

THE WHITE HOUSE  
CORRESPONDENCE TRACKING WORKSHEET

CO 072

INCOMING

DATE RECEIVED: APRIL 01, 1991

NAME OF CORRESPONDENT: THE HONORABLE DANIEL K. INOUE

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

ROUTE TO: OFFICE/AGENCY	(STAFF NAME)	ACTION ACT CODE	DATE YY/MM/DD	DISPOSITION TYPE RESP	C D	COMPLETED YY/MM/DD
FREDERICK MCCLURE		ORG	91/04/01	FM A9110402		
NSC Staff	REFERRAL NOTE:	A	910404			1/1
99005	REFERRAL NOTE:	I	9104045			1/1
9900D	REFERRAL NOTE:	I	9104045			1/1
9900C	REFERRAL NOTE:	I	9104045			1/1
99Energy	REFERRAL NOTE:	I	9104045			1/1

COMMENTS:

ADDITIONAL CORRESPONDENTS: MEDIA:L INDIVIDUAL CODES: 1210  
MAIL USER CODES: (A) (B) (C)

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*ACTION CODES:          *DISPOSITION          *OUTGOING          *
*                        *                        *CORRESPONDENCE:  *
*A-APPROPRIATE ACTION  *A-ANSWERED          *TYPE RESP=INITIALS *
*C-COMMENT/RECOM       *B-NON-SPEC-REFERRAL *      OF SIGNER     *
*D-DRAFT RESPONSE      *C-COMPLETED        *      CODE = A      *
*I-INFO COPY/NO ACT NEC *S-SUSPENDED        *COMPLETED = DATE OF *
*R-DIRECT REPLY W/COPY *                        *      OUTGOING     *
*S-FOR-SIGNATURE       *                        *                        *
*X-INTERIM REPLY       *                        *                        *
*****

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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



ROBERT C. BYRD, WEST VIRGINIA, CHAIRMAN

DANIEL K. INOUE, HAWAII  
ERNEST F. HOLLINGS, SOUTH CAROLINA  
J. BENNETT JOHNSTON, LOUISIANA  
QUENTIN N. BURDICK, NORTH DAKOTA  
PATRICK J. LEAHY, VERMONT  
JIM SASSER, TENNESSEE  
DENNIS DECONCINI, ARIZONA  
DALE BUMPERS, ARKANSAS  
FRANK R. LAUTENBERG, NEW JERSEY  
TOM HARKIN, IOWA  
BARBARA A. MIKULSKI, MARYLAND  
HARRY REID, NEVADA  
BROCK ADAMS, WASHINGTON  
WYCHE FOWLER, JR., GEORGIA  
J. ROBERT KERREY, NEBRASKA

MARK O. HATFIELD, OREGON  
TED STEVENS, ALASKA  
JAMES A. McCLURE, IDAHO  
JAKE GARN, UTAH  
THAD COCHRAN, MISSISSIPPI  
ROBERT W. KASTEN, JR., WISCONSIN  
ALFONSE M. D'AMATO, NEW YORK  
WARREN RUDMAN, NEW HAMPSHIRE  
ARLEN SPECTER, PENNSYLVANIA  
PETE V. DOMENICI, NEW MEXICO  
CHARLES E. GRASSLEY, IOWA  
DON NICKLES, OKLAHOMA  
PHIL GRAMM, TEXAS

## United States Senate

COMMITTEE ON APPROPRIATIONS

WASHINGTON, DC 20510-6025

March 18, 1991

JAMES H. ENGLISH, STAFF DIRECTOR  
J. KEITH KENNEDY, MINORITY STAFF DIRECTOR

*Fr...*

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:

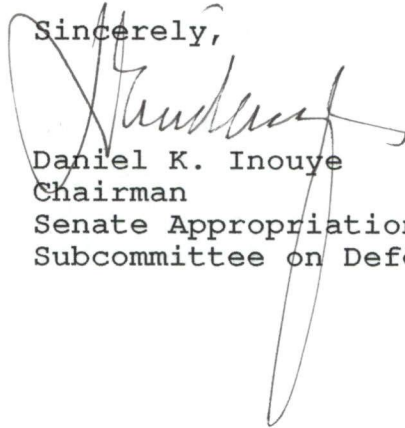
- (1) Payment for imports of food and other necessary human services such as civil infrastructure reconstruction and medical services for the benefit of the Iraqi civilian population.
- (2) Payment to the Kuwaiti government in compensation for the oil production capability destroyed by Iraq.
- (3) Post-embargo 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,

A handwritten signature in black ink, appearing to read "Dan Inouye", written over the typed name and title.

Daniel K. Inouye  
Chairman  
Senate Appropriations  
Subcommittee on Defense



JH  
Precept

ID# 225122

THE WHITE HOUSE  
CORRESPONDENCE TRACKING WORKSHEET

0072

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INCOMING

DATE RECEIVED: APRIL 01, 1991

NAME OF CORRESPONDENT: THE HONORABLE DANIEL K. INOUE

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ROUTE TO: OFFICE/AGENCY (STAFF NAME)	ACTION		DISPOSITION	
	ACT CODE	DATE YY/MM/DD	TYPE RESP	C COMPLETED D YY/MM/DD
FREDERICK MCCLURE	ARG	91/04/01	FM	A 91/04/02
NSC Staff REFERRAL NOTE:	A	91/04/04		C 91/04/08
99005 REFERRAL NOTE:	I	91/04/05		- - - / - / -
9900D REFERRAL NOTE:	I	91/04/05		- - - / - / -
9900C REFERRAL NOTE:	I	91/04/05		- - - / - / -
99Energy REFERRAL NOTE:	I	91/04/05		- - - / - / -

COMMENTS: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

ADDITIONAL CORRESPONDENTS: MEDIA:L INDIVIDUAL CODES: 1210 \_\_\_\_\_

MAIL USER CODES: (A) \_\_\_\_\_ (B) \_\_\_\_\_ (C) \_\_\_\_\_

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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

225.22

DANIEL K. INOUE, HAWAII  
ERNEST F. HOLLINGS, SOUTH CAROLINA  
J. BENNETT JOHNSTON, LOUISIANA  
QUENTIN N. BURDICK, NORTH DAKOTA  
PATRICK J. LEAHY, VERMONT  
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PHIL GRAMM, TEXAS

# United States Senate

2500

COMMITTEE ON APPROPRIATIONS  
WASHINGTON, DC 20510-6025

JAMES H. ENGLISH, STAFF DIRECTOR  
KEITH KENNEDY, MINORITY STAFF DIRECTOR

March 18, 1991

*File*

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President of the United States  
The White House  
Washington, D.C.

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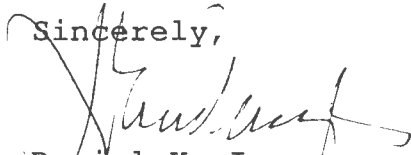


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I would be pleased to discuss further details of this proposal. Thank you for your attention on this matter.

Sincerely,

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Daniel K. Inouye  
Chairman  
Senate Appropriations  
Subcommittee on Defense

April 2, 1991

Dear Senator Inouye:

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Frederick D. McClure  
Assistant to the President  
for Legislative Affairs

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

FDM:JHH:

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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

91 APR 5 A 9 25

REC ED

NATIONAL SECURITY COUNCIL

ID 9102500

REFERRAL

DATE: 10 APR 91

MEMORANDUM FOR: STATE

STATE SECRETARY

DOCUMENT DESCRIPTION: TO: PRESIDENT

SOURCE: INOUE, DANIEL K

DATE: 18 MAR 91

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

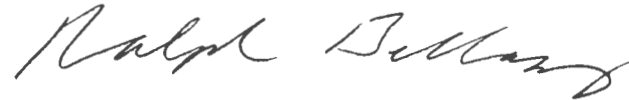
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REQUIRED ACTION: DRAFT REPLY

DUE DATE:

COMMENT:

FOR



GEORGE VAN ERON

DIRECTOR NSC SECRETARIAT



UNCLASSIFIED  
NSC/S PROFILE

RECORD ID: 9102500  
RECEIVED: 05 APR 91 11

TO: SITTMANN

FROM: ROY, J

DOC DATE: 08 MAY 91  
SOURCE REF: 9106349

KEYWORDS: IRAQ OIL  
UN CO

PERSONS:

SUBJECT: SEN INOUE 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:

D O C U M E N T D I S T R I B U T I O N

FOR ACTION

FOR CONCURRENCE

FOR INFO

CHARLES  
DYKE  
HAASS  
LAMPLEY  
MELBY

COMMENTS: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

DISPATCHED BY \_\_\_\_\_ DATE \_\_\_\_\_ BY HAND W/ATTCH

OPENED BY: NSJWD

CLOSED BY: NSRCB

DOC 2 OF 2

UNCLASSIFIED

UNCLASSIFIED  
ACTION DATA SUMMARY REPORT

RECORD ID: 9102500

DOC ACTION OFFICER

CAO ASSIGNED ACTION REQUIRED

001 HAASS  
001 STATE  
002

Z 91040511 PREPARE MEMO FOR SCOWCROFT  
Z 91041010 DRAFT REPLY  
X 91050908 ANSWERED BY STATE LTR

UNCLASSIFIED

UNCLASSIFIED  
NSC/S PROFILE

RECORD ID: 9102500  
RECEIVED: 05 APR 91 11

TO: PRESIDENT

FROM: INOUE, DANIEL K

DOC DATE: 18 MAR 91  
SOURCE REF: 225122

KEYWORDS: IRAQ OIL  
UN CO

PERSONS:

SUBJECT: SEN INOUE 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 LOGREF:

FILES: WH NSCP: CODES:

DOCUMENT DISTRIBUTION

FOR ACTION  
HAASS

FOR CONCURRENCE  
CHARLES  
LAMPLEY  
MELBY

FOR INFO  
DYKE  
HAYDEN  
ROSTOW  
WELCH

COMMENTS:

*Refer to State to Draft Reply*

DISPATCHED BY

*Slucher*

DATE

*4/8/91*

BY HAND

W/ATTCH

OPENED BY: NSJWD

CLOSED BY:

DOC

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UNCLASSIFIED

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

NCS 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:

*for Sondia Sauter*  
Director  
Secretariat Staff

UNCLASSIFIED