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INFORMATION

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MEMORANDUM FOR BRENT SCOWCROFT

THROUGH: RICHARD N. HAASS *(RH)*

FROM: ~~S~~ANDRA CHARLES

SUBJECT: Inter Agency Meeting on the Persian Gulf (C)

At Kimmitt's meeting today, we did a quick review of the intelligence situation, today's OPEC meeting, diplomatic and military initiatives ongoing, and other things we might do depending on how events evolve. The highlights follow.

- **Intelligence:** Saddam apparently has increased his military force strength by one division along the border. He (and his people) are extremely bitter toward Kuwait, primarily because economically he is on the ropes. Analysts believe that a shallow incursion into the northern oilfield, Rumaylah, cannot be ruled out, while drastic military action is also possible if less likely.
- **OPEC Meeting:** A new ceiling was set that allows UAE a higher quota, but less than their "cheat" level. Committees to enforce compliance were set up. A reference price of \$21 per barrel was established up from \$1877. Most analysts believe that the current oil surplus will keep these actions from affecting oil prices until later this winter. OPEC meets again in December. The bottomline: Saddam will not get quick monetary relief from oil exports.
- **Diplomacy:** Next steps will be a discussion between Baker and Shevardnadze, and cables to the EC and others following the Jeddah talks to advise them of our thinking on next steps. It also will preview upcoming congressional sanctions and export controls.
- **Military Deployments:** The tankers are still in UAE and are to be redeployed next Wednesday, August 1, unless UAE asks for an extension and we agree. Two Middle East Force ships are scheduled to turn over in a few weeks. The carrier battle group (CVBG) INDEPENDENCE is scheduled to arrive in the North Arabian Sea on August 12, but could be accelerated to arrive August 3 if it forgoes exercises off Diego Garcia. We agreed to consider keeping the tankers, extending the ship turnover a week (which would put nine ships in the Gulf) and accelerating the CVBG if nothing on the ground has changed.
- **Contingency Planning:** There was a disjointed discussion on this. We need to talk Monday about where we are heading.