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Foreign and Commonwealth Office

London SW1A 2AH

7 June 1984

AD 2/6.

Dear John,

Economic Summit:
Discussion at Dinner: Iran/Iraq

As requested, I enclose a self-contained Sitrep on the Gulf War, together with half a dozen points which the Prime Minister could draw from at dinner tonight.

I am copying this letter to Richard Hatfield (Cabinet Office).

Yours ever,
Peter Ricketts

(P F Ricketts)
Private Secretary

A J Coles Esq
10 Downing Street

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ECONOMIC SUMMIT : DISCUSSION AT DINNER : 7 JUNE
IRAN/IRAQ

POINTS TO MAKE

1. Immediate aim must be to contain the dangerous situation in the Gulf. Longer term objective is to end the conflict.
2. Little prospect of successful mediation but international community must do all they can to urge restraint on both sides.
3. Pleased that Gulf States took problem of attacks on shipping to UN. Security Council Resolution was more helpful than might originally have been expected. Important to preserve principle of freedom of navigation and end attacks on shipping by both sides.
4. Oil market calm. Supplies from Gulf not seriously affected so far. Current level of world oil stocks and excess capacity mean that we can avoid destabilising price movements if there is a disruption.
5. In the event of a serious escalation which threatens our joint interests we could not rule out some form of military action. But we would first have to exhaust all diplomatic efforts before this could be considered.
6. Need to keep in close touch over developments and co-ordinate action if necessary.

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