**THE WHITE HOUSE**
**CORRESPONDENCE TRACKING WORKSHEET**

**INCOMING**

**DATE RECEIVED:** APRIL 01, 1991

**NAME OF CORRESPONDENT:** THE HONORABLE DANIEL K. INOUYE

**SUBJECT:** PROPOSES THAT THE U.S. TAKE ALL APPROPRIATE MEASURES TO ENCOURAGE THE RAPID REOPENING OF IRAQI OIL PIPELINES--TO OPERATE UNDER UNITED NATIONS CONTROL OR COALITION SUPERVISION

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**COMMENTS:**


**ADDITIONAL CORRESPONDENTS:** MEDIAL: L INDIVIDUAL CODES: 1210 

__ MAIL __ USER CODES: (A) ______ (B) ______ (C) ______

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**ACTION CODES:**

* APPROPRIATE ACTION  
* COMMENT/RECOMMENDATION  
* DRAFT RESPONSE  
* FURNISH FACT SHEET  
* INFO COPY/NO ACT NEC  
* DIRECT REPLY W/COPY  
* FOR-SIGNATURE  
* INTERIM REPLY  

**DISPOSITION:**

* ANSWERED  
* NON-SPEC-REFERRAL  
* COMPLETED  
* SUSPENDED  

**OUTGOING:**

* CORRESPONDENCE:  
* TYPE RESP=INITIALS  
* CODE OF SIGNER  
* COMPLETED = DATE OF  
* OUTGOING  

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REFER QUESTIONS AND ROUTING UPDATES TO CENTRAL REFERENCE (ROOM 75, OEOB) EXT-2590
KEEP THIS WORKSHEET ATTACHED TO THE ORIGINAL INCOMING LETTER AT ALL TIMES AND SEND COMPLETED RECORD TO RECORDS MANAGEMENT.
April 2, 1991

Dear Senator Inouye:

Thank you for your recent letter to the President proposing that the United States, in coordination with the United Nations and the allied coalition, take appropriate measures to encourage the rapid reopening of the Iraqi oil pipelines for controlled export and sales on the world markets.

We appreciate being advised of your proposal. We have forwarded your letter to the appropriate Administration officials for their careful review.

Thank you again for your interest in writing.

With best regards,

Sincerely,

Frederick D. McClure
Assistant to the President
for Legislative Affairs

The Honorable Daniel K. Inouye
United States Senate
Washington, D.C. 20510

FDM:JHH:

bcc: w/ copy of inc to NSC - for appropriate action
bcc: w/ copy of inc to Dept. of State - FYI
bcc: w/ copy of inc to Dept. of Defense - FYI
bcc: w/ copy of inc to Dept. of Commerce - FYI
bcc: w/ copy of inc to Dept. of Energy - FYI
March 18, 1991

The Honorable George H. W. Bush
President of the United States
The White House
Washington, D.C.

Dear Mr. President:

I would like to take this opportunity to bring to your attention a proposal that, if put into effect, could mitigate greatly the economic burdens created by the Iraqi invasion of Kuwait.

In Iraq oil refineries appear to have been severely damaged, whereas distribution and production facilities are largely intact. It would appear from press reports that the certain pumping stations on the pipeline which runs through Turkey were struck by allied bombing and will have to be replaced. This should take between three to nine months. If Iraqi oil production could be brought on stream in rapid fashion, it could be pumped through Turkey. This would be beneficial in stabilizing the world crude oil markets and could serve to enable world economies to grow faster. Moreover, the United States could benefit from the ability to export food and other vital services to Iraq for hard-currency payment and the U.S. economy could benefit from lower world oil prices.

I would propose that the United States take all appropriate measures to encourage the rapid reopening of Iraqi oil pipelines -- to operate under the control of the United Nations or coalition supervision for export into the world markets. The income from the controlled sale of Iraqi oil might be divided as follows:

(1) Payment for imports of food and other necessary human services such as civil infrastructure reconstruction and medical services for the benefit of the Iraqi civilian population.

(2) Payment to the Kuwaiti government in compensation for the oil production capability destroyed by Iraq.

(3) Post-embargo fulfillment of pre-paid Eastern European oil exports. The major benefactor of this measure would be Poland, which, reportedly, has paid Iraq $500,000,000 for oil which Iraq never shipped to Poland.
(4) Compensation and economic assistance to other countries adversely affected, directly or indirectly, by the Iraqi invasion, such as Turkey, Egypt, Syria, and the Philippines.

Funds generated by the controlled sale of Iraqi oil could be monitored by the appropriate authorities, ensuring that funds go to the designated recipients.

I would be pleased to discuss further details of this proposal. Thank you for your attention on this matter.

Sincerely,

Daniel K. Inouye
Chairman
Senate Appropriations
Subcommittee on Defense
DATE RECEIVED: APRIL 01, 1991

NAME OF CORRESPONDENT: THE HONORABLE DANIEL K. INOUYE

SUBJECT: PROPOSES THAT THE U.S. TAKE ALL APPROPRIATE MEASURES TO ENCOURAGE THE RAPID REOPENING OF IRAQI OIL PIPELINES--TO OPERATE UNDER UNITED NATIONS CONTROL OR COALITION SUPERVISION

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COMMENTS: ____________________________________________________________

ADDITIONAL CORRESPONDENTS: MEDIA:L INDIVIDUAL CODES: 1210 ____

MAIL USER CODES: (A)__________ (B)__________ (C)__________

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* ACTION CODES:               * DISPOSITION         * OUTGOING *      *
* A-APPROPRIATE ACTION       * A-ANSWERED           * CORRESPONDENCE: *
* C-COMMENT/RECOM            * B-NON-SPEC-REFERRAL * TYPE RESP=INITIALS *
* D-DRAFT RESPONSE           * C-COMPLETED          * OF SIGNER *
* F-FURNISH FACT SHEET       * S-SUSPENDED          * CODE = A *
* I-INFO COPY/NO ACT NEC*    *                           * COMPLETED = DATE OF *
* R-DIRECT REPLY W/COPY *    *                           * OUTGOING *
* S-FOR-SIGNATURE *          *                           *
* X-INTERIM REPLY *          *                           *
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KEEP THIS WORKSHEET ATTACHED TO THE ORIGINAL INCOMING LETTER AT ALL TIMES AND SEND COMPLETED RECORD TO RECORDS MANAGEMENT.
Dear Mr. Chairman:

I am responding on behalf of the President to your letter of March 18, 1991, suggesting that the damage and injuries created by Iraq's invasion of Kuwait could be mitigated by the controlled sale of Iraqi oil.

I am pleased to report that United Nations Security Council Resolution 687, passed on April 3, 1991, is in harmony with many of the essential elements of the proposal you outline. Resolution 687 reaffirms Iraq's liability under international law for any direct loss, damage or injury to foreign Governments, nationals and corporations, as a result of its unlawful invasion and occupation of Kuwait. Additionally, paragraph 18 of the Resolution creates a fund to pay compensation for such claims out of a percentage of Iraqi oil exports.

The Resolution addresses another of your concerns by providing that the appropriate level of Iraq's contribution to the fund will be determined after taking into account the requirements of the people of Iraq, Iraq's payment capacity, and the needs of the Iraqi economy. Iraq's economic needs will obviously include an assessment of the funds needed to restore Iraq's oil exporting capability.

Finally, the Resolution responds to your desire to monitor the collection and distribution of the oil funds. First, the Resolution establishes a Commission to administer the fund. In addition, the Resolution directs the Secretary General of the United Nations to develop and present to the Security Council within thirty days to the Resolution's adoption a plan that provides for a means of ensuring that payments are made to the fund and the process by which funds will be allocated and claims paid.

The Honorable
Daniel K. Inouye,
Chairman,
Subcommittee on Defense
Committee on Appropriations
United States Senate.
The Department shares your interest in providing for the meaningful compensation and recovery of States and individuals injured by Iraq's unlawful aggression in Kuwait. I appreciate the thoughtful suggestions you have made on this matter and will carefully review any future recommendations you might have.

Sincerely,

Janet G. Mullins
Assistant Secretary
Legislative Affairs
March 18, 1991

The Honorable George H. W. Bush
President of the United States
The White House
Washington, D.C.

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Chairman
Senate Appropriations
Subcommittee on Defense
April 2, 1991

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bcc: w/ copy of inc to Dept. of Commerce - FYI
bcc: w/ copy of inc to Dept. of Energy - FYI
MEMORANDUM FOR: STATE

STATE SECRETARY

DOCUMENT DESCRIPTION: TO: PRESIDENT

SOURCE: INOUYE, DANIEL K

DATE: 18 MAR 91

SUBJ: SEN INOUYE PROPOSES RAPID REOPENING OF IRAQI OIL PIPELINES / TO OPERATE UNDER UN CONTROL OR COALITION SUPERVISION

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REQUIRED ACTION: DRAFT REPLY

DUE DATE:

COMMENT:

FOR

GEORGE VAN ERON

DIRECTOR NSC SECRETARIAT
TO: SITTMANN

FROM: ROY, J

KEYWORDS: IRAQ UN OIL CO

PERSONS:

SUBJECT: SEN INOYUE PROPOSES REOPENING OF IRAQI OIL PIPELINES TO OPERATE UNDER UN OR COALITION SUPERVISION TO MITIGATE ECONOMIC BURDENS

ACTION: ANSWERED BY STATE LTR DUE DATE: 09 APR 91 STATUS: C

STAFF OFFICER: STATE LOGREF:

FILES: WH NSCP: CODES:

DOCUMENT DISTRIBUTION

FOR ACTION FOR CONCURRENCE FOR INFO
CHARLES DYKE HAASS LAMPLEY MELBY

COMMENTS: ________________________________

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UNCLASSIFIED
TO: PRESIDENT

FROM: INOUYE, DANIEL K

KEYWORDS: IRAQ UN OIL CO

PERSONS:

SUBJECT: SEN INOUYE PROPOSES RAPID REOPENING OF IRAQI OIL PIPELINES / TO OPERATE UNDER UN CONTROL OR COALITION SUPERVISION

ACTION: PREPARE MEMO FOR SCOWCROFT DUE DATE: 09 APR 91 STATUS: S

STAFF OFFICER: HAASS

FILES: WH NSCP: CODES: D0 C U M E N T D I S T R I B U T I O N

FOR ACTION

HAASS

FOR CONCURRENCE

CHARLES LAMPLEY MELBY

FOR INFO

DYKE HAYDEN ROSTOW WELCH

DISPATCHED BY ___________________________________ DATE 4/8/91 BY HAND W/ATTCH

OPENED BY: NSJWD CLOSED BY: DOC 1 OF 1

COMMENTS: Refer to States to Draft Reply
DEPARTMENT OF STATE  
EXECUTIVE SECRETARIAT  

TRANSMITTAL FORM  
S/S 9106349  
Date May 8, 1991  

FOR: Mr. William F. Sittmann  
Executive Secretary  
National Security Council Staff  
The White House  

REFERENCE:  
To: President Bush  
From: Senator Daniel K. Inouye  
Date: March 18, 1991  
Subject: Sen. Inouye proposes reopening of Iraqi oil pipelines, to operate under UN or coalition supervision, to mitigate economic burdens.  

WH Referral Dated: April 10, 1991  
NSCS ID# (if any):  

The attached item was sent directly to the Department of State.  

ACTION TAKEN:  

A draft reply is attached.  

A draft reply will be forwarded.  

A translation is attached.  

X An information copy of a direct reply is attached.  

We believe no response is necessary for the reason cited below.  

The Department of State has no objection to the proposed travel.  

Other (see remarks).  

REMARKS:  

Director  
Secretariat Staff  

[Signature]