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PRIME MINISTER

c Sir Robert Armstrong

Escalation of the War in the Gulf - OD(EM)

BACKGROUND

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At Cabinet on 16 February (CC(84)6th Conclusions - Minute 3) the Foreign and Commonwealth Secretary was invited to review the range of contingencies arising from the Gulf war in consultation with the Chancellor of the Exchequer, the Secretary of State for Defence and the Secretary of State for Energy. A record of the meeting held by the Foreign and Commonwealth Secretary to carry out this review was circulated by the Cabinet Office on 17 February.

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2. The conclusion of this meeting was that the war between Iran and Iraq would continue but it was doubtful whether the Iranian armed forces had the capability to advance far. The Iranians' immediate objectives were not clear but in the longer term they wished to wear down Iraq's willingness to resist and to topple the regime of Saddam Hussein. If the Iranians achieved a substantial breakthrough, Iraq might become desperate and escalate its attacks on Iran, although it was doubtful whether Iraqi forces had the military skills necessary to halt Iranian oil production by missile attacks. Equally, it was unlikely that the Iranians would be able to sustain a closure of the Straits of Hormuz for long, even if they attempted to do so.

3. Against this background, the meeting took the view that no additional measures of military preparedness were required on the part of the United Kingdom at this stage, having regard to the action that had already been taken with the Gulf States in offering assistance to develop

  
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their own military capability. The reaction of the United States to any interruption in oil supplies would be crucial and great uncertainty was expressed on how the US Administration might react to the latest Iranian offensive in the aftermath of US experiences in the Lebanon. Ministers present agreed that there was a need to keep in the closest possible touch with all US Departments and Agencies concerned with Gulf contingency planning, including plans on oil supplies and stocks, in order to dissuade the US Administration from precipitate action which might cause further de-stabilisation in the area. The United Kingdom should seek to obtain acceptance of its view that, if the Iranians took steps to try to close the Straits of Hormuz, the first priority would be diplomatic action to attempt to de-escalate the crisis with any military response being limited to protective measures such as convoying and mine-clearing operations.

4. It was agreed that an immediate approach should be made by the UK Ambassador in Washington to go over the ground with the Americans again and to use the opportunity of meetings between Ministers and senior officials for influencing the US approach to the various aspects of Gulf contingency planning. These would include Sir John Leahy's visit to Washington this week, the meeting between Mr Heseltine and Mr Weinberger at the end of February and between Mr Walker and Mr Hodel in early March. These occasions should be used to the full for consultation with the Americans on all aspects of Gulf contingency planning, including action in the event of disruption to oil supplies, and for feeding in UK ideas.

5. The immediate US response has been helpful. They have fully endorsed the need to keep closely in touch with United Kingdom thinking and have welcomed the opportunity



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given by Sir John Leahy's visit for further consultation. They have said that they consider that reports in the media of the Iranian offensive have been exaggerated, and have confirmed that the State Department has urged restraint upon the Iraqis.

6. The Chancellor of the Exchequer is unable to attend or to be represented because of pressure of Budget business. The Secretary of State for Energy, the Secretary of State for Trade and Industry and the Chief of the Defence Staff have been invited to attend. An immediate assessment, concentrating on latest developments in the war, is being prepared by the JIC and will be circulated before the meeting.

#### HANDLING

7. You should invite the Foreign and Commonwealth Secretary to introduce the discussion. The Defence Secretary and the Chief of the Defence Staff might then be invited to comment on the military situation, and the Secretary of State for Energy on the implications for oil supplies. Points to establish in discussion are:

(a) As regards military contingency action, is it still agreed that the deployment of British forces to the Gulf should only be countenanced as a last resort and if United Kingdom interests are threatened?

(b) Have all possible contingency measures now been taken to offer assistance to the Gulf States in building up their own defence capabilities?

(c) As regards diplomatic action, should any additional steps be taken to impress our views on the Americans or to consult them about contingency measures to assure the continuation of adequate oil supplies to the West in the event of the Straits of Hormuz being closed?



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(d) Are there further possibilities for diplomatic action either through the Super Powers or our other Allies to bring restraining influence to bear on either the Iranians or the Iraqis?

CONCLUSION

8. Subject to the points made in discussion, you could guide the Sub-Committee to approve the action which the Foreign and Commonwealth Secretary has in hand to concert our contingency plans for diplomatic and other action with the Americans, aimed at reducing the effects of any continuing escalation of the Gulf war.

*David Goodall*

A D S Goodall

20 February 1984