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THE WHITE HOUSE WASHINGTON

MEMORANDUM OF TELEPHONE CONVERSATION

SUBJECT: Telcon with Toshiki Kaifu, Prime Minister of Japan on August 3, 1990 (U)

PARTICIPANTS: The President Toshiki Kaifu, Prime Minister Interpreter: Frances Seeds Notetaker: Douglas H. Paal, NSC

DATE, TIME August 3, 1990, 8:00 - 8:22pm EDT AND PLACE: Camp David

The President telephoned Prime Minister Kaifu concerning Iraq and Kuwait. (U)

The President: Toshiki, how are you, sir? (U)

<u>PM Kaifu</u>: Fine, thank you. How are you? (U)

<u>The President</u>: I am calling you because of the deep concern I know you and I share about the situation in the Persian Gulf. (\mathscr{D})

<u>PM Kaifu</u>: I know it very well. (2)

<u>The President</u>: If it is agreeable with you, I would like to make a few points and then ask your opinion. (\mathcal{Q})

PM Kaifu: Certainly, please go ahead. (U)

<u>The President</u>: I met with Prime Minister Thatcher yesterday and spoke with President Mitterrand and Chancellor Kohl a few minutes ago. We concluded that concerted action is needed now to reverse Iraqi actions and restore the rightful government of Kuwait. President Ozal of Turkey, incidentally, agrees with that. (2)

My hope is that your government will be able to join with us in emphasizing that the actions Iraq has taken are unacceptable and must be reversed. (\mathcal{L})

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One way to pressure Saddam is to bring economic pressure to bear on him. This will only be effective if the international community is on board. As you know, I have already imposed mandatory sanctions on Iraq and we have frozen both Kuwaiti and Iraqi assets because we did not want Iraq to spend Kuwait's money. In the UN we are working hard to pass a resolution that would essentially impose Chapter Seven sanctions on Iraq. It is very important that Japan and the U.S. be together. I would request that we work together on this because it is very important. (\emptyset)

King Fahd told me he considers Saddam Hussein like a Hitler. He called him a liar. I know you depend on Gulf oil and we have to consult on that, but we are also considering ways to stop Iraq's oil export capability. We are talking to the Turks about what they might do to close the pipeline. Also Saudi Arabia is possible, I think. American naval ships are going to the Gulf. Also U.K. ships are headed there. Fortunately there is excess capacity. If Iraq doesn't produce one drop, Saudi Arabia can make up the loss. (2)

Toshiki, I know Iraq is in debt to Japan, but I hope that consideration will not prevent you from joining us in showing Baghdad, as soon as possible, that it faces worldwide opposition. We have cut off all loans, credits, CC credits and all that, and I would strongly urge you to do that. (2)

We believe this situation is very serious. Saddam Hussein simply cannot get away with this. If he gets away with this, there is no telling what he will do with his oil and with his new-found power. The status quo really has to be reversed. I really encourage your cooperation. It is essential to the success of what we are doing. I would like to hear what you think. (2)

<u>PM Kaifu</u>: George, first of all I would like to say I can fully understand what you are doing and extend my heartfelt respect for your hard work these past few days. Let me summarize my thinking into three points. First, the Iraqi invasion is very regrettable. They should pull out the troops immediately. We have communicated in Tokyo, in Baghdad and are making the Japanese position known to the world. (2)

The second point is that the position the Japanese government is taking is from the same standpoint as you and the other countries of the West take. For example, we have already taken action to freeze Kuwaiti assets. (\mathcal{L})

The third point is in the event Iraqi troops are not withdrawn from Kuwait, the international community should take joint actions as appropriate. The Japanese government will take actions sincerely when agreed in Chapter Seven by the UN and the international community. (\mathscr{D})

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2

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<u>The President</u>: Good. I am very encouraged by that. We should stay in touch and work together. I am very pleased, Toshiki, that the Soviets are playing a very constructive role. Let's stay in touch. If the international community acts with unity, maybe that is the best way to get Saddam Hussein to remove his troops. (\mathcal{L})

3

<u>PM Kaifu</u>: George, I do agree with you. We should not allow such an act contrary to justice in the world. (\mathscr{D})

<u>The President</u>: Thanks. It is awfully nice to talk to you. We should stay in touch. If anything comes up, I hope you will call me. If there are any new developments that affect Japan, then I will let you know. $\langle \mathcal{C} \rangle$

PM Kaifu: Yes, please. We should stay in touch. (2)

The President: We will keep working. Very nice talking to you, my friend. (1)

-- End of Conversation --