIC assessment on likely Israeli action if faced with a Gulf settlement which leaves Saddam's military machine intact.
- c. a Foreign Office paper on the implications of the Gulf crisis for our policy on the Arab/Israel issue.

2. On the expulsion of Iraqis, my main concern is security. We have a good deal of intelligence pointing to plans by Iraq and associated terrorist groups to carry out terrorist attacks in the event of hostilities. We are taking what preventive action we can, eg improving precautions by airlines and alerting our posts abroad. It is essential to take similar action at home. The eight intelligence officers in the Iraqi Embassy and the sixty-three Baathist activists in the Iraqi community here are the obvious vehicles for terrorist activity, though we shall still have to reckon with independent terrorist groups.

3. There is the further possibility, more remote but not to be excluded, that Iraq may seek to carry out BW or CW attacks in the UK when hostilities begin. You have already seen JIC papers on the subject. We have no hard evidence that Saddam intends such action; but he has spoken of carrying the war to Western capitals; he has the materials

in question and they could be readily transported in small quantities by the diplomatic bag to Iraqi Embassies and used, with few practical problems but devastating effects. The recent warnings to Embassies in Washington by the "Brotherhood of Allah" (the FBI think this a hoax, though it could conceivably be Iraqi psychological pressure) are a reminder of the danger. We doubt very much whether Saddam would entrust such materials to independent terrorist groups; he would almost certainly rely on Iraqi officials; which gives added point to the need to remove the intelligence officers.

4. For these reasons I should be very much happier if we had cleared out the intelligence agents and the community activists well before 15 January. We have had this in mind for some time, but have held our hand until the situation regarding hostages was clearer. There is still a counter-argument that the Iraqis would almost certainly retaliate against our Embassy in Baghdad. But, given the threat, I think this a secondary consideration.

5. The second paper, on Israeli options, is inevitably speculative. There is no doubt that the Israelis would be dissatisfied and apprehensive if Saddam escaped this crisis with his military machine intact. They would reasonably fear an assault by him at some point in the future and would be bound to consider the practicality and desirability of a pre-emptive attack. But we doubt whether, by themselves, and without using nuclear weapons, they could now destroy Iraqi NBC capability in one go: a deterrent balance has built up over the last few years and they would have to contemplate the possibility of very damaging Iraqi retaliation. The logic of this should lead them to carry out a pre-emptive attack at a time when it had the most chance of drawing in the Americans, ie while large US forces were still present in the Gulf. But, if this were done after what looked like a peaceful resolution of the crisis, the effects on US/Israeli relations would be

serious. The Israelis could still calculate that, in the end, the US would be compelled to defend Israel. They could also judge that US/Israeli relations would eventually recover. But they would be incurring great dangers to their most important relationship.

6. Our latest information from Washington is that the Administration seem reasonably confident of continuing Israeli caution. The Administration's view is that Israel would wish first to see the outcome of this crisis and the kinds of constraints to be applied to Iraq's NBC facilities before deciding their policy. Another factor in Israeli thinking is that they might wish to see how effective an anti-missile screen they can build up with US help.

Nuc, Bio/Chem.

7. On balance, therefore, we judge that the Israelis, lacking Iraqi provocation, might hesitate before launching a pre-emptive strike and might prefer the course of containment and deterrence. In the meantime our policy course, like that of the US, should be to continue to urge them to lie low.

8. The third paper, on Arab/Israel, is interesting but at this stage largely academic. Our present course is clear enough, a declaratory policy sufficiently convincing to the Arabs to preserve the cohesion of the alliance, while not assisting Saddam by creating linkage. After the crisis the basic obstacles will still remain in place, a supreme effort will be needed, but how we play it will depend on how the cards fall after the crisis is over. Further than that we cannot go at present.

PC
PERCY CRADOCK

18 December 1990