DATE RECEIVED: APRIL 29, 1991

NAME OF CORRESPONDENT: MR. HOWARD I. RHINE

SUBJECT: ENCLOSES AN ARTICLE BY A. M. ROSENTHAL REGARDING KUWAIT CONTINUING THE BOYCOTT ON COMPANIES DOING BUSINESS WITH ISRAEL FROM GETTING RECONSTRUCTION CONTRACTS

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<th>ACTION</th>
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| DEPARTMENT OF COMMERCE |
| REFERRAL NOTE: |
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| COMMENTS: INCOMING RETURNED TO CORRESP. ANALYSIS, APR 29 91, TO TRACK TO DOC |

| ADDITIONAL CORRESPONDENTS: |
| MEDIA: |
| INDIVIDUAL CODES: |
| 4640 |

| MI MAIL |
| USER CODES: |
| (A) |
| (B) |
| (C) |

**ACTION CODES:**
*A-APPROPRIATE ACTION*
*C-COMMENT/RECOM*
*D-DRAFT RESPONSE*
*F-FURNISH FACT SHEET*
*I-INFO COPY/NO ACT NEC*
*R-DIRECT REPLY W/COPY*
*S-FOR-SIGNATURE*
*X-INTERIM REPLY*

**DISPOSITION**
*A-ANSWERED*
*B-NON-SPEC-REFERRAL*
*C-COMPLETED*
*S-SUSPENDED*

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

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.
May 29, 1991

Mr. Howard I. Rhine
Coleman & Rhine
1120 Avenue of the Americas
New York, NY 10036

Dear Mr. Rhine

Thank you for your letter to President Bush regarding the Arab boycott of Israel.

It has been longstanding American policy to encourage Arabs to eliminate the boycott of Israel. Secretary of State Baker reaffirmed this position in a speech he gave in May 1989.

We also appreciate your comments on creating the proper atmosphere for the discussion of peace in the Middle East. We are always interested in learning the views of American citizens.

Sincerely,

Karl S. Reiner
Director
Office of the Near East

CONTROL C103860

ONE/KReiner/fm  5/29/91
cc: official   WH w/return of incoming  ExecSec  ITSec  Reiner

FMdisk #9
Rhine
THE WHITE HOUSE OFFICE

REFERRAL

MAY 1, 1991

TO: DEPARTMENT OF COMMERCE

ACTION REQUESTED:
DIRECT REPLY, FURNISH INFO COPY

DESCRIPTION OF INCOMING:

ID: 233683

MEDIA: LETTER, DATED APRIL 13, 1991

TO: PRESIDENT BUSH

FROM: MR. HOWARD I. RHINE
ATTORNEY
COLEMAN & RHINE
1120 AVENUE OF THE AMERICAS
NEW YORK NY 10036

SUBJECT: ENCLOSES AN ARTICLE BY A. M. ROSENTHAL
REGARDING KUWAIT CONTINUING THE BOYCOTT ON
COMPANIES DOING BUSINESS WITH ISRAEL FROM
GETTING RECONSTRUCTION CONTRACTS

PROMPT ACTION IS ESSENTIAL -- IF REQUIRED ACTION HAS NOT BEEN
TAKEN WITHIN 9 WORKING DAYS OF RECEIPT, PLEASE TELEPHONE THE
UNDESRIGNED AT 456-7486.

RETURN CORRESPONDENCE, WORKSHEET AND COPY OF RESPONSE
(OR DRAFT) TO:
AGENCY LIAISON, ROOM 91, THE WHITE HOUSE, 20500

SALLY KELLEY
DIRECTOR OF AGENCY LIAISON
PRESIDENTIAL CORRESPONDENCE
March 14, 1991

President George Bush
The White House
1600 Pennsylvania Avenue
Washington, D.C. 20500

Dear President Bush:

The enclosed articles are self-explanatory.

Before anyone can talk substantively, an atmosphere for discussion must be created.

No one sets out as a condition precedent what their ultimate offer will be.

Asking the Arab States to create an atmosphere for discussion is clearly appropriate and requires very little of substance.

The end of the boycott is just such a minor, but significant, gesture. Let's hope that our Government retains the same high principled approach in peace as it did in war.

Sincerely,

Howard I. Rhine

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Harold pages are in poor condition (too light or too dark)

Remainder of case not scanned.

Oversize attachment not scanned.

Report not scanned.

Enclosure(s) not scanned.

Proclamation not scanned.

Incoming letters(s) not scanned.

Proposal not scanned.

Statement not scanned.

Duplicate letters attached - not scanned.

Only table of contents scanned.

No incoming letter attached.

Only tracking sheet scanned.

Photo(s) not scanned.

Bill not scanned.

Comments:
ON MY MIND | A. M. Rosenthal

Break the Boycott

The high-level emergency meeting of the Arab nations was held in private, in Damascus. It was called to deal with just one subject: the economic strangulation of Israel.

Representatives of Iraq and Kuwait were at the table, eagerly taking part. That was in July of 1990.

A couple of weeks later, the Iraqis gave the Kuwaitis something else to think about. Saddam Hussein taught them that their real enemy was not the distant Jewish nation but the Muslim neighbor next-door.

Now the very viciousness of the destruction of Kuwait gives its people and its Government the chance to bring peace an important step closer — by turning away from that meeting in Damascus and what it means.

A little history. In 1948 the Arab nations imposed a boycott and embargo against Israel. Any company in the world that trades with Israel or makes any investment in the country is forbidden to do any business with any Arab state — no oil deals, no investments, no exports or imports, no construction contracts, nothing.

The embargo has been a shackle on the Israeli economy. For foreign investors it meant lost opportunities. But for the Arab governments it is a fine way of controlling businesses around the world, including huge multinational corporations. And not incidentally, it gives the Arab states extra clout with trade-hungry governments — Germany and Japan among many others.

The Damascus meeting was held at the request of the Palestine Liberation Organization to expand the boycott to any company that helps Soviet Jews settle in Israel. That would mean transportation, housing construction, insurance, hotel space, anything.

A half-year later, Kuwait is burning. It will cost at least $50 billion to reconstruct the country — money Kuwait will draw from its enormous foreign holdings.

Will Kuwait continue the boycott and prevent companies doing business with Israel from getting reconstruction contracts?

Under U.S. law, American companies cannot tell the Arabs whether they do business with Israel. Now and then the Arabs decide that a particular American company is too important to them to blacklist even if it does business with Israel — like weapons manufacturers or communications giants.

But most companies don't take chances. In the United States and the rest of the world an astounding number of companies have decided they are not interested in profitable business — Israeli business. The Japanese have shown a particular aversion and Japan Air Lines can't seem to find Israel on the map.

The embargo became more powerful with the growth of multinational companies. Some of these huge multinationals specialize in the massive kind of construction Kuwait will need. They parcel out work to hundreds of smaller companies. Those known to do business with Israel don't get subcontracts.

It will not be enough for the Kuwaitis to remain silent or allow a few companies that do have some business with Israel to take part in the rebuilding. Without a clear statement, business will assume the boycott continues, just as if the Persian Gulf war never happened.

American companies that do business with Israel stand to lose billions in Kuwaiti contracts. For their employees, that will be more emotional a matter than the Kuwaiti kisses planted on American soldiers.

Contracts are not nearly as important as the Kuwaiti opportunity to take one step toward Mideast conciliation. A couple of days ago I asked the

A chance for Bush and Kuwait.

Kuwaiti Embassy in Washington, what Kuwait intended to do, and await a reply.

I am not brimming over with optimism. The Kuwaiti Government has shown a taste for particular nastiness about Israel. But then I think — Saddam Hussein and the P.L.O. opened a lot of Kuwaiti minds. Maybe they also opened some Kuwaiti hearts to the truth about friends and enemies.

President Bush talked to Congress about the Arab-Israeli conflict, and the Palestinians. Immediately his words were interpreted as a threat by Israel. But it is better to wait, think and talk before pronouncing.

In any case, Mr. Bush knows no settlement can be imposed. Even Störmin Norman can't help here. And he knows that nothing at all will move until the Arab states take a step that will cost them not a soldier, not a drop of oil, not an inch of land: ending the state of war with Israel.

Right now, the U.S., liberator of the Kuwaitis, is both the right and duty to ask them to do their part by turning the boycott, an act and weapon of war, into scrap.
ON MY MIND  A. M. Rosenthal

How to Lose the Peace

Only yesterday, the United States showed how swiftly it could win a war in the Middle East. Now the United States is showing how swiftly it might lose a peace in the Middle East.

Our defeated enemy remains in power, still slaughtering his countrymen. Our Arab allies refuse to take the one simple essential step toward Middle East peace.

How did we manage to get to this point? There's an answer, but first I consider three cases.

1. Saddam Hussein. The United States, surely to his astonishment, allows him to use his remaining weapons to destroy his enemies in Iraq. He is permitted to move helicopters and tanks around the country to shell down the rebellion.

While there's time, Washington should issue stands orders for all Saddam Hussein's helicopters and tanks, under pain of aerial destruction. That would at least give the fragmented opposition a chance to survive.

As long as the man who brought about war is still in power, the peace will not be secure. President Bush knows this. But officially the White House sticks to the nonsense that Iraq's internal affairs are not our business. It was precisely Iraq's most intimate internal affair — the character of its Government — that forced us into war.

After Saddam may come a government as bad. Maybe not, if we help the non-fanatics among the opposition. But, in decency, he must not be allowed to linger in power, distributing death. Would the world have permitted Hitler to carry on in Berlin because of the chance of a period of German chaos without him?

2. Syria. While hoping one Mideast dictator disappears, the U.S. abets the buildup of another.

Find the difference between Hafez al-Assad of Syria and Saddam Hussein? Frankly: In the torture, murder and gaoling of their own citizens, in aggression against smaller neighbors; the stockpiling of chemical and bacteriological weapons, in dreams of empire, and terrorism against the West — just try.

For lending his mouth and a few thousand troops to the war against his own Arab enemy, the Syrian receives billions from other Arabs, Europe and Japan. He spends it as fast as he can on more weapons.

One day an American President, maybe Mr. Bush himself, will stare at this man and ask himself, in a sudden flash of clarifying horror, What have I wrought?

3. Allies. News story: Arab rulers agree to part of the Bush-Baker "peace plan." Turns out that it is the part that permits the U.S. to keep enough force in the Persian Gulf to save their necks, again.

Thanks. But peace-producing parts of the plan, an end by the Arabs of their 43-year state of war with Israel and direct Arab-Israeli talks, these get the same old three-word answer: No, no, no.

How could all this happen? Answer: For decades the U.S. and other Western powers have misunderstood or ignored the nature of the Arab governments — deliberately.

In almost every way — in foreign aggression, domestic terrorism, persecution of minorities and women, control of the economy, the spread of religious bigotry, elimination of personal, political or intellectual freedom — Arab governments rule under a self-perpetuating system of tyranny that can best be described as Arab fascism.

If such governments reigned in Europe, they would be exposed and deposed.

Saddam, Assad and other fascists.

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Saddam, Assad and other fascists.