



President: Your Highness, with your permission I will make a few remarks, then please comment. I'd like to have my top aides comment as well. (U)

I said it on the lawn at the arrival ceremony, I was pleased to be there with you. It sent a good signal abroad and here. Bahrain is a small country, but it has always had our respect. You remained true to principle despite Saddam's threats. We are impressed with your leadership and friendship. The assistance you have given to the UN Special Commission is one more example of your help. It is another signal of your willingness to work for peace. We believe the Special Commission is needed more than ever given Saddam's attempts to evade Security Council resolutions, especially those dealing with weapons of mass destruction. The information we have adds up to a serious indictment. We are determined to keep the pressure on Iraq, to bring full compliance. There will be no normal relations with Iraq with that man in office. (S)

We touched a little on Iraq and Iran in the Oval Office. Regarding Iran, we each have claims against the other, including Airbus and the hostages. Our experts believe Iran faces tough economic problems. I would be interested in your views. We are inclined to see Rafsanjani and Velayati in more reasonable molds, but the radicals are still there. We would like better relations but we don't think they have given up on terrorism. They are threatening to use terrorism to disrupt the peace conference. I'd encourage your weighing in with them on this. I'll stop there although I will ask Acting Secretary Eagleburger and Deputy Secretary Atwood to discuss these issues. (S)

The Amir: Mr. President, I'd like to thank you for your invitation and reception. I am glad to have this opportunity to talk. As you know, our relationship was the first in the area. It is now fifty years old, a model for others. We believe your historic decision to liberate Kuwait has contributed to regional peace. But I hope this meeting looks forward to the future. We should work out a strategic arrangement for the region, to avoid the use of force, to keep peace and stability. Defense arrangements are needed to meet our requirements. Our Defense Minister was here last week and had a useful meeting with Secretary Cheney. I hope you will encourage what they discussed about meeting Bahrain's equipment needs. Defense cooperation is very important and needs to be continued. Economic Cooperation is also important and we need to look to improve it. (C)

Concerning Iran, cooperation should be based on respect and non-interference in internal affairs. We are being very careful. (C)

President: Do you feel threatened by Iran now? (c)

The Amir: No. They are not a direct threat but we watch them carefully. (c)

President: Do they try to infiltrate radicals? (c)

The Amir: Not any more. We wish for peace between Moslems and Non-Moslems. We wish Baker all the best. As regards defense arrangements, we have been participating in one for forty years. What is needed is to improve what has been. Mr. Clark will be coming here by the end of this month. I hope Mr. Atwood will look carefully at this. (c)

President: We have a keen interest in the security of Bahrain. I hope everything can be accommodated. (c)

Deputy Secretary Atwood: We will be meeting later. We are tremendously pleased with the relationship over the years, especially during Desert Storm. Your hospitality was extraordinary. We had as many as 17,000 people in Bahrain. We are close to an agreement on prepositioning. Everything I can see is positive. (c)

The Amir: We need to thank you for your help. It is nice to have trouble sometimes so you can see who your friends are. (U)

President: How do you see things in Kuwait? We had a good visit here. We want to see stability there. They are doing well putting out the fires. Is there stability there? (c)

The Amir: They need to do more for their internal security, but they can talk about it themselves. (c)

President: I don't want to place you in an awkward position, but we are a little concerned. They are doing a little bit on a democratic approach. (c)

Acting Secretary Eagleburger: The question is how the political situation in Kuwait develops and whether the government opens up a bit to other groups. This is a concern of ours. (c)

President: Our relations are good, but we are encouraging them to move forward and heal wounds. It is important that they work on internal peace. Rest assured they we will not undermine the Amir of Kuwait in any way. (c)

The Amir: They are trying hard but moving slowly, but it is not for us to say. (c)

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Acting Secretary Eagleburger: I'd be interested in your sense of how things are developing in Iraq. Is Saddam's support weakening? This is terribly important to us. (C)

The Amir: We are very much concerned with Iraq. Iraq still has an army. The Iraqi people are suffering. So long as this regime exists, there can be no progress. Is he weaker? Sure, but he can survive. (C)

Acting Secretary Eagleburger: But doesn't all this create problems for him? (C)

The Amir: We are trying. It is important that his isolation does not end. (C)

President: Is Jordan holding the line? We see truck traffic between Jordan and Iraq. I know King Hussein is in a difficult position. But I worry whether Jordan is a weak link in the chain. (S)

The Amir: I believe Jordan was a weak link. Now they are changing their position, but we are still not happy. During the crisis they were Saddam's window to the world, but we hope now they are changing. (C)

Minister Al-Shirawi: Iraq can always find enough food. Saddam can continue with his three or four divisions and his 1500 tanks, so long as they have the will to shoot. The privileged are getting food. (C)

The Amir: No one in Iraq can say what he thinks. (C)

President: We hear propoganda claiming that we are trying to starve them; then we see information that they are getting food. We don't want the people to starve. But this man Saddam is so brutal, he might start to starve his people. (C)

Minister Al-Shirawi: The sewer system has collapsed and there is lots of disease. (U)

President: What should we do? (U)

Foreign Minister Al-Khalifa: The choice is his, not ours. We must keep sanctions on him. (C)

Acting Secretary Eagleburger: But surely you know we agree. (U)

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Foreign Minister Al-Khalifa: We are dealing with an unacceptable regime. (C)

Brent Scowcroft: But how do the Iraqi people ever get to choose? (C)

Foreign Minister Al-Khalifa: We have seen in many countries when the army gets frustrated and moves. Sanctions are the key. The Iraqi people will have to choose. (C)

Deputy Secretary Atwood: Is Saddam doing much to rebuild Iraq's infrastructure, or is he just rebuilding his military? (C)

Foreign Minister Al-Khalifa: He is focusing on rebuilding his army. He will not devote resources to rebuilding the infrastructure. (C)

Acting Secretary Eagleburger: But how can he spend money on his military as he can't import anything? (C)

Foreign Minister Al-Khalifa: He is using resources to buy loyalty. (C)

Acting Secretary Eagleburger: Every day, UN inspectors are finding things and destroying them. Doesn't this show his military that this is a losing process for them? This must be a blow to his pride. Doesn't this weaken him? (C)

Foreign Minister Al-Khalifa: I'm sure the Iraqi people feel humiliated. (C)

Acting Secretary Eagleburger: Plus it's reducing his military. (C)

The Amir: We never thought he would last a week after the war but he is still there. (C)

Minister Al-Shirawi: He's now claiming to have won the war. (C)

President: We saw him saying something to that effect. Is Yemen still close to Iraq? (C)

The Amir: Yes. (U)

Acting Secretary Eagleburger: Why is Yemen so close? (U)

Foreign Minister Al-Khalifa: Like Jordan, Yemen felt that if Saddam wins, they would benefit. They were wrong. Even if he wins, they will get nothing. It is just Arab politics. As His Highness said, crisis shows you who your friends are. (C)

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General Scowcroft: At least Jordan's behavior is understandable, but with Yemen there is no visible reason why they would continue a pro-Iraq line. (C)

The Amir: They have become close over the past few years. (C)

President: Do you think Salih figured Saddam would win and take over Saudi Arabia? (C)

The Amir: Of course, Salih was persuaded by Saddam. (C)

Foreign Minister Al-Khalifa: What was key was your firm stand. (C)

Acting Secretary Eagleburger: And there will be no change. (U)

Foreign Minister Al-Khalifa: We agree. Our cooperation on the Special Commission flows from this. (C)

President: How about Iran? Is it trying to make up with Iraq or to weaken sanctions? (C)

The Amir: No, I do not think relations between them will improve. There is still great mistrust after their war. (C)

Mr. Gates: We hear reports of coup plotting in the army versus Saddam and then generals being shot. Have you heard this? (C)

The Amir: Yes, we hear such things. Many people we know have disappeared. (C)

President: We have not discussed one issue, which is the Soviet "card". We don't see them coming back to threaten our interest in the Middle-East. We are not sure how things will work out between the republics and Gorbachev. (C)

General Scowcroft: Right now there are three revolutions going on in the Soviet Union: a political revolution over what kind of post-Communist government; an economic revolution over the degree of decentralization; and a national revolution over whether the Soviet empire will continue or break up. All three are going on at once. Chaos is the result. The third revolution is probably key right now. It appears centrifugal forces are strong and the republics are gaining at the expense of the center. It looks like the Ukraine will leave despite the recent economic accord. One additional complicating factor is the mistrust of other republics toward Russia. There is a question of whether Russia will try to keep the union intact. (C)

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While they are helping on the peace process in most cases they are not focusing on foreign policy. It could take them years to sort themselves out. On the military side, the President made dramatic proposals on nuclear arms. They have responded well. The failed coup did a lot to weaken conservatives in the military. The republics may prove reluctant to turn over their weapons to the center out of fear Russia will end up with them. All in all, it is a very difficult situation. (S)

The Amir: I share your analysis of the dramatic changes in the Soviet Union. We hope the Soviet Union will come out in a way that will allow it to cooperate with the world. We think Gorbachev is a good man and hope you will help him. (C)

General Scowcroft: Unless they put together an economic reform package, no amount of help will matter. We are trying to encourage them to adopt a serious economic framework. (C)

Acting Secretary Eagleburger: The third revolution, the nationalist one, affects the other two. It tends to weaken the political and economic reform efforts. (C)

President: What do you think the Soviets are doing with Iraq? Do we have evidence about this? (C)

General Scowcroft: During the buildup to the war, there were signs the Soviets still had a stake in Iraq. They were reluctant to overthrow Saddam Hussein. They had a close military relationship. We don't see much evidence of a role now, especially with Primakov out of the Foreign Ministry. (S)

Deputy Secretary Atwood: As long as the Soviets spend 25 percent of their wealth on the military, they will have trouble. We are trying to encourage conversion, but we are hindered by the confusion over who controls what. (C)

Minister Al-Shirawi: One new development is Iran's ties with the Muslim Republics. This raises the question of Iran's future-- whether it will be with the Gulf or the Muslims of Central Asia. (C)

Acting Secretary Eagleburger: There was always a concern in Moscow that these peoples would look south and not north. (C)

Minister Al-Shirawi: In Muslim history, what are now Iraq and Iran were once southern ports for these areas. (C)

President: Does this worry you? (U)

Minister Al-Shirawi: Not necessarily. (U)

The Amir: We hope there can be a comprehensive settlement in the Middle East. (C)

President: We are grateful to those countries willing to come forward. We know it is not easy. We have taken on some issues here to facilitate the peace process--for example on Israel and its desire for loan guarantees. We know settlements are a difficult question for the region. We had a contentious argument here. We feared Congress would act. We took a strong stand. This sent a strong signal of our fairness, that we want to facilitate the process. This was not well received in Israel. (C)

Acting Secretary Eagleburger: Secretary Baker is focusing on the Palestinian representation issue. There have been real problems, but I think he has agreement for them to come to a peace conference as part of a joint delegation. It looks like this may be resolved. The second tough question is whether those on the far right of the Shamir government will try to torpedo the conference. My own view is that the Israeli government will not want to be seen as preventing a peace conference. I think the President and the Secretary have brought this closer than ever before. Getting everyone to sit down together will be a major step forward. (C)

The Amir: I hope so. I look forward to there being a face to face meeting. (C)

President: How do you see your friend Arafat? (C)

The Amir: He is not my friend any more. (C)

Acting Secretary Eagleburger: He has given up on getting a place of his own. His actions at the time of the Gulf war hurt him badly. Like Yemen and Jordan, he guessed wrong. (C)

Foreign Minister Al-Khalifa: Arafat is weakened, but there is more to this than personalities. We should move ahead and try to break the deadlock. There are extremist on both sides. This is a golden opportunity for moderates. This is also a golden opportunity for Palestinians and Israelis. Security cannot come from arms and fences alone. (C)

President: I had an opportunity to tell His Highness that we would be glad to speak out on the need for a peaceful resolution on the Hawar Island dispute. We are concerned and would like to be helpful. (C)

Acting Secretary Eagleburger: Will speaking publicly on this help? (C)

The Amir: Any way you like, public or private. The key is the message of U.S. support for good neighbor relations. We must try to keep the focus on the bigger threat. (C)

President: We can do that. (U)

Minister Kassim: We are one of the few countries with a trade deficit with the U.S. It is large by our standards. A large percentage of our imports come from the U.S. Another issue is U.S. investment in Bahrain. There was little new investment in the 1980's. We'd like to see this change, both in Bahrain and in the region. There are large opportunities in high technology and financial services. Bahrain is in a good position to play a role given its openness. (C)

General Scowcroft: Bahrain is famous for being a banking center for the region. Have the two wars upset traditional patterns? (C)

Minister Kassim: Yes. Many international companies saw Bahrain as being in a war theater. (U)

Ambassador Hostler: Bahrain suffered badly from the outflow of dollars. It is important to note that Bahrain has the least oil of any GCC country. (U)

Minister Kassim: Non-oil investment stopped in the 1980's. We suffered as a result. Job creation is a real problem. We also have a balance of payment problem. You could help us by investing. (U)

Acting Secretary Eagleburger: We'd like to start talking about such ideas focusing on non-oil investment. We are prepared to encourage American investment in Bahrain. OPIC can help. But there are other mechanisms as well. (C)

President: Why don't we stop here and continue over lunch. (U)