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From the Private Secretary

SUBJECT CC MASTER

21 August 1990

Dee Simon,

IRAQ/KUWAIT: PRIME MINISTER'S TALK WITH PRESIDENT VASSILIOU

The Prime Minister spoke on the telephone this afternoon to President Vassiliou, at the latter's initiative.

The President said that he had just returned from holiday and wanted to telephone to express his admiration for the Prime Minister's firm and decisive handling of the Gulf crisis. She had obviously played a crucial role in helping President Bush to reach the right decisions. The Prime Minister thanked the President for his kind words, commenting that she had simply been in the right place at the right time.

President Vassiliou continued that he was sure Britain and the United States were doing the right thing. He wanted the Prime Minister to know that Cyprus was entirely at the disposal of both Governments for any use they needed to make of it under the present circumstances. He felt very strongly about this. The Prime Minister said this was a most generous offer and she would inform President Bush. President Vassiliou went on that Cyprus had been one of the first to apply the United Nations embargo, even though it was quite damaging to the Cyprus economy. Strict and effective implementation of the UN sanctions was essential. But he wanted to say again that if Britain and the United States needed anything else, whether it be use of the SBAs or Cyprus airport itself, he would agree to it immediately, even if all political parties in Cyprus were opposed. The Prime Minister repeated her gratitude for this offer.

President Vassiliou said that he had studied the whole situation very carefully and reached the conclusion that the West did not have the option of sitting out Saddam Hussein. He doubted that the UN embargo on its own would do the trick. As soon as Britain and the United States were ready logistically, they should attack Iraq. Delay would be equated with weakness. People would begin to forget the rationale for the original intervention if action was held up, and a negative attitude towards US forces would develop. Saddam Hussein would present himself as a martyr, and that would rouse strong feelings among the Arab masses. If we created a martyr, we would be the losers and terrorism would exceed anything we had yet known. He was convinced, therefore, that we had to be ready to throw Saddam

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Hussein out of Kuwait quickly. The Prime Minister said that any action taken by the United States must be assured of success. President Vassiliou thought we should not overestimate Iraq's war machine: it was not as good as it might appear.

President Vassiliou said that he had just seen a deputation from the PLO who had informed him that Arafat was taking a peace plan to Baghdad, which would require Iraq's withdrawal from Kuwait. In that event US and other Western forces could also withdraw. The Prime Minister expressed interest, but pointed out that Kuwait would still remain very vulnerable and some arrangements would be needed to guarantee its future security.

The Prime Minister repeated that she was very grateful for the President's telephone call. She hoped to see him soon. The President said that he had been speaking from the heart. If we could ensure that Iraq's aggression would fail, it might make it easier to undo the results of earlier aggressions. The President added that he would be passing through London on his way to and from New York to address the UNGA. The Prime Minister said that she hoped to see him then.

I am copying this letter to Jane Binstead (Ministry of Defence) and to Sonia Phippard (Cabinet Office).

Yours sincerely,

C. D. POWELL

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Foreign and Commonwealth Office.