

*copy Brady*



Treasury Chambers, Parliament Street SW1P 3AG

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*Spoken  
2/10/90*

*X4* September 1990

*Dear Charles,*

**BURDEN SHARING IN THE GULF**

... The Chief Secretary thought you would like to see a copy of his brief for his meeting at 10.30am tomorrow with Secretary Brady. The brief has already been agreed in general terms with the FCO and with the Cabinet Office, and is on identical lines to the FCO brief for the Prime Minister (though more detailed). He asked me, particularly, to draw your attention to paragraph 3 of the brief.

2. I am sending a copy of this letter to Len Appleyard (Cabinet Office).

*Yours truly,  
Jeremy Heywood*

**JEREMY HEYWOOD  
Private Secretary**

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## BURDEN SHARING IN THE GULF

US Treasury Secretary Nicholas Brady, Deputy Secretary of State Laurence Eagleburger, Dr Mulford (Deputy Secretary US Treasury) and Mr Wolfowitz of State Department, accompanied by the American Ambassador, Mr Catto, in London, are calling to see you at 10.30am on Wednesday, immediately before a call on the Prime Minister at 11.30am. They are previously seeing Mr Waldegrave at the FCO (in Mr Hurd's absence). Mr Wicks, Mrs S Brown and I will support you.

## LINE TO TAKE

1. UK strongly supports US action in the Gulf. Do not need to emphasise again what Prime Minister has already said; she will repeat this herself this morning.
2. Welcome your initiative in raising question of burden-sharing internationally. Prime Minister has repeatedly stated her view that others are not doing enough to help, and particularly that those not making a military contribution should contribute in kind or in cash.
3. MOD estimate that the costs so far of deploying assets to the Gulf, including purchasing additional equipment, modifying equipment and chartering, are of the order of £75 million. In addition, the daily costs are estimated at approximately £1 million a day. These are no more than very broad estimates. If we are making a disproportionate contribution, we - like you - could reasonably look for a cash contribution from those countries not providing direct military support.
4. Mustn't underestimate contributions of others, eg France. Important that someone should assess and quantify all these costs as soon as possible. Would welcome it if US would do this and share information with us. We shall do our best to let you have estimate of our own costs as quickly as possible.

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5. Equally urgent to evaluate military contribution in kind (eg free oil supplies, base facilities) being provided by Saudi Arabia and other Gulf States. Can you help here too?

6. Much more difficult to evaluate economic burden borne by other countries in the region, or even outside. In our view, need to distinguish:

a. costs of previous economic mismanagement, eg Egypt, Jordan, which may need to be alleviated, but for which we should not necessarily accept responsibility;

b. costs borne by all countries, especially the LDCs and Eastern Europe, as a result of higher world oil prices and world interest rates following crisis; this is a general problem which IMF and IBRD are beginning to examine, and it may need a coordinated response led eg by G7, but not part of present exercise; should Dr Mulford discuss this with other G7 Deputies at their meeting in Paris next week? (Mr Wicks will be there).

c. costs directly attributed to participation in sanctions exercise; obvious candidates are Egypt, Turkey and Jordan, but there may be one or two others. Question here is how much help is needed to ensure their continued compliance with embargo. May also need to include help for refugees under this head.

7. Assume your present exercise is concerned mainly with third group of costs. Grateful for paper already provided providing initial estimate. Still examining this and will want to discuss. Seems rather high but depends crucially on assumptions made. We shall make a cash contribution, but have not yet decided how much. Obviously our major contribution is the military one.

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8. All this requires a good deal of staff work. Assume from what President Bush has already said that US has already done a lot of this. Hope you will be prepared to share some of this with us, as second-biggest participant in operation. Would be very useful if you could leave any further documents with us today, and nominate someone as contact point in US Treasury.

9. Co-ordinated international response will need someone to pull it all together and negotiate with contributors and beneficiaries alike. Is US prepared to take this on? We are reluctant to remit this task to United Nations, despite appeal under Article 50 by several affected states.