

THE WHITE HOUSE
WASHINGTON

MEMORANDUM OF TELEPHONE CONVERSATION

SUBJECT: Telephone Conversation with President Turgut Ozal of Turkey (U)

PARTICIPANTS: The President
President Turgut Ozal
Nicholas Burns, NSC Staff (notetaker)

DATE, TIME August 30, 1990; 3:40 - 3:51 p.m.
AND PLACE The Oval Office

The President: Hello, Mr. President. How are you? (U)

President Ozal: I am fine. How are you? (U)

The President: I am delighted to hear from you. Are you calling me, or am I calling you? (U)

President Ozal: I am calling you. Did you have a good vacation? (U)

The President: Yes, I had a very good vacation. I have just announced a proposal for international compensation for those countries affected by the Iraqi invasion of Kuwait and by the sanctions. I will be sending Secretaries Baker and Brady to various countries next week. I've been on the phone today to Chancellor Kohl and several of the Gulf countries to encourage them to receive Baker and Brady and to ask for their help to countries, specifically Turkey. (S)

President Ozal: Thank you. I believe this is very good. It will make us strong. (S)

The President: You have been strong throughout this crisis. (S)

President Ozal: After persistent Iraqi requests, we agreed to meet them yesterday at the border. The Iraqi Oil minister met with a Turkish minister and several other officials including the Deputy Minister under Saddam Husayn's son-in-law. Our purpose in meeting was to get as much information as we could on Iraq's needs and the economic situation there. (S)

The Iraqis said the following. They wished to deal on a long-term perspective with Turkey. They are conscious of our differences on the situation and understand Turkey's position. They repeated their historical claim to Kuwait and said that was a matter for the Arabs to decide. (S)

The President: That is what they have been saying all along.

(S)

President Ozal: Yes. They asked for permission for the transfer of goods that were already at Turkish ports before the embargo. Some Iraqi ships have sat in our ports since the embargo. They wanted us to agree on a formula to transfer goods that would not be a violation of the sanctions. (S)

They offered to pay their outstanding debt for their exports of oil through the pipeline in Turkey. The debt with Iraq is \$741 million. But the Iraqis said they would give us, say, \$2 billion. That would be a \$1.3 billion bribe! They offered additional oil to us without payment required -- it would effectively be a line of credit for Turkey. They said they would not want anything in return for oil. They also said there were many ongoing projects in Iraq, and offered them to Turkish firms. They pointed out that humanitarian foodstuffs were not covered under the UN embargo, and asked for our help. (S)

Our impression is that Iraq wants to set a precedent by these offers for its relations with other countries. They said they would not be the first to attack but would retaliate with every possible means they have. They reminded us of Saddam's peace proposal and were disappointed at its rejection by the West. They would like us to convince our western friends to reconsider this rejection. (S)

Our own impression is that Iraq is hard pressed and wants to make use of its unused oil in some way that would not violate the sanctions. We made clear that Iraqi aggression is totally unacceptable and that we wanted an unconditional withdrawal from Kuwait. (S)

The President: What did they say? (U)

President Ozal: One of Iraq's Governors told one of our Governors that they are in very difficult shape. They want anything Turkey can give them. They are squeezed by the sanctions. (S)

The President: Do you think the embargo is working? (S)

President Ozal: Yes. There is no doubt. (S)

The President: Well, I think we should consider this encouraging. The embargo has to work. We can't accept a watered down solution. We must prevail. I am worried that some may go for something less than our conditions, and make a deal with him. (S)

President Ozal: I believe you. The Saudis want him out. (S)

The President: Yes, there is no question about that. It is hard to figure how to do that without sanctions or a coup. I just had

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a press conference and said that our objective was to fulfill the UN resolutions. If Saddam was removed, fine, but we can't state that publicly. (S)

President Ozal: I know. (U)

I am coming to the United States in September. (U)

The President: Yes, I want to see you. (U)

President Ozal: I will be there on September 23. (U)

The President: Let me look at my schedule. Yes, I'll be here so we can get together on Sunday. (U)

President Ozal: Is September 24 okay? (U)

The President: The 24th would be better. Yes, that is okay. (U)

President Ozal: The 24th is better for me since it will let me get some rest after the trip. We'll meet then. (U)

The President: The 24th. I'll talk to the people who handle my schedule and will let you know if there is a problem. If you don't hear from me in the next 24 hours, assume that September 24 is okay. (U)

President Ozal: I will be in Washington from September 23-26. I have a speaking engagement. (U)

The President: I want to see you. It is important, and I am sure the 24th will be okay. I don't want to inconvenience you, though. I would like to thank you for your steadfast support throughout this crisis. (U)

Did you get any feeling from the Iraqis about the "guests"-we call them hostages-when you spoke with them? (S)

President Ozal: They did not mention them. Some of our people cannot leave either. (S)

The President: Turks? (U)

President Ozal: Yes. One of our industrialists is building a dam in Iraq with 2,500 Turkish workers. 1,500 of them came back some weeks ago. But 1000 are left. (S)

The President: This is a cruel thing. It is making everybody here angry, including myself. It was nice talking to you and I look forward to seeing you. (S)

President Ozal: Good-bye. (U)

The President: Good-bye. (U)

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