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THE WHITE HOUSE
WASHINGTON

MEMORANDUM OF TELEPHONE CONVERSATION

SUBJECT: Telcon with Prime Minister Brian Mulroney of
Canada on August 5, 1990 (U)

PARTICIPANTS: The President
Prime Minister Mulroney
Notetaker: Condoleezza Rice, NSC Staff

DATE, TIME August 5, 1990, 1:32 - 1:47pm EST
AND PLACE: Situation Room

Prime Minister Mulroney: Hi! (U)

The President: We're at Camp David. (U)

Prime Minister Mulroney: I want to report on my call with Ozal. I told him that Canada views this as an unacceptable violation of international norms. Canada has co-sponsored a UN Resolution; embargoed Iraqi oil; suspended trade and economic agreements; suspended exports including grain; cancelled all export financing, and stopped cultural relations. Ozal said "I agree with you completely." I am glad there are all these steps. This is a dangerous thing for the future if this isn't stopped. Iraq should pay for this aggression. Security Council must decide on Chapter 7. We need this basis. I said that I talked to Fahd Assad, Mubarak and Fahd again this morning. My point was that we need a basis for Ozal and Fahd to close Turkish and Saudi Pipeline? Ozal said yes. He is ready to blockade all oil, but there is another source of supply through Jordan. The UN must act immediately, and he said Fahd is ready to act in parallel when there is a legal basis established at the UN. Iraq will try to ship through Kuwaiti ports. Asked about Sadaam's message, he said that Iraq has installed puppet regime and will not pull out, but instead to annex Kuwait. (S)

The President: Yesterday others were saying he would pull out. (S)

Prime Minister Mulroney: Ozal said he told them they must pull out. But the Iraqis think the West is bluffing. He was told that Iraq had calculated everything. He thinks we're bluffing, that there will be no common action. He said Iraq's next move would be a strong move on oil prices coupled with intimidation and fear against Saudis. My interpretation of what he said is

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they would be controlling Saudi Arabia even without invasion. He said that without Western action, Iraq will probably invade its neighbors later. Ozal is convinced that we need to bring NATO together, that there is a role for NATO. I asked if the Iraqi invasion is irreversible? Ozal said "Yes: the Emirates and Saudis will be next. If the UN Security Council acts and NATO countries stand together also with Soviets and US, we can stop him." He said that he will shut off oil. He said Fahd will shut down the pipeline too (I think that is his assessment - not information that he has). I told him I would call you immediately and it would be good if you talk to him. I don't know if you planned a call? (S) [Cut-off]
[Conversation resumes]

The President: Maybe you've given Ozal more drive. We have new disquieting intelligence involving both Saudi Arabia and the UAE. We are sending a high level military mission to discuss this.
(S)

It looks worse than yesterday. Instead of pulling out, there is disturbing information to the contrary. (S)

Prime Minister Mulroney: Ozal believes Iraq is lying. Sadaam believes the West cannot do anything collectively. If the Saudis understand that NATO and the UN are behind them, I think they will act. (S)

President Bush: To his credit Kaifu came through strongly with no credits, exports, oil. The problem has been the vacillation and reluctance of the Saudis. They are reluctant to anger this guy. (S)

Prime Minister Mulroney: Well there is Jordan too? (S)

The President: I've always liked King Hussein, but he's sold out to Sadaam. We'll keep in close touch about the policy. This has been an extraordinarily helpful call. (S)

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