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MEMORANDUM OF CONVERSATION

SUBJECT: President's Telephone Call to Saudi King Fahd

PARTICIPANTS:

The President
King Fahd
Sandra Charles (notetaker)
Shukran Kamal (interpreter)

DATE, TIME AND PLACE: August 31, 1990; 6:07 - 6:37 am;
Kennebunkport

The President: Your Majesty, this is George Bush. Can you hear me?

King Fahd: Yes, thank you for your call. I wish you good health.

The President: Thank you. I just wanted to share our thinking with you on the effects of Iraq's invasion. I think overall we have made considerable progress, and I think that is a tribute to our close cooperation and the tremendous international support we have received for our efforts to get Iraq out of Kuwait. I think the sanctions are imposing real costs on many countries, however. A decision to increase oil production on your part was very good and we are very grateful, and it will ease the burden on the oil-importing countries. The military commanders are very grateful for Saudi support for this cooperative military effort. But despite your generosity, there are huge expenses to supporting the forces involved. And I think we need a major effort to coordinate and consult on these expenses.

Some countries also have been hit -- Egypt and Turkey very hard, and Jordan also, although both of us have been disappointed somewhat with King Hussein. And Morocco, Pakistan and Bangladesh come to mind as countries that have been exceptionally hurt. Yesterday, I made a proposal for international compensation for countries most affected by the invasion. And what is needed overall is consultations and a plan. I already talked with some countries and they want to be generous -- Japan and the Germans and others as well.

What is needed is a coordinated effort, and if you would be willing to receive my Secretary of State, Jim Baker, next week to discuss this. He is going to the EC and to the Gulf to see President Zayyid of the Emirates. But the main point is if you would see him next week I would be very grateful and it would be a big step in this coordination

effort. Therefore, your Majesty, I would like to know how you feel things are going and whether you would be agreeable to receiving our Secretary of State.

King Fahd: I think I agree with everything you said. I am happy and willing to receive Jim Baker. I would appreciate to talk to him about all these matters, and then to talk to you again.

The President: Very good. Do you think these sanctions are having an effect on Iraq your Majesty?

King Fahd: Yes, Mr. President. I do believe they are having an impact. From the information we are receiving, Iraq is feeling a greater impact, more than we expected. According to the information, the Iraqi people, both military and civilian, are dissatisfied with what is happening. Saddam Hussein's popularity and value for his people is declining.

The President: Your Majesty, your able Ambassador here told you that I could not come at this time. I appreciate your willing to receive me. And someday I want to come. I want to see you and our troops. It is essential that I see them as their commander in chief. But it will not work now. Maybe it's better for everyone that way, but I am grateful for your willingness to talk to me in your country. Your Majesty, can you hear me?

(6:24-6:33 break in call)

Your Majesty, now that we are reconnected, once again I am sorry I am not coming, but I appreciate your willingness to have me.

King Fahd: I appreciate, Mr. President, the difficult circumstances that prevent you from visiting the Kingdom at the present time. You are always welcome to visit any time.

The President: I am grateful for that. And thank you for receiving Jim Baker. Let's stay in close touch. And I want you to know I have not changed my thinking one bit on Saddam Hussein and the need for us to prevail in this confrontation.

King Fahd: I appreciate what you are saying, and I too am certain we will emerge victorious. I thank you for all your efforts.

The President: Good-bye, your Majesty, and thank you again for your fantastic support for our young men and women in Saudi Arabia.

King Fahd: Thank you, Mr. President. And I wish you a comfortable and relaxing week-end, and I look forward to seeing you soon.