

Originally Processed With FOIA(s):
2009-0275-S

FOIA Number:
2009-0275-S

FOIA MARKER

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Record Group/Collection: George H.W. Bush Presidential Records
Collection/Office of Origin: Scowcroft, Brent, Collection
Series: Desert Shield/Desert Storm Files
Subseries: Chronological Files

OA/ID Number: 91143
Folder ID Number: 91143-004

Folder Title:
Desert Shield/Desert Storm (May 1990) [2]

Stack:	Row:	Section:	Shelf:	Position:
G	34	3	6	1

Withdrawal/Redaction Sheet (George Bush Library)

Doc. No. / Type	Subject/Title	Date	Restriction	Classification
01a. Letter	President Bush to President Mohammad Hosni Mubarak (3 pp.)	n.d.	(b)(1)	
01b. Memo	Brent Scowcroft to POTUS Re: Response to President Mubarak (1 pp.)	5/14/90	(b)(1)	S
01c. Cable	To the White House Re: [No subject] (3 pp.)	4/24/90	(b)(1)	TS

Collection:

Record Group: Bush Presidential Records
Office: Scowcroft, Brent, Files
Series: Desert Shield/Desert Storm Files
Subseries: Chronological Files
WHORM Cat.:
File Location: Desert Shield/Desert Storm (May 1990) [2]

Pinksheet Number: cap1191
OA/ID Number: 91143-004
Date Closed: 5/21/2009
FOIA/Sys Case #: 2009-0275-S
Re-review Case #:
P-2/P-5 Review Case #:

~~SECRET~~
NSC/S PROFILE

RECORD ID: 9003778
RECEIVED: 11 MAY 90 16

CHRON FILE

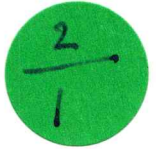
TO: PRESIDENT

FROM: SCOWCROFT

DOC DATE: 14 MAY 90
SOURCE REF:

KEYWORDS: EGYPT

HS



PERSONS: MUBARAK, HOSNI

SUBJECT: RESPONSE TO PRES MUBARAK OF EGYPT RE IRAQ & MIDDLE EAST

ACTION: PRES SGD LTR DUE DATE: 15 MAY 90 STATUS: C

STAFF OFFICER: WELCH LOGREF:

FILES: PA NSCP: CODES:

DOCUMENT DISTRIBUTION

FOR ACTION

FOR CONCURRENCE

FOR INFO

HAASS
WELCH

DECLASSIFIED
White House Guidelines
E.O. 12958, SEC 3.4 (B) September 11, 2006
By Cop NARA, Date 5/21/2009

COMMENTS: _____

DISPATCHED BY ✓ DATE 5/14 BY HAND W/ATTCH

OPENED BY: NSJRP CLOSED BY: NSLMS DOC 3 OF 3

~~SECRET~~

WASHFAX RECEIPT

THE WHITE HOUSE

C

MESSAGE NO. _____ CLASSIFICATION ~~CONFIDENTIAL~~ PAGES 3

FROM WILLIAM F. SITTMANN _____
(NAME) (EXTENSION) (ROOM NUMBER)

MESSAGE DESCRIPTION PRES LTR to PRES Mubarak
LOG # 3778

<u>TO (AGENCY)</u>	<u>DELIVER TO:</u>	<u>DEPT/ROOM NO.</u>	<u>EXTENSION</u>
<u>STATE</u>	<u>Stapleton Ray</u>	<u>EXEC SEC</u>	_____
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REMARKS FOR IMMEDIATE CABLING SGD ORIGINAL TO BE HAND CARRIED BY BOB GATES.

THE WHITE HOUSE

WASHINGTON

Dear Hosni:

Thank you for your letter of April 23. I appreciate the opportunity to compare notes on subjects of such importance to our mutual efforts to promote peace and stability in the region. As always, your words were thoughtful.

With regard to Iraq and the recent controversy in our relations, I am grateful for the key diplomatic role played by Egypt under your personal leadership. I do not want this problem to get out of hand. At the same time, Iraq shares a responsibility for creating an environment in which our relations can improve. That objective has suffered a setback, but not, from my view, an irreparable one. I understand President Hussein's legitimate concern for Iraqi security. I can assure you that there is no campaign by us against Saddam Hussein or Iraq. Furthermore, we have warned our Israeli friends that there is no "green light" from us.

At the same time, I would not be candid if I did not point out our genuine concerns with Iraq. President Saddam Hussein's recent statements were simply unacceptable. This is not the time to be trumpeting chemical weapons; it's the time to ban and destroy them. Beyond rhetoric, Iraq's continued accumulation of conventional and unconventional military power provides justifiable grounds for concern given its history of willingness to employ such weapons. I know, my friend, that Egypt will continue to help with Iraq to ease tension.

Turning to the peace process, we are obviously going through a delicate period of waiting while Israel composes its political house. I note

that you have been careful not to be drawn into internal debate there; for our part, we have tried also not to be seen to be intervening. But that does not reduce the priority that we both agree should be placed on the rapid rejuvenation of the peace process once Israel has a government. We want to move ahead and we believe a basis is available, provided by your hard work and statesmanship, for doing so. I have made this clear in public statements over the past weeks. I commend your foresight and wisdom in staying above the fray during this difficult period. The PLO has also been generally helpful in this respect -- I can see your diplomacy at work there and I know you will continue to encourage Palestinians to respond pragmatically and demonstrate their commitment to peace. I want to continue to work closely with you to encourage others in the Arab world to similarly demonstrate their commitment to peace.

I share your concern about the dangers of proliferation of unconventional weapons and missiles. We want to look at ways to deal with these problems, which have global dimensions and which are the subject of international attention in various fora. I agree it is beneficial that our experts should discuss these subjects in depth, and our people will in due course be in touch to convey our views. Let me add that I appreciate the thought that Egypt has given to this issue by proposing a zone free of weapons of mass destruction, and thus raising the awareness of the need to address this growing challenge through diplomatic means. For our part, we are open to considering the whole menu of ideas for dealing with chemical and nuclear weapons, although from experience we believe that a foundation of direct political dialogue between the involved parties is essential to such efforts.

I understand that the Arab League will hold a summit soon. I will be discussing this with President Ben Ali, who I will be seeing shortly, so he has the benefit of my view that the summit should not complicate our ability to return -- once an Israeli Government has been formed -- to the proposals Jim had worked out with you to move ahead in the peace process. One additional thought I will share with you concerns Soviet Jewish immigration, a subject that I fear an Arab League summit may treat in such a manner as to make our mutual goal of a working peace process even more difficult than it is. Egypt's position in this regard is, I think, the right one. You have appropriately drawn a distinction between immigration and absorption into Israel, and movement into the Occupied Territories. I hope the Arabs can adopt a position that does not oppose Soviet immigration in general, even if we all oppose settlements in the Occupied Territories. Overall, I am concerned that the proposed agenda of this summit opens a great risk of a setback, after several Arab summits where the moderate consensus was advanced. Neither of us needs resolutions that will reduce the flexibility to move toward peace.

My friend, thank you again for your letter. It was good to talk to you the other day. My best regards to Suzie and your boys.

Sincerely,


A handwritten signature in black ink, appearing to read "Anwar Sadat". The signature is fluid and cursive, with the first name "Anwar" written in a larger, more prominent script than the last name "Sadat".

His Excellency
Mohammad Hosni Mubarak
President of the Arab Republic
of Egypt
Cairo

THE WHITE HOUSE
WASHINGTON

May 14, 1990

MEMORANDUM FOR THE PRESIDENT

FROM: BRENT SCOWCROFT 
SUBJECT: Response to President Mubarak

Purpose

To reply to President Mubarak's letter regarding Iraq, the peace process, and Egypt's proposal to make the Middle East a zone free of mass destruction weapons.

Background

President Mubarak wrote you on April 23 (Tab B), using his special channel to the White House. Most of his letter was dedicated to commending your approach on Iraq and East Jerusalem. He also raised Egypt's idea for a zone in the Middle East free of weapons of mass destruction.

President Mubarak's thoughts were helpful and forward-looking. We have prepared a responsive answer, which also raises your concerns about possible negative outcomes at the upcoming Arab Summit. I suggest that Jim Baker carry the letter to Moscow, where he will meet President Mubarak on May 16.

RECOMMENDATION

That you sign the letter to President Mubarak at Tab A.

Attachments

- Tab A Outgoing to President Mubarak
- Tab B Incoming from President Mubarak

cc: Vice President
Chief of Staff

TAE

B

DI&T>
RT: GATES SCOWCROFT SIT .
IT: WHSR DUP HOTLINE IN
PREC> IMMEDIATE <CLAS> ~~TOP SECRET~~ <OSRI> YEKADS <DTG> 241642Z APR 90

ORIG>FM WHITE HOUSE//ABDIIN PALACE//

TO>TO WHITE HOUSE

TEXT>ZEM

~~TOP SECRET~~ VIA SUNSHINE CHANNELS

QQQ

SECTION 01 OF 02

~~TOP SECRET~~ PRESIDENTIAL MSG

APRIL 23RD , 1990

DEAR GEORGE,

IN VIEW OF RECENT DEVELOPMENTS IN THE MIDDLE EAST , I DEEM IT FIT TO EXCHANGE VIEWS WITH YOU ON CERTAIN ISSUES OF COMMON CONCERN . I AM DOING SO IN THE SPIRIT OF FRIENDSHIP AND COOPERATION WHICH CHARACTERIZES OUR RELATIONS AND IN THE HOPE OF REACHING A HIGHER DEGREE OF COORDINATION BETWEEN OUR STANDS .

FIRST , I WOULD LIKE TO TELL YOU THAT THE WISDOM AND RESTRAINT YOU EXERCISED AS YOU WERE HANDLING THE CONTROVERSY WITH IRAQ WERE MUCH APPRECIATED BY MOST PEOPLE IN THE REGION , INCLUDING HEADS OF STATE . PRESIDENT SADDAM HUSSEIN FELT THAT HIS COUNTRY WAS SUBJECTED TO A CONCERTED CAMPAIGN OF UNFOUNDED ACCUSATIONS SINCE THE ARREST OF AN IRANIAN-BORN BRITISH JOURNALIST ON CHARGES OF ESPIONAGE . HE THOUGHT , NOT WITHOUT REASON , THAT THE MEDIA PARTICULARLY IN THE WEST PUSHED THE ANTI-IRAQI CAMPAIGN OUT OF ALL PROPORTIONS RELATIVE TO WHAT HAPPENED. THE IRAQI GOVERNMENT WAS QUITE WILLING TO SHARE THE EVIDENCE IN THEIR POSSESSION WITH FRIENDLY GOVERNMENTS IN AN APPROPRIATE MANNER, BUT THEY WERE NOT READY TO ENTER INTO A HEATED DEBATE WITH THE MEDIA ON A LAWSUIT . THE INSERTION OF THE CHEMICAL WEAPONS AND THEIR DELIVERY SYSTEM IN THE CONTROVERSY ADDED FUEL TO THE FIRE . WHEN I SPOKE TO PRESIDENT HUSSEIN ON THIS POINT , HE FLATLY DENIED THAT IRAQ WAS ATTEMPTING TO SMUGGLE TRIGGERING DEVICES FOR THE DETONATION OF WEAPONS CARRYING CHEMICAL OR BIOLOGICAL BOMBS . HOWEVER , HE FELT THAT THEY WERE BEING SINGLED OUT UNFAIRLY AND UNJUSTIFIABLY OF ALL MIDDLE EAST NATIONS AS THE STATE THAT WAS FOMENTING TROUBLE AND PURSUING THE MANUFACTURE AND USE OF CHEMICAL WEAPONS . THE CAMPAIGN WAS SO VEHEMENT THAT IRAQ FELT ENCIRCLED AND BESIEGED . THIS FEELING , TOGETHER WITH THE CONTINUED INTENSIVE PROVOCATION , INDUCED A CERTAIN IRAQI PRONOUNCEMENTS WHICH WERE NOT INTENDED TO CONSTITUTE A STATEMENT OF IRAQI POLICY IN AS MUCH AS WERE A REACTION TO THE HOSTILE CAMPAIGN . I HAVE SPOKEN TO PRESIDENT SADDAM SEVERAL TIMES ON ISSUES RELATED TO PEACE AND SECURITY IN THE REGION AND I HAVE CONSISTENTLY FOUND HIM IN

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PER E.O. 13526

2010-0383-MR

7/24/2014 MM

FAVOUR OF REINFORCING THE STRUCTURE OF PEACE IN THE GULF AND IN THE NEAR EAST ALIKE . HE WAS BECOMING INCREASINGLY RESPONSIVE AND RECEPTIVE ON THE SPECIFIC ISSUE OF PEACE WITH ISRAEL . I WAS CONVEYING MY IMPRESSIONS TO ISRAELI OFFICIALS OCCASIONALLY . THAT IS WHY I WAS QUITE TROUBLED BY THE TURN OF EVENTS . BUT WHEN I VISITED BAGDAD IN THE PEAK OF THE CAMPAIGN , I WAS REASSURED ONCE AGAIN THAT IRAQ IS NEITHER CONSIDERING NOR PLANNING TO INITIATE ANY ACTS OF AGGRESSION AGAINST ISRAEL OR ANY OTHER STATE . HENCE , I WAS PLEASED WHEN YOU APPROVED THE VISIT TO BAGDAD BY THE TEAM OF U.S.SENATORS, HEADED BY SENATOR DOLE. THE VISIT TURNED TO BE VERY SUCCESSFUL AND FRUITFUL STEP . IT EASED MUCH OF THE TENSION AND REVERSED THE TREND WHICH WAS GROWING IN MOST PARTS OF THE AREA . YOUR WISDOM AND FORESIGHT HELPED PUT THE ISSUE BACK IN THE RIGHT FOCUS .

SECOND , I WANT TO ASSURE YOU THE STATEMENT YOU MADE AND THE STAND YOU TOOK ON JERUSALEM CONSTITUTE AN INVALUABLE CONTRIBUTION TO THE CAUSE OF PEACE . I AM NOT UNAWARE OF THE CONTROVERSY IT CREATED IN CERTAIN CIRCLES . HOWEVER, I HAVE NO DOUBT WHATSOEVER THAT , IF TAKEN IN THE RIGHT PERSPECTIVE , IT WOULD TURN TO BE A LANDMARK ON THE ROAD TO PEACE . I NEED NOT TO TELL YOU ABOUT THE GOODWILL IT GENERATED TOWARD THE U.S. AND ITS PRESIDENT THROUGHOUT THE MIDDLE EAST . NOR DO I NEED TO TELL YOU THAT IT IS CERTAIN TO ENCOURAGE EVEN THE RELUCTANT AND HESITANT PARTIES TO TAKE THE NECESSARY RISKS FOR PEACE . ONLY MEN OF VISION AND COURAGE CAN MAKE THESE BREAKTHROUGHS .

LAST BUT NOT LEAST , I WOULD LIKE TO DISCUSS WITH YOU MY PROPOSAL ON MAKING THE MIDDLE EAST AN AREA FREE OF WEAPONS OF MASS DESTRUCTION . I TRUST THAT YOU REALIZE THAT SUCH PROPOSAL IS QUITE CONSISTENT WITH YOUR OWN POLICY ON THE NON-PROLIFERATION OF NUCLEAR WEAPONS TOGETHER WITH OTHER LETHAL WEAPONS OF MASS DESTRUCTION . IN FACT THE U. S. AND EGYPT HAVE BEEN DISCUSSING THIS SUBJECT FOR MORE THAN THREE YEARS WITH A VIEW TO FINDING A FORMULA FOR RAISING THE ISSUE WITH ALL THE PARTIES CONCERNED WITHOUT EXCEPTION . I AM AWARE OF THE RELUCTANCE OF SOME U.S. OFFICIALS TO ESTABLISH A LINK BETWEEN CHEMICAL WEAPONS AND NUCLEAR WEAPONS. TWO ARGUMENTS ARE BEING MADE IN THIS RESPECT . FIRST . IT HAS BEEN SAID THAT EACH TYPE OF WEAPONS REQUIRES A DIFFERENT FRAMEWORK FOR NEGOTIATIONS . SECOND , IT IS FEARED THAT THE LINKING WILL INEVITABLY DELAY THE MAKING OF ANY PROGRESS ON BANNING CHEMICAL WEAPONS .

THESE CONCERNS CAN BE MET , FOR IT IS OUR PURPOSE TO ACHIEVE PROGRESS ON ALL FRONTS SIMULTANEOUSLY AND WITHOUT DELAY . MOVEMENT ON ONE FRONT MAKES IT EASY TO ACHIEVE PROGRESS ON OTHER FRONTS AS WELL . IN THE ABSENCE OF SERIOUS DISCUSSION ON BANNING NUCLEAR WEAPONS FROM THE

REGION . IT IS HIGHLY DOUBTFUL THAT ANY
MEANINGFUL PROGRESS CAN BE MADE ON THE

#0052

ZEM

~~TOP SECRET~~ VIA SUNSHINE CHANNELS

QQQQ

FINAL SECTION OF 02

ELIMINATION OF CHEMICAL AND BIOLOGICAL WEAPONS .

UNLESS WE ESTABLISH THIS LINKAGE, WE WILL BE
MOVING IN CIRCLES.

ON THE OTHER HAND , THAT LINKAGE DOES NOT
NECESSARILY ENTAIL A RIGID PRITY OF PROGRESS
MADE ON DIFFERENT ISSUES AT THE SAME TIME
EXACTLY . SUFFICE IT THAT PROGRESS IS BEING MADE
ON BOTH ISSUES MORE OR LESS . I AM CONFIDENT

THAT YOU WILL DEEM IT BENEFICIAL THAT OUR
EXPERTS DISCUSS AMONG THEMSELVES THE BEST
APPROACH TO COPING WITH THE PROBLEM EFFECTIVELY
AND SUCCESSFULLY . I HAVE INSTRUCTED THE

AGENCIES CONCERNED TO COOPERATE FULLY WITH THEIR
U.S. COUNTERPARTS IN THIS RESPECT . I WOULD BE
GLAD ALSO TO HEAR FROM YOU ON THAT MATTER WHICH
IS CRCIAL TO THE FUTURE OF THIS TROUBLED REGION.

GREETINGS FROM ALL OF US AND WE HOPE YOU HAD A
HAPPY EASTER .

YOURS SINCERELY ,
MOHAMMED HOSNY MUBARAK

#0053

<SECT>SECTION: 01 OF 02 <SSN> 0052 <TOR> 900424124059 MSG000262269659

<SECT>SECTION: 02 OF 02 <SSN> 0053 <TOR> 900424124109 MSG000262269669

UNCLASSIFIED
NSC/S PROFILE

RECORD ID: 9004014
RECEIVED: 21 MAY 90 11

TO: SCOWCROFT

CHRON FILE

FROM: ROSTOW

DOC DATE: 21 MAY 90
SOURCE REF:



KEYWORDS: IRAQ

LEGAL ISSUES

PERSONS:

SUBJECT: BNL BANK FRAUD CASE / AGRICULTURE DEPT GUARANTIES & INVOLVEMENT OF
IRAQI CITIZENS

ACTION: NOTED BY SCOWCROFT W/ COMMENT DUE DATE: 24 MAY 90 STATUS: C

STAFF OFFICER: ROSTOW

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
ROSTOW

COMMENTS: _____

DISPATCHED BY _____ DATE _____ BY HAND W/ATTCH

OPENED BY: NSRLG CLOSED BY: NSALW DOC 1 OF 1

UNCLASSIFIED

UNCLASSIFIED
ACTION DATA SUMMARY REPORT

RECORD ID: 9004014

DOC ACTION OFFICER

001 SCOWCROFT
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CAO ASSIGNED ACTION REQUIRED

Z 90052119 FOR INFORMATION
X 90060709 NOTED BY SCOWCROFT W/ COMMENT

UNCLASSIFIED

NATIONAL SECURITY COUNCIL

4014

WASHINGTON, D.C. 20506

May 21, 1990

INFORMATION

MEMORANDUM FOR BRENT SCOWCROFT

FROM: NICHOLAS ROSTOW *NR*

SUBJECT: Iraq, Agriculture Department Guaranties, and the
BNL Bank Fraud Case

I presume they remember the rules for indicting foreign officials. Natl Sec Advisor has seen

The U.S. Attorney in Atlanta has developed a bank fraud case involving the Atlanta branch of the Italian Banco Nazionale del Lavoro (BNL) and implicating the Agriculture Department's Commodity Credit Corporation (CCC) program of guaranties for agricultural exports to Iraq. He has asked the Justice Department for permission to indict a number of Iraqi officials in connection with the alleged bank fraud.

Three categories of activity would be the basis for any prosecution. The first involves fraudulently obtaining a \$3 billion extension of credit. The amount vastly exceeded BNL-Atlanta's authorized lending limit. The U.S. Attorney would charge that Iraqis participated in the fraudulent representations and had to know that BNL lacked the authority to make so large an extension of credit.

The second category involves illegal after-sales service demands, which were wrongfully covered by the loans. With respect to the CCC program, these demands result in CCC credits being used for unlawful purposes. Iraq has assured the Agriculture Department that it no longer permits such demands, although they do not violate Iraqi law.

The third category involves using part of the loans not needed for the ostensible purpose of the credit to pay kickbacks to Iraqis.

The U.S. Attorney has submitted a prosecution memorandum to the Justice Department recommending that the case be brought and that five Iraqi officials be indicted. The Justice Department is reviewing the memorandum in order to determine whether the case is prosecutable, in whole or in part. Once Justice reaches a conclusion (which may take weeks), further interagency deliberation will take place. Up to now, the Justice Department has described the case in general terms to interagency counsel.

At this time, the Justice Department is unable to advise whether the BNL case will taint the CCC program such that CCC guaranties should not be provided for Iraq.

cc: Sandra Charles

THE WHITE HOUSE

WASHINGTON

June 6, 1990

Dear Ed:

I am writing to follow-up on my May 22 note. My staff has checked into the matter, and by now you may have learned from the Department of Agriculture that the hold on the second tranche of commodity credit corporation (CCC) guarantees remains in place pending the completion of two investigations into some apparent irregularities in the Iraqi program.

The Department of Agriculture has assured me that there is no embargo on the export of the commodities you mentioned to Iraq; however, without these credit guarantees, there is some question as to whether Iraq will be able to buy these commodities from U.S. exporters.

We expect to make a decision on release of the second tranche of CCC credits when our investigations have been completed, a process that could take several months. The Iraqi government has been advised of this.

Warm regards,

Sincerely,



Edward C. Niedermeyer
President
Niedermeyer-Martin Company
1727 N.E. 11th Avenue
Post Office Box 3768
Portland, Oregon 97206

THE WHITE HOUSE

WASHINGTON

June 4, 1990

U

SIGNED

INFORMATION

MEMORANDUM FOR THE PRESIDENT

FROM: BRENT SCOWCROFT *RS for*

SUBJECT: Response to Mr. Niedermeyer on the Status of the Iraqi CCC Program

Purpose

To explain the current USG position on the commodity credit corporation (CCC) program for Iraq and to respond to Mr. Niedermeyer's allegations about a USDA embargo on the export of U.S. commodities to Iraq.

Background

At your request, we have prepared a response (Tab A) to the note you received from Mr. Edward Niedermeyer, the President of Niedermeyer-Martin Company, wood manufacturers (Tab B), asking you to release the hold on the Iraqi CCC program and citing allegations of a USDA embargo on commodity exports to Iraq which are untrue. We responded to these points in an earlier memo to you (Tab C).

On Tuesday, May 29 the NSC Deputies Committee met and reviewed all the facts surrounding the Iraqi CCC program and discussed releasing the second \$500 million tranche. After hearing the details of ongoing USDA and Justice investigations that may well adversely affect the Iraqi CCC program, the DC agreed that release of the second portion of the CCC program should continue to be held up until the ongoing investigations are completed, a process that could take up to ten weeks. The Government of Iraq, which asked for a decision by May 31, is being advised that the USG is unable to make a decision on releasing the second tranche at this time pending the results of both investigations.

RECOMMENDATION

That you sign the response to Mr. Niedermeyer at Tab A.

Attachments

Tab A Response to Mr. Niedermeyer
Tab B Note from Mr. Niedermeyer
Tab C Update on the Iraq CCC Program

cc: Vice President
Chief of Staff

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

June 1, 1990

ACTION

MEMORANDUM FOR BRENT SCOWCROFT

THROUGH: RICHARD N. HAASS 

FROM:  SANDRA CHARLES

SUBJECT: President's Response to Mr. Niedermeyer on Iraqi
CCC Program

Attached at Tab I is a memo to the President forwarding a proposed response to Mr. Edward Niedermeyer, the President of Niedermeyer-Martin Co., which manufactures wood products (Tab A). Mr. Niedermeyer wrote the President (Tab B) asking him to stop an alleged USDA embargo on lumber and other products to Iraq, and to release the hold on the Iraqi credit program. Based on the report we provided to the President addressing these allegations (Tab II), the President would like to respond to Mr. Niedermeyer. The inter agency has agreed to hold up the second tranche of the CCC program until the completion of Justice and Agriculture investigations, a position which has already become known by U.S. agricultural interests and which will be conveyed to the Iraqis this week-end.

 concurs.

RECOMMENDATION

That you sign the memorandum to the President at Tab I.

Attachments

Tab I Memo to the President
Tab A Response to Mr. Niedermeyer
Tab B Note from Mr. Niedermeyer
Tab II Update to the President on the CCC program

EDWARD C. NIEDERMEYER
President



Niedermeyer-Martin Co.

Wood Products
Since 1920

MR. PRESIDENT.

"OVER PLEASE"

1727 N.E. 11th Ave., P.O. Box 3768, Portland, Oregon 97208 U.S.A.
Telephone (503) 287-2411 • Toll Free (800) 547-8852
Telex 15-1323 • G3 Fax No. (503) 287-7225 • Cable: NIEDO

PLEASE HAVE THE U.S.D.A.
STOP THE EMBARGO ON
LUMBER, WHEAT, RICE, ETC
U.S.D.A. HAS PLACED ON IRAQ
AND RELEASE THE CREDITS!
THEY ARE HOLDING FOR
IRAQ. THANKS.
Salk...

**NATIONAL SECURITY COUNCIL
EXECUTIVE SECRETARIAT STAFFING DOCUMENT**

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RECEIVED

SYSTEM LOG NUMBER: 4114 add-on

90 MAY 1 1960

ACTION OFFICER: HAASS DUE: ASAP, 1 JUN

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| <input checked="" type="checkbox"/> Prepare Memo For Scowcroft/Gates | <input type="checkbox"/> Appropriate Action |
| <input type="checkbox"/> Prepare Memo For Cicconi | <input type="checkbox"/> Prepare Memo for Hughes |
| <input type="checkbox"/> Prepare Memo _____ | to _____ |

URGENT

CONCURRENCES/COMMENTS*

PHONE* to action officer at ext. 6900

- | FYI | FYI | FYI |
|---|---|-----------------------------------|
| <input type="checkbox"/> Basora | <input type="checkbox"/> Lampley | <input type="checkbox"/> Rostow |
| <input type="checkbox"/> Beers | <input type="checkbox"/> Levin | <input type="checkbox"/> Salvetti |
| <input type="checkbox"/> Blackwill | <input type="checkbox"/> Mahley | <input type="checkbox"/> Tilley |
| <input checked="" type="checkbox"/> Charles | <input type="checkbox"/> Mandel | <input type="checkbox"/> Tobey |
| <input type="checkbox"/> Coulson | <input checked="" type="checkbox"/> Melby | <input type="checkbox"/> Van Eron |
| <input type="checkbox"/> Davis | <input type="checkbox"/> Menan | <input type="checkbox"/> Watson |
| <input type="checkbox"/> Deal | <input type="checkbox"/> Merchant | <input type="checkbox"/> Welch |
| <input type="checkbox"/> Dorminey | <input type="checkbox"/> Miller | <input type="checkbox"/> Whitley |
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| <input type="checkbox"/> Grimes | <input type="checkbox"/> Pacelli | <input type="checkbox"/> Zelikow |
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| <input type="checkbox"/> Kitchen | <input type="checkbox"/> Rice | <input type="checkbox"/> _____ |
| <input type="checkbox"/> LaMagna | <input type="checkbox"/> Rodman | <input type="checkbox"/> _____ |

- INFORMATION Hughes Sittmann Exec. Sec. Desk
 Scowcroft (advance) Gates (advance) Secretariat

COMMENTS

Logged By

Return to Secretariat

THE WHITE HOUSE
WASHINGTON

DATE: May 22, 1990

FROM THE PRESIDENT



TO: Jim Cicconi

Please have someone look into this
and give me a report on it.

From the desk of
George Bush

Tim C

Based on this
Please have letter
to Niedmayer drafted
Saw him in Portland

THE WHITE HOUSE THE PRESIDENT HAS SEEN

WASHINGTON

5-31-90

1990 MAY 28

5:20 PM
7:58

May 27, 1990

INFORMATION

MEMORANDUM FOR THE PRESIDENT

FROM: BRENT SCOWCROFT

SUBJECT: Status of the Iraqi CCC Program

NOTED

Purpose

To provide an update on the commodity credit corporation (CCC) program for Iraq and to address allegations about a USDA embargo on the export of U.S. commodities to Iraq.

Background

Mr. Edward Niedermeyer, the President of Niedermeyer-Martin Company, which manufactures wood products in the United States, wrote you to ask that you stop an alleged USDA embargo on U.S. commercial exports to Iraq, including lumber, and that you release the U.S. credits on hold for Iraq. There is no USDA embargo on the products Mr. Niedermeyer mentioned; however, because the release of the second tranche of Iraq's CCC credits is on hold, Iraq has been unable to import these goods from U.S. manufacturers.

✓ Last fall we agreed to release only half of Iraq's annual \$1 billion CCC program and to consider releasing the second half in January of this year because of concerns about Iraqi activities. The second tranche has been on hold since then pending the results of a USDA investigation into the 1986 Iraqi CCC program (just completed) and a larger interagency policy review undertaken in the wake of a series of Iraqi misdeeds this year that you are aware of. The results of the interagency review and its recommendation on the second portion of the CCC program ✓ should be available by the end of May. Once a decision is reached on the second half of the CCC program, USDA will announce ✓ our decision publicly for the benefit of companies interested in doing business with Iraq.

cc: Vice President
Chief of Staff

Attachment

Tab A Note from Mr. Niedermeyer

FROM
THE WHITE HOUSE
WASHINGTON, D.C.

Mr. Edward C. Niedermeyer
President
Niedermeyer-Martin Company
1727 N.E. 11th Avenue
Post Office Box 3768
Portland, Oregon 97208



THE PRESIDENT

May 22, 1990

Dear Ed,

It was nice seeing you there in Portland; and, yes,
I did read your note.

I've asked my staff to check into the matter that you
inquire about.

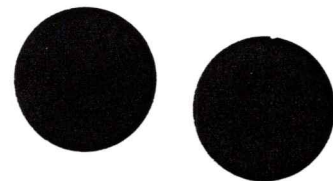
Warm regards.

Sincerely,

A handwritten signature in cursive, appearing to read "G. H. W. Bush".

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

May 23, 1990



ACTION

MEMORANDUM FOR BRENT SCOWCROFT

THROUGH: RICHARD N. HAASS *RM*

FROM: SANDRA CHARLES *SC*

SUBJECT: President's Query on Iraqi CCC Program

Attached at Tab I is a response to the President's request for a report on the Iraqi commodity credit corporation (CCC) program (Tab II). His interest was prompted by Mr. Edward Niedermeyer, the President of Niedermeyer-Martin Co., which manufactures wood products (Tab A). Mr. Niedermeyer wrote the President asking him to stop an alleged USDA embargo on lumber and other products to Iraq, and to release the hold on the Iraqi credit program.

Technically, there is no embargo on U.S. exports to Iraq; however, because the second tranche of the CCC program has not been released, Iraq has not been able to import any of these products. Since the President has given him an interim reply (Tab III) and since the interagency review of the CCC program will not be completed until next week, we do not believe a further reply to Mr. Niedermeyer is warranted at this time.

EM
Eric Melby concurs.

RECOMMENDATION

That you sign the information memorandum to the President at Tab I.

Attachments

- Tab I Memo to the President
- Tab A Note from Mr. Niedermeyer
- Tab II President's Note to Cicconi
- Tab III President's Letter to Mr. Niedermeyer

NATIONAL SECURITY COUNCIL EXECUTIVE SECRETARIAT STAFFING DOCUMENT

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SYSTEM LOG NUMBER: 4114

00 MAY 23 P12: 18

ACTION OFFICER: 18 ~~WELCH~~ *Chaker*

DUE: IMMEDIATELY, 23 MAY

- Prepare Memo For Scowcroft/Gates
- Prepare Memo For Cicconi
- Prepare Memo _____

- Appropriate Action
- Prepare Memo for Hughes
- to _____

URGENT

CONCURRENCES/COMMENTS*

PHONE* to action officer at ext. 3950

- FYI
- Basora
 - Beers
 - Blackwill
 - Charles
 - Coulson
 - Davis
 - Deal
 - Dorminey
 - Dyke
 - Gordon
 - Grimes
 - Haass
 - Hayden
 - Hutchings
 - Jackson
 - Kanter
 - Kitchen
 - LaMagna

- FYI
- Lampley
 - Levin
 - Mahley
 - Mandel
 - Melby
 - Menan
 - Merchant
 - Miller
 - Needels
 - Paal
 - Pacelli
 - Passage
 - Pilling
 - Popadiuk
 - Pryce
 - Rademaker
 - Rice
 - Rodman

- FYI
- Rostow
 - Salvetti
 - Tilley
 - Tobey
 - Van Eron
 - Watson
 - Welch
 - Whitley
 - Wilson
 - Working
 - Zelikow
 - _____
 - _____
 - _____
 - _____
 - _____
 - _____

- INFORMATION
- Hughes
 - Scowcroft (advance)

- Sittmann
- Gates (advance)

- Exec. Sec. Desk
- Secretariat

COMMENTS

Logged By *[Signature]*

Return to Secretariat