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From the Private Secretary

17 August 1990

IRAQ/KUWAIT

At his request Sir Jeffrey Sterling and Raphael Ricanate called into see me this afternoon. Ricanate is Chairman of OSG which has strong banking and shipping interests in Israel (it is claimed to be the largest private sector company in Israel). He said that both public and political opinion in Israel was very fearful that Saddam Hussain would embark on another "mad" military venture within the next few weeks. They doubted that he would simply sit tight and use the weapons of western hostages/Arab rhetoric and terrorist attack to contain the situation (from his point of view.

There was strong public support for the Israeli government's low profile approach to the Gulf crisis. Everybody recognised that that was in Israel's best interest. Israel had said publicly that if Iraq invaded Jordan they would have become involved, but in no other circumstance. The Israelis recognised that even if there were Iraqi inspired terrorist attacks, immediate retaliation would be counter productive. The mood in Israel had become calmer over the last few days since the impression had got about that Iraq did not have long range missiles capable of delivering biological or chemical warheads. Conventional long range missiles the Israelis could live with and the Israeli air force would be able to deal with the rest.

The mood in the occupied territories was surprisingly quiet. There was of course a lot of pro-Saddam feeling among the Palestinians but that had not so far turned into demonstrations. Ricanate thought that, provided Saddam did not engage in further military ventures, sanctions would work and could be made to stick. The key was Aqaba. Trade through there was very slow but he for one had been surprised at the apparent readiness of King Hussein to apply sanctions on cargoes trying to come through Aqaba. They had expected the Jordanians to play for an American

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blockade. The feeling in Israel was that King Hussein was a clever operator who would survive. The fact that Syria had come out against Iraq had actually strengthened Hussein's position considerably: it enabled him to begin to move away from the overtly pro-Iraqi stance without sacrificing the respect of his subjects.

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