

ADVANCE COPY

CONFIDENTIAL
FM RIYADH
TO IMMEDIATE FCO
TELNO 860
OF 130500Z SEPTEMBER 90
INFO IMMEDIATE WASHINGTON, MIDDLE EAST POSTS, ANKARA,
INFO IMMEDIATE UKMIS NEW YORK, TOKYO, PARIS, MOSCOW, MODUK,
INFO IMMEDIATE ACTOR, ROME, UKREP BRUSSELS

SIC19M

MY TELNO 844: SAUDI ASSISTANCE TO STATES AFFECTED BY EMBARGO AND
TO COSTS OF US FORCES

1. US AMBASSADOR HAS NOW OBTAINED FURTHER DETAILS FROM SAUDI
FINANCE MINISTER WHICH CONFIRM A GREATER DEGREE OF SAUDI
MUNIFICENCE TO CERTAIN FRONT LINE STATES THAN HAD BEEN ASSUMED
WHEN BAKER MADE HIS PITCH HERE FOR REGIONAL AID. ACCORDING TO
ABA AL KHAIL, SAUDI ASSISTANCE IN PAST FEW WEEKS TO EGYPT AND
SYRIA ALONE AMOUNTS TO 2.5 BILLION. THIS IS MADE UP THUS:

- EGYPT BALANCE OF PAYMENTS SUPPORT 1 BILLION
- PROJECT AID 500 MILLION
 - SYRIA BALANCE OF PAYMENTS SUPPORT 500 MILLION
 - PROJECT AID 500 MILLION.

IN ADDITION THE SAUDIS ARE EVACUATING LARGE NUMBERS OF
EGYPTIAN REFUGEES BY AIR AND CLAIM TO HAVE PAID 150 MILLION TO
EGYPT FOR THEIR RESETTLEMENT.

2. ACCORDING TO FREEMAN THE SAUDIS HAVE NOW AGREED TO SUPPLY
TURKEY'S OIL REQUIREMENTS, NO LONGER AVAILABLE FROM IRAQ, TO THE
END OF 1990 FREE OF CHARGE. (THIS MUST BE THE 'GOOD DEAL' WHICH
SAUD MENTIONED TO YOU IN JEDDAH LAST WEEK.) APPARENTLY BAKER
ALSO OBTAINED ADDITIONAL PROMISES OF ASSISTANCE TO EGYPT AND TO
TURKEY FROM THE UAE. THE OFFER TO TURKEY WAS INTENDED TO COVER
HALF THE MARKET COST OF SAUDI OIL BUT AS THIS IS NOW TO BE FREE,
THE UAE MAY WITHDRAW THE SUM. THE AMERICANS ALSO UNDERSTOOD THAT
EGYPT WAS TO RECEIVE SOME 300 MILLION FROM THE KUWAITIS, TO BE
PAID THROUGH LONDON. BUT FREEMAN COMMENTED THAT IN US EXPERIENCE
SO FAR (INCLUDING THE REQUEST FOR A KUWAITI CONTRIBUTION TO COST
OF US FORCES) GETTING MONEY OUT OF THE KUWAITIS WAS LIKE TRYING
TO EXTRACT IT FROM DUTCHMEN.

3. WE SHALL TRY TO CHECK OUT THIS AID BONANZA WITH OUR CONTACTS
AT THE FINANCE MINISTRY. MEANWHILE AMERICANS TELL US THEY ARE
BEGINNING TO GET BOGGED DOWN WITH DETAIL OF PROCEDURES OF SAUDI

FUNDING OF FUEL, WATER AND IN-COUNTRY TRANSPORT COSTS (BUT NO ACCOMMODATION AND CATERING) OF US FORCES HERE. I HOPE THE AMERICANS CAN BLAZE A PATH FOR OUR EVENTUAL DISCUSSIONS ON THIS SUBJECT. CURIOUSLY AMERICANS SAY THEY HAVE HITHERTO PAID FOR FUEL USED IN SAUDI ARABIA, WHERE AS IT APPEARS THAT THE RAF HAS NOT BEEN REQUIRED TO DO SO. IT LOOKS AS IF A COMPLEX ACCOUNTING ROAD MAY LIE AHEAD, FOR WHICH SPECIALIST MOD FINANCE STAFF WILL BE NEEDED HERE.

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