

NATIONAL SECURITY COUNCIL  
WASHINGTON, D.C. 20506

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SYSTEM II  
90578 Add-on

National Security Planning Group  
July 8, 1988, 11:00 a.m. - 12:00 p.m., Situation Room

SUBJECT: Iran Air 655

PARTICIPANTS:

The President

The Vice President

The Vice President's Office:  
Sam Watson

State:  
John Whitehead  
Michael Armacost

OSD:  
Frank Carlucci  
Richard Armitage

Justice:  
Edwin Meese

Transportation:  
Mimi Dawson

OMB:  
L. Wayne Army

CIA:  
William Webster  
Richard Kerr

JCS:  
Robert Herres  
Jonathan Howe

White House:  
Kenneth Duberstein  
B. Oglesby  
Colin Powell  
Marlin Fitzwater  
John Negroponte  
Robert Oakley  
William Cockell

Minutes

President Reagan: The Iran Air tragedy is a blow to all of us but we need to keep our policy on a steady course. We must also seize the initiative. Let us cooperate with the ICAO investigation and use the visit of the Kuwaiti Crown Prince to highlight our successful Gulf policy.

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Colin Powell: I have nothing to add. Let's ask Judge Webster to assess the intelligence for us.

William Webster: Iran will see this as an opportunity for a major propaganda initiative. Iran is portraying it as proof that US is a destabilizing force in the Gulf. We need to understand that this incident is a function of the Iran-Iraq war. Iran's emphasis on moderation is tactical since their statements make it clear that eventually they will seek to retaliate. Compensation will not have any effect upon their eventual action. In this situation we judge they will seek retaliation. In the near term, they are capitalizing upon the PR advantages of the incident, saving retaliation until later. There have been lots of threats and only very few incidents over the past year but something should be expected this time; probably indirect and deniable, such as more minelaying in the Gulf, or a terrorist incident with the use of surrogates such as Abu Nidal or Hezbullah. We doubt the latter will take action against the hostages despite the threats. There may also be spontaneous actions. The press material today suggests Iran will attempt to take the high road, go to the UN, and not look for any retaliation while the potential exists for a propaganda operation. The Haj period and the 40-day mourning anniversary are dates to watch for. IGRC boats will probably be active and could act unilaterally, but the Iranians understand our ROE more clearly now and may direct their ships to use more caution around US ships. Iraq is doing well in the war and Iran is having trouble at home but we doubt it will change its position on Security Council Resolution 598 and the war.

Frank Carlucci: Reported that the USN investigating team has arrived and the tapes have been sent back to the US for analysis. It may take 3-4 weeks to complete the investigation.

Robert Herres: Reported that there will be no changes in force structure, patrols will continue, so will P-3 and AWACs. At present, we see no activity, no threats. Iraq is still seeking to attack Iranian shipping and Iran is retaliating. We have had only one incident of distress assistance since May 3 when it came into effect. The Pak ship was a MAYDAY call; we respond to all MAYDAYs. The Iranian boats left when the Montgomery closed.

Frank Carlucci: One other US ship held the airbus squawking Mode 2; but I should emphasize this is all tentative at this point.

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Edwin Meese: What about stories on the condition of the bodies?

Colin Powell: The doctors have studied the photos very carefully and concluded that there are no inconsistencies with what the state of the bodies ought to be in those heat and water conditions after such a crash.

John Whitehead: Let me summarize the international reaction. In Iran the response by Rafsanjani is more moderate than we had anticipated. This makes it easier to focus world attention upon us. The GCC states see it as a tragic accident but part of the war and more reason to end it. They fear it may give the regime in Iran a boost in terms of popular reaction but still support us. Our NATO allies are quietly skeptical of what we did but still supportive. The press coverage is wild in areas where you would expect it to be -- like Syria, Libya, Vietnam; but overall, the reaction is a bit better than we had expected.

Diplomatically, the Security Council debate is an immediate problem and we must not only defend ourselves but focus on ending the war in accordance with Security Council Resolution 598. We want to avoid condemnation and a resolution but seek expression of regret in a consensus. We will lobby our allies with messages from President Reagan before the Security Council meeting, and also lobby the Non-Aligned members. We want the following elements in a consensus statement:

- Regret loss of life
- Measures to prevent recurrence
- Refer to ICAO action
- Implement Security Council Resolution 598

After next week we shall continue to focus attention on Security Council Resolution 598, but remain realistic about the chances that the two parties will actually accept and implement it. We shall see if the Secretary General is ready to announce his plan; he is slow and loath to push the parties but we will try. We may also wish to consider more drastic action such as a meeting of the Foreign Ministers of the five Permanent Members of the Council, perhaps on July 20, the first anniversary of 598.

On the ex gratia payments, we propose you issue a statement, Mr. President, as soon as possible that the US is prepared in

principle to offer ex gratia payment to the families of all victims. This is consistent with international precedent. We can work out the details later. It is not an admission of wrongdoing or liability. This will strengthen our image, show we are not callous but a responsible actor. It will undercut Iran's effort to portray us as inhuman and remove some of the controversy and pressure from the US public and Congress, make it easier to resist investigations which would cut across that undertaken by DOD and undercut efforts to force us to accept legal responsibility. There are questions as to where we can get the money, including whether or not a special appropriation is required.

Edwin Meese: Suggest we get release from governments or families but agree we should pay.

President Reagan: No payments should be made to the Iranian government. How do we identify the family members?

Frank Carlucci: We can use the Red Crescent.

Colin Powell: Domestic publicity and Congressional opinion are cutting both ways.

Frank Carlucci: No need to assuage public opinion but it is useful to do for international reasons. DOD has legal authority if I waive a regulation. It will be important that the statement make clear Iran is to blame and must face the consequences of its actions in the Gulf. Put the onus on Iran which sent a plane into a war zone.

John Whitehead: We agree.

Mimi Dawson: We will need to be careful in the ICAO Council on the questions of investigation and responsibility.

Vice President Bush: Any offer of ex gratia payment must be strictly humanitarian but make a strong defense of our Gulf policy and our military personnel. Hit hard on both. Not our fault or liability and defend the commander on the scene, the US military and our policy. Blame Iran.

President Reagan: I would like to see Vice President Bush go to the UN to represent us at the Security Council meeting.

Kenneth Duberstein: Whitehead implied that Congress is pressing us to pay but actually it is the other way around. Eleven liberal Republicans oppose compensation to the families. The mood is anti-Iranian.

Vice President Bush: What about holding off until we have the investigation results? We could say we are willing to consider it but not go further until we see the investigation.

Colin Powell: Better not to link to the investigation since that could be seen as accepting responsibility legally. Better to let ex gratia payment stand alone. State's suggestion is that, if we move promptly, it may help at the UN next week.

John Whitehead: The press is already speculating that we are considering it. We should issue a statement accepting in principle.

Edwin Meese: I agree. We should bite the bullet but accept no liability. Work out details later. Point out that Iran is responsible, this is more reason to end the war. Do it prior to UN debate so it doesn't look like a reaction to the UN.

President Reagan: Make it plain that we owe Iran nothing. This is a result of their conduct.

Edwin Meese: Individuals and not government.

Frank Carlucci: State should talk to the hostage families and explain in advance.

President Reagan: This is different from paying for hostages. We must stick to our principles of no payment.

Colin Powell: It will have to very carefully explained.

William Webster: Suggest we consider paying through some organization or body rather than directly to individuals.

John Whitehead: Let's shoot for Monday to announce.

Vice President Bush: What happened in the case of KAL 007?

Colin Powell: The Soviets never paid.

Frank Carlucci: There was also no compensation for Major Nicholson.

John Whitehead: In ICAO we have said we would cooperate, not like the USSR and KAL 007. We are informed that the President of the ICAO Council wants to issue a statement calling for the investigation and avoid a resolution. At the ICAO session we

will need a clear idea about how to structure the investigation so as to meet ICAO needs while protecting US national security. We will also want to continue the US active role in developing changes to ICAO documents on flight safety and safety in the Gulf. We want to turn the investigation into a positive thing.

Mimi Dawson: In view of our decision on compensation I believe it is appropriate for us to approach ICAO offensively, investigate in order to improve procedures and avoid future conflicts rather than to probe US actions deeply.

Frank Carlucci: Iran will go the other way.

Mimi Dawson: We will have lots of support.

Colin Powell: To sum up. We need a draft statement on ex gratia payment; State will call the hostage families; Justice will look at implications for other suits of crash victims; DOT and State will take care of ICAO.