INFORMATION MEMORANDUM

SECRET/SENSITIVE

TO: Mr. Eagleberger

FROM: NEA - Nicholas A. Veliotis
PM - Jonathan Howe

SUBJECT: Iran-Iraq War: Analysis of Possible U.S. Shift from Position of Strict Neutrality

You asked for our views on the present validity of our policy of neutrality in the Iran-Iraq war and the implications of a shift from that position in favor of Iraq. This paper explores the issue of a policy change and reviews ways in which a change could be given practical effect.

THE PRESENT POLICY

When the war began three years ago, our poor relations with both combatants and concern for our security interests in the Gulf led us to reinforce air defenses by the deployment of AWACS to Saudi Arabia and to block the use of air bases in the Arabian Peninsula by Iraqi aircraft to reduce the threat of expansion of the war. Our neutrality policy evolved out of this preventative reaction. Until now, this policy has served our objectives and interests well. It has:

- avoided direct great power involvement;
- prevented spread of the war beyond the territory of the combatants to threaten Gulf oil supplies;
- contributed to the current military stalemate;
- preserved the possibility of developing a future relationship with Iran while minimizing openings for expansion of Soviet influence.

Two changes in the circumstances surrounding the war now raise the issue of whether this policy continues to best serve our objectives of stability in the Gulf and an eventual negotiated conclusion to the war which return the parties substantially to the status quo ante.
-- Bilateral relations with Iraq have improved over the last three years while relations with Iran continue to be virtually non-existent;

-- The Iranian strategy of bringing about the Iraqi regime's political collapse through military attrition coupled with financial strangulation seems to be slowly having an effect.

Iraq appears to have concluded that it must change the strategic situation or risk eventual Iranian success. It has elected to do this by attempting to secure from France the Super Etendard-Exocet system with which to threaten interdiction of Iranian oil exports—thereby hoping to exert irresistible economic pressure for a settlement, perhaps also involving great power intervention. The current delay in French delivery of this system is, we believe, only temporary, while public concern about escalation of the war, and the possibility of its affecting exports from the other oil producers, subsides. Nonetheless, Iraqi Foreign Minister Aziz left no doubt, in the hard line he took when meeting with the Secretary last week, about Iraq's annoyance with these delays and determination to overcome them. The Secretary responded that this Administration does not react well to threats.

The changed circumstances could lead to either of two results which would be seriously adverse to our interests: (a) Iraqi attacks on Iranian oil facilities intended to interdict exports could cause Iran to try to prevent through force all oil exports; (b) sustained Iranian pressure could, over the next year, bring about Iraq's political collapse. It is in this context that a possible tilt toward Iraq should be considered.

A TILT TOWARD IRAQ: WHAT IT MIGHT INCLUDE

There are three areas of possible actions we might take to bolster Iraqi financial, diplomatic and military.

FINANCIAL: Iraq's annual foreign exchange expenditure, at present rates, is estimated to be $12 billion for military and $6 billion for commercial imports. Its foreign exchange earnings from oil exports are running at $6 billion yearly. Financing from Saudi Arabia and the Gulf states has fallen from a rate of about $1 billion monthly during the first half of the
war to less than half of that rate. Iraq has made up the shortfall by nearly exhausting its reserves, deferring payments and by obtaining additional supplier credits, but these measures are only stopgap.

Increasing financial assistance to Iraq does not seem feasible. Following the Secretary's first meeting with Tariq Aziz last winter, we explored what might be done through international financial institutions and found the possibilities to be so meager as not to provide significant relief. Additionally, any support we might give Iraq in securing access to such funds is severely restricted by various legal and policy constraints. U.S. intervention with Iraq's Arab contributors seems likely to be less effective than what Iraq—as the bulwark against Khomeinism—can do for itself as well as likely to detract from the approaches we continue to make, especially to the Saudis, on behalf of other aid recipients.

Supporting Iraq in exporting more oil is more promising. The capacity of its pipeline across Turkey is being expanded by about 25% by work to be completed late next spring. We have told Turkey that we endorse the strong position it has taken with Iran on the security of that line. Iraq is working out arrangements, involving American firms, which will enable it to build a pipeline that will connect to the pipeline across Saudi Arabia to the Red Sea. However, this link cannot be completed before the end of 1984 at the earliest and, therefore, offers no early relief. Promoting a security environment in which Iraq could fairly quickly (six months) restore some oil export capacity (up to 500,000 b/d) from its damaged facilities at the head of the Gulf would provide the most immediate effective relief, although there are difficulties and uncertainties associated with such a project. We have begun work in New York on an approach through the U.N. which would seek to exempt the oil facilities and shipping of both combatants from further attack.

Additionally, we have encouraged the GCC states to try to persuade Syria to reopen the 1.2 million b/d line across its territory.
DIPLOMATIC: The Secretary’s meetings with Iraqi Foreign Minister Tariq Aziz have raised the level of visibility of our dialogue with Iraq over the last year. In your recent meeting with MFA Under Secretary Ismat Kittani, you told him directly that Iraq’s defeat by Iran would not be in the U.S. interest. Contacts through Turkey have sought to reassure Iraq about the sincerity of our interest in seeing an agreed end to the fighting and our efforts to withhold U.S. military equipment from both sides; this has been only partially successful.

To some extent, our expressions of concern to France and others about the increased risk of escalation from delivery of Super Etendard aircraft is regarded by Iraq as having blocked their being supplied, at least temporarily. This modestly successful effort has caused Iraq to threaten to downgrade our relations again. (There are current unconfirmed press reports that the aircraft have left France for Iraq.)

The initiative we are fostering in the U.N. to discourage further attacks on oil-related facilities in the Gulf aims not only at enabling Iraq to meet its financial needs by increasing oil exports—thereby vitiating Iran’s strategy of economic strangulation and reducing the motivation for Iraq to escalate the war—but also at establishing an area of tacit agreement between the parties on which an eventual ceasefire could be built. This approach is subtle and fragile but promising, provided that it offers benefits to Iran (such as enabling the leaking wells to be capped and construction work on a petrochemical complex at Bandar Khomeni to resume) backed by the threat of severe Iraqi retaliation if Iran is the first to attack oil facilities again.

Other actions we could take include:

(a) More explicit statements of support for the territorial integrity of Iraq and the survival of its present government. These would only confirm the Iranian regime’s belief that Iraq is an instrument of U.S. policy without having any positive impact. Such statements would probably damage Saddam Hussein’s credibility among both internal and external supporters while giving a propaganda opening to Syria.

(b) Intensified efforts to assure that U.S.-controlled military items do not reach:

(1) either combatant: We do not have evidence to support the allegations of significant evasion of U.S. export
controls. But, as was recently done in the case of Korea, we could strongly reaffirm to our friends our opposition to provision of any U.S.-controlled equipment. This, we believe, would have limited military effect, but it would demonstrate to Iraq the seriousness of our effort to keep U.S. arms out of the conflict.

(2) Iran only: This approach would reduce the force of our argument while doing little for Iraq, which does not have U.S. arms in its inventory and has ready access to alternative suppliers.

MILITARY: There are other possible actions which could be taken to seek to affect the military balance:

(a) Seek to discourage the supply of critical equipment to Iran. While difficult to carry out because of the sensitive nature of some of the information which might have to be revealed in a determined effort and because we have only moral suasion to counter commercial incentive, such action, if successful, would have some medium-term effect on Iran's attack capabilities. However, we could not influence Iran's main supplier which is North Korea.

(b) Permit U.S.-controlled equipment to reach Iraq through third parties. (This assumes insufficient domestic support to be able to supply U.S. equipment directly.) New sources or types of military equipment are not needed by Iraq. Moreover, the types of equipment we could supply would be restricted by legal requirements, such as the prohibition on supplying arms through a third party which we cannot supply directly. Also, we would expect sharp resistance in Congress to establishment of any kind of arms sale relationship with Iraq. An openly partisan position on arms supply would reduce our ability to provide leadership on initiatives—such as the current UN approach—to try to limit and stop the fighting.

(c) We do not consider the commitment of U.S. forces to defend Iraq a serious possibility and, therefore, raise only the prospect of U.S. participation in multilateral protection of Iraqi oil export operations. (Unilateral U.S. action would encounter so much greater political opposition and risk that we consider it also to be infeasible.) If Iran were to attack Iraqi oil installations in the Gulf again, the U.S.—in
conjunction with its friends and allies--could help Iraq defend its oil export operations. The way in which we approach such a commitment would be important in determining whether we were entering into a state of war with Iran--with the domestic and international political burdens that would imply. It would have to be done in the context of keeping the Gulf open for international oil shipments generally rather than characterized as an effort to protect only Iraqi oil exports. Also, before taking any military actions, we would need first to take a number of political and diplomatic steps to establish a firm case that we had taken every possible peaceful measure to help resume the oil flow before we moved on to more serious military options. UN, GCC and US/Allied actions/statements supporting freedom of navigation in the Gulf could help to create a more favorable climate. The US willingness to take firm action would reassure the Gulf states of our support for their security. Such a step should also improve US-Iraqi relations, contribute to a further moderation of Iraqi policies and begin the process of restoring Iraq as a counterweight to Syrian influence.

There are some serious risks, however, associated with such action, many of which would depend on the extent of US involvement:

--- Direct U.S. and multinational military support for Iraq could provoke greater escalation by Iran and further defer any improvement in our relations in the post-Khomeini period. (We would be in a position which may make direct attacks on Iran necessary to defend Iraqi facilities.) The more active the tilt, the more predictable the response.

--- No matter how we attempt to portray our actions as having the general aim of keeping the Gulf open for oil shipments, they will be seen as specifically supporting Iraq in its war with Iran.

--- As a practical matter, it may be very difficult if not impossible, to obtain Allied and Gulf state participation in an active defense, though the French are likely to be willing to provide equipment and advisors. Nonetheless,
protracted defense of Iraqi oil shipments would require staging areas in the northern Gulf and the active assistance and support of Saudi Arabia and the shaikhdoms.

- Defense of Iraqi oil facilities, even with active measures, cannot be guaranteed and would be difficult to sustain, militarily and financially, in light of numerous other worldwide military commitments.

- Congressional and public support for an overt tilt to Iraq would be difficult to obtain.

- Israel and Syria would object strongly to any US military action to assist Iraq.

**ASSESSMENT**

Our policy of strict neutrality has already been modified, except for arms sales, since Iran's forces crossed into Iraq in the summer of 1982. The steps we have taken toward the conflict since then have progressively favored Iraq. (We assume that other actions not discussed here, such as providing tactical intelligence, would continue as necessary.)

We believe there would be a net advantage to seeking more actively to restrict, so far as possible, all U.S.-controlled equipment transfers to both parties (which would have little or no effect on military capabilities but would strengthen our credibility with the Iraqi regime) and also acting to discourage shipment to Iran of critical equipment from non-communist sources. Other military or quasi-military options have more disadvantages than advantages. Moreover, we need to continue to be cautious about tilting so far toward Iraq that either Iraq is able to force a level of U.S. support we may not wish to provide (such as military protection of transport in the Gulf) or that we become identified with a regime whose longer-term political prospects remain uncertain. Consequently, we propose that you authorize, by further
instructions to us, approaches to government which have transferred U.S.-controlled equipment to Iran or Iraq, or might do so.

In addition, the qualified tilt which we have in fact practiced for over a year..s again being wratcheded one notch higher through the UN approach we are pursuing to assist Iraq to resume oil exports through the Gulf. It balances our interest in seeing that Iraq is not defeated with our interest in avoiding an escalation which could draw us directly into the conflict -- while doing nothing to worsen our position with respect to Iran.

More broadly, we see significant advantage in maintaining an overall posture of neutrality. What we propose here would be within such broad limits. However, this further tilt toward Iraq would, we believe, have the following political effects in the region:

- further improve our bilateral relations with Iraq and encourage its non-alignment;

- support our objective of avoiding Iraq's collapse before revolutionary Iran without going so far as to alarm Israel.

This paper only reviews the issue of tilting toward Iraq. An inter-agency working group is currently reviewing U.S. response options should Iran threaten an attempt to close the Gulf and near-term measures which might be taken to deter such events.
INFORMATION MEMORANDUM

TO: The Secretary

FROM: PM - Jonathan T. Howe

SUBJECT: Iraq Use of Chemical Weapons

We have recently received additional information confirming Iraqi use of chemical weapons. We also know that Iraq has acquired a CW production capability, primarily from Western firms, including possibly a U.S. foreign subsidiary. In keeping with our policy of seeking to halt CW use wherever it occurs, we are considering the most effective means to halt Iraqi CW use including, as a first step, a direct approach to Iraq. This would be consistent with the way we have handled the initial CW use information from Southeast Asia and Afghanistan, i.e., private dealings with the Laos, Vietnamese and Soviets.

As you are aware, presently Iraq is at a disadvantage in its war of attrition with Iran. After a recent SIG meeting on the war, a discussion paper was sent to the White House for an NSC meeting (possibly Wednesday or Thursday this week), a section of which outlines a number of measures we might take to assist Iraq. At our suggestion, the issue of Iraqi CW use will be added to the agenda for this meeting.

If the NSC decides to take action, we should be able to assist Iraq in the context of influencing cessation of CW use. It is, however, important that we approach Iraq very soon in order to maintain the credibility of U.S. policy on CW, as well as to reduce or halt what now appears to be Iraq's almost daily use of CW.
BACKGROUND ON IRAQI USE OF CHEMICAL WEAPONS

2. SUMMARY: IRAN HAS ANNOUNCED THAT IRAQ HAD USED PROHIBITED CHEMICAL WEAPONS (CWs) AND HAS REQUESTED THE UNSF YO INVESTIGATE EARLIER IRAQI STATEMENTS TO CORROBORATE THIS CHARGE.

PRESENT MESSAGE PROVIDED FOR YOUR BACKGROUND ONLY. SELF-TEL MAY REQUEST FOLLOW-UP ACTION. END SUMMARY.

3. REFERENCES IN IRAQI PUBLIC STATEMENTS OVER THE PAST YEAR CORROBORATE IRAQ'S OCTOBER 22 CHARGE THAT IRAQ HAS USED PROHIBITED CW IN CONTRAVENTION OF ITS TREATY.
OBLIGATIONS. ON NOVEMBER 8, IRAN REQUESTED THE UNSC TO INVESTIGATE. IRAN HAD MADE SIMILAR CHARGES DURING THE 1949 WAR, WHICH IRAQ HAD DENIED.


IN JULY AND AUGUST 1983, THE IRAQIS RECENTLY USED A CHEMICAL AGENT WITH LETAL EFFECTS AGAINST AND IRANIAN FORCES INVADE IRAQ AT HAJS UNHAR AND MORE RECENTLY AGAINST KURDISH INSURGENTS.

5. IRAQI MEDIA HAVE QUOTED IRAQ'S PRESIDENT SADDAM HUSSEIN AS SAYING, "THERE IS A WEAPON FOR EVERY BATTLE AND WE HAVE THE WEAPON THAT WILL CONFRONT GREAT NUMBERS." MILITARY COMMUNIQUES OVER THE PAST YEAR HAVE REFERRED TO "ALL KINDS OF WEAPONS" BEING USED TO REPEL THE IRANIANS. ON DECEMBER 18, 1982, IRAQ CLAIMED IT WOULD RETALIATE FOR AN IRANIAN-CITED TERRORIST BOMBSING IN BAGHDAD "WITH MORE THAN ONE MEANS--HE WHO FOREMANS IS EXCUSED." A MILITARY COMMUNIQUÈ WARNED THE IRANIANS AGAINST VIOLATING INTERNATIONAL HORMS AND ChARTERS, PERHAPS TRYING TO ESTABLISH A PRETEXT FOR USING CW IN VIOLATION OF INTERNATIONAL PROTOCOLS. IN AN INTERVIEW PUBLISHED FEBRUARY 13, 1983, IN ARABIC IN AL-HAVADITH, DEFENSE MINISTER KHALAF ALLAH EVAS A QUESTION ON IRAQ'S POSSESSION OF A POISON GAS WEAPON. THE AL-HAVADITH INTERVIEW DID NOT CONFIRM IRAQ'S DEVELOPMENT OF CW, BUT IT PUT THE QUESTION INTO THE PUBLIC DOMAIN. ON APRIL 12, 1983, IRAQ AGAIN WARNED OF "NEW WEAPONS...TO BE USED FOR THE FIRST TIME IN WAR...NOT USED IN PREVIOUS ATACKS BECAUSE OF HUMANITARIAN AND ETHICAL REASONS...THAT WILL DESTROY ANY MOVING CREATURE."

6. IRAQ HAS A LIMITED INDIGENOUS CAPABILITY TO PRODUCE AND DEPLOY CW. FOR EXAMPLE, IRAQ MAY BE ABLE TO PRODUCE MUSTARD GAS FROM CHEMICAL INTERMEDIARIES PROCURED ABROAD. THE SOVIETS HAVE EQUIPPED AND TRAINED THE IRAQI FORCES IN CHEMICAL WEAPON USE.

...
8. Over many decades the U.S. has sought to deter the use of lethal and incapacitating CW when their use appeared to loom as a possibility. Iraq's use of lethal or incapacitating CW could further undercut an important agreement observed by nearly all nations against chemical warfare. Introduction of CW to the Gulf war represents an escalation of hostilities that could render still more remote the possibility of a ceasefire and negotiations. Furthermore, Iraq's use of CW gives the Iranians a powerful propaganda tool against the Iraqi regime, setting world opinion against Iraq at a time when Iran enjoys little international sympathy. Beyond the humanitarian and security/proliferation concerns, these facts should offset the attractiveness to Iraq of using prohibited CW.

9. Both Iran (in 1929) and Iraq (in 1933) have ratified the Geneva Protocol of 1925 prohibiting the use of chemical weapons. Iraq attached conditions to its accession, having the effect of a "no first use" clause, but its commitment not to use unless attacked with such weapons is unequivocal. Iran attached no conditions to its ratification of the protocols. There is some question whether Iran may have used chemical agents at one point early in the war.

10. The existing convention prohibits only the use of lethal and incapacitating CW. No international treaty yet forbids development, production, or deployment of lethal and incapacitating CW. The U.S. and others have been negotiating for such a treaty for a number of years. Also, we do not interpret the Geneva Protocol as applying to riot control agents as opposed to lethal and incapacitating chemicals. We limit their use to defensive military nodes to save lives, e.g., controlling rioting P2O5, dispersing civilian "screens" of attacks, rescue operations in isolated areas, and protecting convoys outside the combat zone.
12. HERETOFORE WE HAVE LIMITED OUR EFFORTS AGAINST THE IRAQI CU PROGRAM TO CLOSE MONITORING BECAUSE OF OUR STRICT NEUTRALITY IN THE GULF WAR, THE SENSITIVITY OF SOURCES, AND THE LOW PROBABILITY OF ACHIEVING DESIRED RESULTS. HOWEVER, WITH THE ESSENTIAL ASSISTANCE OF FOREIGN FIRMS, IRAQ HAS BECOME ABLE TO DEPLOY AND USE CU AND PROBABLY HAS BUILT UP LARGE RESERVES OF CU FOR FUTURE USE. GIVEN ITS DESPERATION TO END THE WAR, IRAQ MAY AGAIN USE LETHAL OR INCAPACITATING CU, PARTICULARLY IF IRAN THREATENS TO BREAK THROUGH IRAQI LINES IN A LARGE-SCALE ATTACK.

SOURCE REPORTING NOT AVAILABLE THERE MAY BE STEPS WE AND OTHERS COULD TAKE TO DETER FURTHER IRAQI USE OF PROHIBITED CU.

12. ADDRESS SHOULD TAKE NO/ACTION ON THIS ISSUE UNTIL INSTRUCTED SEPARATELY...
1. **SEPTEL PROVIDES BACKGROUND ON U.S. POLICY ON NON-PROLIFERATION OF PROHIBITED CHEMICAL WEAPONS (CW) AND INFORMATION ON IRAQI USE OF PROHIBITED CW IN CONTRAVENTION OF TREATY.**

2. **OUR PRIMARY POLICY HAS BEEN TO PREVENT USE OF PROHIBITED CW. IN THE CASE OF IRAQ, OUR PURPOSE IS TO DETER FURTHER USE. THE SENSITIVITY OF REPORTING ON THIS SUBJECT HAS PRECEDED DISCUSSING IT WITH FOREIGN GOVERNMENTS. IRAQ'S OCTOBER 22 ANNOUNCEMENT THAT IRAQ HAS USED PROHIBITED CW, AND ITS NOVEMBER 8 REQUEST TO THE**
UNSG TO INVESTIGATE, PROVIDE BOTH AN OPENING AND THE NECESSITY TO RAISE THIS ISSUE IN BAGHDAD, AND PERHAPS LATER WITH FRIENDS WHO ARE IN A POSITION TO INFLUENCE THE IRAQI DECISION TO USE PROHIBITED CW.

4. IN KEEPING WITH THE GRAVITY OF OUR LONG-STANDING CONCERN OVER CW PROLIFERATION AND PAST PRACTICE IN EXPRESSING THIS CONCERN, WE ARE CONSIDERING HOW TO RESPOND TO DEVELOPMENT OF THE ISSUE IN THE UN. WE DO NOT WISH TO PLAY INTO IRAN’S HANDS BY FUELING ITS PROPAGANDA AGAINST IRAQ.

5. PLEASE PRESENT THE FOLLOWING POINTS IN APPROPRIATE MANNER TO FOREIGN MINISTER TARIG AZIZ:

-- AS YOU ARE AWARE, THE USG IS VERY CONCERNED WITH THE PRESENT OVERALL SITUATION IN SOUTHWEST ASIA. WE STRONGLY SUPPORT A NEGOTIATED SETTLEMENT.

-- IT IS THUS IN A CONSTRUCTIVE SPIRIT THAT WE NOW RAISE WITH YOU AN ISSUE OF GREAT SENSITIVITY AND IMPORTANCE TO THE USG, NAMELY, PROHIBITED USE OF LETHAL CHEMICAL WEAPONS.

-- WE RAISE THE ISSUE NOW NEITHER TO ENTER INTO A CONFRONTATIONAL EXCHANGE WITH YOU, NOR TO SEND SUPPORT TO THE VIEW OF OTHERS, BUT, RATHER, BECAUSE IT IS A LONG-STANDING POLICY OF THE U.S. TO OPPOSE USE OF LETHAL CW.

-- WE ALSO RAISE THE MATTER NOW BECAUSE WE BELIEVE CONTINUED IRAQI USE OF CW WILL PLAY INTO THE HANDS OF THOSE WHO WOULD WISH TO ESCALATE TENSIONS IN THE REGION, AS WELL AS CONSTRAIN THE ABILITY OF THE USG TO PLAY A HELPFUL ROLE IN THE REGION.

-- WE NOTE THAT IRAQ LONG AGO ACCEDED TO THE 1925 GENEVA PROTOCOL BANNING THE USE OF CW. WE BELIEVE IRAQ’S SCRUPULOUS ADHERENCE TO THAT PROTOCOL IS IMPORTANT TO AVOID DANGEROUS ESCALATION OF THE WAR, TO MAINTAIN THE HOPE OF BRINGING IRAN TO THE NEGOTIATING TABLE, AND TO AVOID PROVIDING IRAN WITH A POTENT PROPAGANDA WEAPON AGAINST IRAQ.

-- WE HOPE YOU WILL RECEIVE OUR REPRESENTATION IN THE SPIRIT IT IS INTENDED.
RELEASED IN PART B1 S/1 NODIS FILE

ACTION MEMORANDUM

ORIGINAL TO: NODIS FEBE NOV 21 11159

COPIES TO:

TO: P - Lawrence S. Bagleburger
S/S - Jonathan T. Howard
FM - Richard W. Murphy

S/S-S:DIR

SUBJECT: Iraqi Use of Chemical Weapons

NODIS FILE: ISSUE FOR DECISION

(jab)

Whether to instruct USINT Baghdad to raise issue of Iraqi CW use and urge cessation.

ESSENTIAL FACTORS

We have recently received additional information confirming Iraqi use of chemical weapons (CW). We also know that Iraq has acquired a CW production capability, primarily from Western firms, including possibly a U.S. foreign subsidiary. (A cable detailing U.S. CW policy and available information on Iraqi use of CW is at Tab 2.) In keeping with our policy of seeking a halt to CW use whenever it occurs, we have been considering the most effective means to halt further Iraqi CW use including, as a first step, a direct approach to Iraq.

In October Iran accused Iraq of using CW and on November 8 it requested the UNSYG to investigate. Iran also stated it would soon submit a report providing information and evidence on Iraqi CW use, but has not yet done so. We do not know whether or when this issue will develop further at the UN. It is important to make our approach to the Iraqis on this issue as early as possible, in order to deter further Iraqi use of CW as well as to avoid unpleasantly surprising Iraq through public positions we may have to take on this issue.

If you approve the demarche to Iraq, we will submit further recommendations for your consideration on how to handle the issue in the UN if it arises there, as well as on whether we should raise with selected European governments the fact that national firms are selling to Iraq CW production related technology.

DEPARTMENT OF STATE

MED-252039-PB-9302-142

DECL: OADR

MUCROFILMED

BY S/SJ
RECOMMENDATION

That you approve the instruction to USINT Baghdad at Tab 1 and the cable providing additional background on Iraqi CW use at Tab 2.

Approve Disapprove

Attachments:

Tab 1 - Instruction cable to US Interests Section Baghdad.
Tab 2 - Information cable on US CW Policy and Iraqi CW use.

Drafted: PM/TMP; JLeonard; PHariner; NEA/ARN; PFricciardone
11/17/83; ph. 632-4514
WANG 2611P

Clearances: PM - ARaphael
PM/TMP - CGrobel
PM/P - Rlivers
PM/RSA - PFheros
NEA/ARN - DLMack
NEA - JAPlacke
L - MMatheson
IO/UMP - CEDillery
P - AKanter
I have reviewed and approved the Terms of Reference to govern our political and military consultations with our key Allies and the Gulf Arab states. Political consultations should begin immediately followed by military consultations with those Allies and regional states which express a willingness to cooperate with us in planning measures necessary to deter or defend against attacks on or interference with non-belligerent shipping or on critical oil productions and transhipment facilities in the Persian Gulf.

In our consultations we should assign the highest priority to access arrangements which would facilitate the rapid deployment of those forces necessary to defend the critical oil facilities and transhipment points against air or sapper attacks. Specific recommendations bearing on U.S. plans and force deployments should be submitted for approval following the consultations.

It is present United States policy to undertake whatever measures may be necessary to keep the Strait of Hormuz open to international shipping. Accordingly, U.S. military forces will attempt to deter and, if that fails, to defeat any hostile efforts to close the Strait to international shipping. Because of the real and psychological impact of a curtailment in the flow of oil from the Persian Gulf on the international economic system, we must assure our readiness to deal promptly with actions aimed at disrupting that traffic. The Secretary of Defense and Chairman, Joint Chiefs of Staff, in coordination with the Secretary of State, are requested to maintain a continuing review of tensions in the area and to take appropriate measures to assure the readiness of U.S. forces to respond expeditiously.
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Page 01

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APPROVED BY NEA:RHPELLETREAU
NEA/ARN:OLMACK

S/SN: THILLER
S/S-N:CRDSS

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TO USINT BAGHDAD IMMEDIATE

SECRET STATE 346516

FOR EAGLETON FROM PELLETREAU

E.O. 12356: DECL: OAO
TAGS: OVIP, PREL, US, IZ
SUBJECT: RUHSFELD VISIT TO IRAQ

REF: BAGHDAD 3062

1. (S) - ENTIRE TEXT.

2. AMBASSADOR RUHSFELD IS PLEASED WITH THE POSITIVE
RESPONSE IN PRINCIPLE TO YOUR SOUNDING. HE DEFINITELY
WISHES TO COME TO BAGHDAD, AND HAS AN OPENING IN HIS VERY
TIGHT SCHEDULE THE EVENING OF THE TWELFTH AND MORNING OF
THE THIRTEENTH. HE DOES NOT THINK THE VISIT WILL BE
WORTHWHILE UNLESS HE HAS AN APPOINTMENT WITH PRESIDENT
SADDAM HUSSEIN. HE PROBABLY WILL BE CARRYING A
PRESIDENTIAL MESSAGE FOR SADDAM. YOU SHOULD SEEK GOI
APPROVAL FOR A VISIT ON THESE DATES.

SECRET

Page 02

STATE 346516

3. HE WOULD LIKE YOUR THOUGHTS ON SHAPING THE VISIT.

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WHICH ITEMS DO WE WANT UP FRONT AND HOW SHOULD WE APPROACH THE IRAQIS TO GET THEM? IN OTHER WORDS, HOW CAN WE USE THIS VISIT TO GET OUT OF THE GOI CERTAIN THINGS WE MAY DESIRE. WHAT ELSE ARE THEY LIKELY TO RAISE AND HOW SHOULD WE RESPOND?

5. PLEASE CABLE RESPONSE TO BEIRUT BY SATURDAY, DEC. 10, OR TO LONDON AND PARIS IF AN ANSWER IS AVAILABLE BY COB DEC. 7. PARTY WILL BE IN TRANSIT FROM PARIS TO BEIRUT ON DEC 8. SLUG RESPONSE FOR TOM MILLER. OAH
2. DURING MEETING TODAY, DEC 10, WITH UNDERSEC SAHAF AT THE FOREIGN MINISTRY, I GAVE HIM A LIST OF MEMBERS OF THE Rumsfeld PARTY AND PRELIMINARY INFORMATION ON THE AIRCRAFT AND CREW. SAHAF AND FORMMIN TARIQ AZIZ WILL BE LEAVING FOR CHINA DEC 11 OR 12, BUT HE SAID EVERYTHING WILL BE READY FOR A VISIT AS EARLY AS DEC 17 ARRIVAL WITH SUBSTANTIVE MEETINGS DEC 18.

3. I TOLD SAHAF THAT PERHAPS THE GREATEST BENEFIT OF THE VISIT WILL BE THE ESTABLISHMENT OF DIRECT CONTACT BETWEEN AN ENVOY OF PRESIDENT REAGAN AND PRESIDENT SADDAM HUSSEIN. SAHAF REPLIED THAT THE VISIT WOULD PROBABLY BEGIN WITH A CONFIDENTIAL CONFIDENTIAL
CONFIDENTIAL

AZIZ, WHO WOULD BE ACCOMPANIED BY SAHHAF AND POSSIBLY KITTANI. THIS WOULD BE FOLLOWED BY A MORE RESTRICTED MEETING WITH SADDAM HUSSEIN.

4. AT SAHHAF'S REQUEST I LISTED TOPICS FOR DISCUSSION AS: THE GULF WAR, MIDDLE EAST PEACE, LEBANON, SYRIA, AND ANY OTHER QUESTION THAT THE IRAQIS WISH TO RAISE.

5. SAHHAF SAID THE IRAQIS WILL ARRANGE HOTEL ACCOMMODATIONS FOR THE ENTIRE PARTY AND NECESSARY TRANSPORTATION. IF IT FITS IN WITH YOUR SCHEDULE, I BELIEVE AN OVERNIGHT STOP WOULD BE APPRECIATED BY THE HOSTS THOUGH I WARNED THEM THAT YOUR STOP IN BAGHDAD WOULD BE SHORT AND YOUR PROGRAM CONFINED TO OFFICIAL CONTACTS AND DISCUSSIONS WITH US REPS (IF YOU WISH ANYTHING ELSE, PLEASE LETS US KNOW). AS SOON AS WE HAVE YOUR BAGHDAD ETA AND ETD WE WILL PIN DOWN THE IRAQIS ON THE PROGRAM AND OBTAIN NECESSARY OVERFLIGHT AND LANDING CLEARANCES.

6. BEIRUT MINIMIZE CONSIDERED. EAGLETON
SECRET

PAGE 01

BAGHDAD 03101 01 OF 02 1410592

ACTION SS-25

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PAGE 02

BAGHDAD 03101 01 OF 02 1410592

AND-TAKE WITH AMERICANS, WITH SADDAM HUSSEIN, HOWEVER, THIS WILL

SECRET

FOR AMB RUNSFELD'S PARTY: FOR TON HILLER

EO 12356 DECL: OADR

TAGS: O VIP

SUBJ: TALKING POINTS FOR AMB RUNSFELD'S MEETING WITH TARIQ AZIZ AND SADDAM HUSSEIN

1. S - ENTIRE TEXT

2. WE ANTICIPATE TWO MEETINGS IN BAGHDAD, THE FIRST WITH DEPUTY PM AND FORMER MINISTER AZIZ AND THE SECOND WITH PRESIDENT SADDAM HUSSEIN. I DO NOT BELIEVE THERE ARE LIMITS ON NUMBERS OF US PARTICIPANTS IN THE TARIQ AZIZ MEETING SO AMB RUNSFELD SHOULD INDICATE HIS PREFERENCE RE THE AMERICAN SIDE. HOWEVER, UNDERSEC SAHAF TOLD US THAT THE IRAQI PRACTICE IS THAT ONLY THE VISITOR AND THE LOCAL CHIEF OF MISSION WOULD ATTEND A MEETING WITH SADDAM HUSSEIN. WHEN I SUGGESTED THE POSSIBILITY OF PELLETREAU ALSO ATTENDING, HE SAID THIS COULD BE CONSIDERED. IF AMB RUNSFELD WANTS PELLETREAU OR SOMEONE ELSE TO ATTEND, WE CAN REENUM THE REQUEST.

3. THE SECRETARY AND A NUMBER OF AMERICAN VISITORS HAVE MET WITH TARIQ AZIZ DURING THE PAST TWO YEARS, AND I HAVE RELATIVELY EASY ACCESS TO HIM. HENCE, HE IS ACCUSTOMED TO A RELAXED GIVE-SECRET SECRET

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BE A FIRST, HE HAS PREVIOUSLY MET PRESS REPS AND AT LEAST ONE CONGRESSMAN (SOLARZ IN AUG 82) BUT HE HAS NOT RECEIVED A REP OF THE EXECUTIVE SIDE OF THE USG. HENCE, A MAJOR OBJECTIVE IN THE MEETING WITH SADDAM IS TO INITIATE A DIALOGUE AND ESTABLISH PERSONAL RAPPORT. "IN THAT MEETING AMB RUMSFELD WILL WANT TO EMPHASIZE HIS CLOSE RELATIONSHIP WITH PRESIDENT REAGAN AND THE PRESIDENT'S INTEREST IN REGIONAL ISSUES. IN BOTH MEETINGS QUESTIONS ARE ALMOST AS IMPORTANT AS ANSWERS, SO SEVERAL HAVE BEEN INCLUDED IN THE FOLLOWING POINTS (REQUESTED BY AMB RUMSFELD) WHICH ARE FOR BOTH MEETINGS:

I. THE GULF WAR

A. RUMSFELD

-- PRESIDENT REAGAN AND THE USG ARE COMMITTED TO A SUSTAINED EFFORT TO HELP END THE WAR WHICH WE SEE AS A TRAGEDY FOR THE COMBATANTS AND DETRIMENTAL TO OUR INTERESTS AND THOSE OF OUR FRIENDS IN THE AREA.

-- THE USG RECOGNIZES IRAQ'S CURRENT DISADVANTAGE IN A WAR OF ATTRITION SINCE IRAN HAS ACCESS TO THE GULF WHILE IRAQ DOES NOT AND WOULD REGARD ANY MAJOR REVERSAL OF IRAQ'S FORTUNES AS A STRATEGIC DEFEAT FOR THE WEST.

-- THE USG STRONGLY SUPPORTS UNSC 540 AND WILL CONTINUE EFFORTS TO BRING IRAN TO ACCEPT OR ACQUIESCE IN ITS TERMS.

-- THIS REQUIRES DIPLOMATIC AND ECONOMIC PRESSURES AS WELL AS MILITARY POTENTIAL. ALTHOUGH OUR ABILITY TO INFLUENCE IRAN IS ADMITTEDLY LIMITED, PREMATURE USE OF MILITARY FORCE IN THE GULF WILL IMPEDIE EFFORTS TO INFLUENCE IRAN AND WILL NOT GUARANTEE SECRET
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THE ACHIEVEMENT OF IRAQ'S OBJECTIVES.

-- BEFORE CONSIDERING EXTENDING MILITARY OPERATIONS IN THE GULF, WE BELIEVE IRAQ SHOULD MAINTAIN THE MORAL HIGH GROUND BY FIRST EXHAUSTING ALL POSSIBILITIES UNDER UNSC 540 TO OPEN THE GULF TO IRAQI SHIPPING.

-- THE US LOOKS WITH FAVOR ON OTHER MEANS, SUCH AS THE EXPANSION OF IRAQI PIPELINE CAPABILITIES THROUGH SAUDI ARABIA AND POSSIBLY ELSEWHERE TO REDRESS THE IRAN-IRAQ OIL EXPORT
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IMBALANCE.

B. IRAQI SIDE

-- IRAQ IS SEEKING A DIPLOMATIC SETTLEMENT BUT MUST BACK THIS WITH MILITARY PRESSURE.

-- IRAQ WANTS ALL COUNTRIES TO CEASE SUPPLYING IRAN WITH ARMS.

-- ARMS PROVIDED BY ISRAEL MAY NOT BE LARGE IN NUMBERS BUT THEY ARE VITAL ITEMS SUCH AS SPARE PARTS FOR ADVANCED WEAPONRY.

-- TRADE WITH IRAN WHICH STRENGTHENS IRAN MILITARILY, PARTICULARLY PETROLEUM PURCHASES, SHOULD BE CURTAILED, OR USED TO PUT PRESSURE ON TEHRAN TO END THE WAR.

-- THE US COULD DO MORE TO INFLUENCE ITS ALLIES TO DEPRIVE IRAN OF THE MEANS TO CONTINUE THE WAR.

-- (POSSIBLE) THE US COULD LIFT RESTRICTIONS ON SOME MILITARY ITEMS IRAQ WISHES TO PURCHASE FROM THIRD PARTIES.

-- IRAQ DOES NOT WISH TO ESCALATE IN THE GULF BUT WILL CONTINUE TO INTERDICT IRANIAN SHIPPING AND TAKE OTHER APPROPRIATE MEASURES SO LONG AS IRAN REFUSES TO ACCEPT UNSC 946 AND IRAQ'S RIGHT TO SECRET SECRET

PAGE 04 BAGHDA 03101 01 OF 02 1410591 USE THE GULF.
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II. MIDDLE EAST PEACE

A. Rumsfeld

-- Rumsfeld would probably open with a description of his mission, followed by questions re the Iraqi attitude toward:
   (A) the Reagan initiative and (B) various scenarios involving King Hussein and the Palestinians.

B. Iraqi Side

-- Iraq will support peace initiatives that are supported by the Palestinians.

-- Iraq considers Yasser Arafat the legitimate leader of the PLO and spokesman for the Palestinians.

-- Iraq would support an arrangement between King Hussein and the Palestinians to enter the peace process.

-- Iraq finds some positive elements in President Reagan's peace initiative but does understand US refusal to recognize secret

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EXDIS

FOR AMB RUMSFELD'S PARTY; FOR TOM MILLER

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FOR THE PLO AND THE PLO'S 'RECONSTRUCTION' OR THE CREATION OF A PALESTINIAN STATE.
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III. LEBANON

A. Rumsfeld

-- STANDARD STATEMENT OF US POSITION.

-- WHAT IS THE IRAQI ATTITUDE TOWARD THE GEMAYEL GOVT? WALID JUMBLATT AND THE DRUZE? THE SHIA (MAJORITY AND FACTIONS)?, A SYRIAN PRESENCE?

B. IRAQI SUDE

-- IRAQ SUPPORTS THE LEBANESE GOVT AND THE EVACUATION OF ALL FOREIGN FORCES.

-- BOTH SYRIA AND ISRAEL SHOULD WITHDRAW FROM LEBANON WITHOUT PRECONDITIONS. (POSSIBLE) THE MAY 17 AGREEMENT HAS HURT THE LEBANESE GOVT'S ATTEMPTS TO RECONCILE THE OPPOSITION AND REWARDS ISRAEL'S AGGRESSION.

IV. SYRIA

A. Rumsfeld

-- IRAQ KNOWS THE SYRIANS WELL. WHAT IS YOUR ADVICE?

-- WHAT LEVERAGE CAN WE APPLY TO OBTAIN SYRIAN WITHDRAWAL FROM LEBANON?

-- WHAT IS THE EFFECT OF ASSAD'S ILLNESS AND WHAT ARE THE SECRET

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FUTURE PROSPECTS FOR THE SYRIAN REGIME?

B. IRAQ SIDE

-- IRAQ WANTS AN UNCONDITIONAL SYRIAN PULLOUT FROM LEBANON.

-- WE DO NOT UNDERSTAND THE AMERICAN INSISTENCE THAT SYRIA HAS LEGITIMATE INTERESTS IN LEBANON SINCE THIS SEEMS TO CONCOE SYRIAN OCCUPATION AND UNDUE INFLUENCE ON INTERNAL LEBANESE FORCES.

-- US RETALIATION AGAINST SYRIA WINS ASSAD SYMPATHY IN ARAB

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EYES.

V. EGYPT

A. RUMSFELD

-- THE US SUPPORTS THE STRENGTHENING OF TIES BETWEEN EGYPT AND IRAQ.

B. IRAQI SIDE

-- IRAQ SUPPORTS EGYPT REINTEGRATION INTO THE ARAB WORLD.

VI. TERRORISM

A. RUMSFELD

-- WE NOTE WITH SATISFACTION IRAQ'S EXPULSION OF THE ABU HIMAL TERRORIST GROUP.

-- WE BELIEVE WE HAVE A COMMON INTEREST IN COMBATTING TERRORISM PARTICULARLY SINCE WE ARE IN MANY CASES TARGETED BY THE SAME GROUPS. THE CONTINUING THREAT TO OUR INTERESTS SECTION IS A CASE IN POINT.

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B. IRAQI SIDE

-- IRAQ HAS TAKEN STEPS TO PROTECT ITS INTERESTS AND WILL CONTINUE TO OPPOSE INTERNATIONAL TERRORISM.

VII. US-ISRAELI STRATEGIC COOPERATION

A. RUMSFELD

-- OUR COMMITMENT TO ISRAEL'S WELL-BEING AND SECURITY IS WELL-KNOWN. RECENT TALKS WITH PM SHAMIR WERE ESSENTIALLY AN ATTEMPT TO RESTORE THE RELATIONSHIP AFTER A PERIOD OF SOME STRAIN AND MISUNDERSTANDING. WE ALSO HIGHLY VALUE OUR RELATIONS WITH OUR ARAB FRIENDS AND NOTHING IN OUR UNDERSTANDINGS WITH ISRAEL IS DIRECTED AGAINST THE ARAB WORLD.

(IIRAQS MAY NOT RAISE THIS AT ALL)

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4. WE HAVE JUST RECEIVED STATE 353821 WITH DETAILED TALKING POINTS ON THE GULF WAR WHICH OF COURSE SUPERCEDES SOME OF THE ABOVE AND WILL BE EXTREMELY USEFUL. EAGLETON
Kittani on the Iraqi Side in Foreign Ministry Conference
SECRET

ROOM.

3. RUMSFELD OPENED BY NOTING THAT WHILE THERE WERE DIFFERENCES OF VIEW BETWEEN US, WE ALSO SEE A NUMBER OF AREAS OF COMMON INTEREST. WE BOTH DESIRE REGIONAL PEACE, STABILITY, AND CORRECTING REGIONAL IMBALANCE. AZIZ HAD TALKED ABOUT "THE UNNATURAL IMBALANCE" WHICH CAN EXIST AT A CERTAIN POINT IN HISTORY, GIVING A COUNTRY MORE WEIGHT THAN IT DESERVED. THE U.S. AGREED WITH THIS PERCEPTION. THREE PRINCIPAL AREAS THOSE HAD BEEN DISCUSSED IN THIS REGARD:

-- ENDING THE IRAN-IRAQ WAR IN A WAY THAT WOULD NOT FEED IRAN'S AMBITIONS;

-- BRINGING EGYPT BACK INTO THE ARAB WORLD AS A COUNTERWEIGHT IN THE MIDDLE EAST;

-- FREEING LEBANON OF FOREIGN FORCES.

HE INVITED AZIZ TO SUMMARIZE IRAQ'S POSITION FOR THE GROUP.

4. AZIZ ELOQUENTLY AND WITHOUT NOTES PRESENTED OVERVIEW TO IRAQ POLICIES, NOTING THAT IRAQ HAD FOR THE LAST SEVERAL YEARS BEEN DEVELOPING ITS DIRECT HIGH-LEVEL EXCHANGE WITH THE U.S. IN ORDER TO CLARIFY POSITIONS AND REMOVE MISUNDERSTANDINGS THAT HAD EXISTED BETWEEN US BECAUSE OF A LACK OF SUCH CONTACTS. AZIZ STATED THAT IRAQ ALWAYS WANTED FRIENDS TO KNOW WHAT IT THOUGHT IN ORDER TO IDENTIFY AREAS OF COMMONALITY AND CLARIFY ELEMENTS OF DIFFERENCE. IN THIS REGARD HE REFERRED TO THREE "IRAQI INITIATIVES FOR HIGH-LEVEL CONTACT WITH THE U.S."

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FORMER FOREIGN MINISTER HAKMADI'S 1982 MEETING WITH THE SECRETARY-AT THE UN, HIS OWN MEETINGS WITH THE SECRETARY IN PARIS AND MORE RECENTLY IN NEW YORK, AND IRAQ'S WILLINGNESS TO RECEIVE AMBASSADOR RUMSFELD AT THIS TIME.

5. AZIZ ASSERTED THAT IRAQ HAD NO COMPLEXES. WHILE IT HAD ITS OWN IDEOLOGY AND CONVICTIONS, IT REALIZED THAT IT HAD TO DEAL WITH THE REST OF THE WORLD AS IT HAD AND UNDERSTAND IT. AT SEVERAL JUNCTURES HE ASSERTED THAT IRAQ "WAS NOT ISOLATIONIST." HOWEVER, EVEN A SOCIALIST-SECRET
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REVOLUTIONARY REGIME SUCH AS THE PRESENT BAATH GOVERNMENT HAD TO ACT WITHIN THE CONTEXT OF FIVE THOUSAND YEARS OF MESOPOTAMIAN CIVILIZATION. HE EMPHASIZED IRAQ'S INCREASING MATURITY AND ABILITY TO LEARN FROM PAST MISTAKES AND EXPERIENCE OVER PAST 15 YEARS. THEREFORE, IRAQ WAS READY TO SPEAK FRANKLY AND SINCERELY, INCLUDING DISCUSSING ITS NEEDS, AND WAS READY TO LISTEN TO AND CONSIDER U.S. VIEWS CAREFULLY. HOWEVER, IRAQ WOULD NOT CONDUCT ITS RELATIONSHIP IN SECRET. IT WOULD DECLARE FORTHRIGHTLY TO ITS PEOPLE ITS POSITIONS. HE CITED IRAQI REAPPROCHEMENT WITH EGYPT AS SUCH AN UNDERTAKING. WHILE MANY CRITICIZED IRAQ BECAUSE IT HAD HOSTED THE BAGHDAD SUMMIT WHICH SUSPENDED EGYPTIAN MEMBERSHIP IN THE ARAB LEAGUE, THE REAPPROCHEMENT WAS THE RIGHT THING FOR THE ARAB WORLD AT THIS TIME JUST AS THE DECISION TO ISOLATE EGYPT WAS A CORRECT DECISION WHEN IT WAS TAKEN.

6. AZIZ STRESSED IRAQ'S DESIRE FOR REGIONAL AND INTERNATIONAL STABILITY. THE IRAQI LEADERSHIP WAS AMBITIOUSLY DEVELOPING THE COUNTRY. THE PRESIDENT EVEN NOW CON-
Tinaes to devote considerable attention to the country's economic progress.

7. Aziz noted that oil made this possible and that, as an exporter of oil, Iraq needed long-term, stable, and good relations with its customers. The West was also benefiting by Iraq's development. Over five hundred of secret secret

The 800 foreign companies working in Iraq were from the West. Their participation in the economy served Iraq's secret.
SECRETS

NEEDS AND REQUIRED IRAQ TO TAKE A LONG RANGE VIEW OF ITS RELATIONSHIP WITH SUCH COUNTRIES. REGIONAL AND INTERNATIONAL INSTABILITY RAN COUNTER TO IRAQ'S INTEREST.

8. TURNING TO IRAQ'S RELATIONSHIP WITH THE U.S., AZIZ NOTED THAT RUHSFELD WOULD FIND IRAQ'S PRESIDENT A THOUGHTFUL MAN WHO ANALYZED SITUATIONS AND LEARNED FROM EXPERIENCE. HE WAS NOT AFRAID TO STATE THINGS THAT HE MIGHT NOT HAVE SAID FIVE OR SIX YEARS AGO. AZIZ OBSERVED THAT, ALTHOUGH THERE MIGHT STILL BE DIFFERENCES BETWEEN US, WE COULD DEVELOP HEALTHY RELATIONS AND MUTUAL UNDERSTANDING. HE NOTED THAT PRESIDENT SADDAM MIGHT CHOOSE TO ADDRESS THIS ISSUE NEXT MORNING IN HIS MEETING WITH RUHSFELD. THE PRESIDENT HIMSELF WOULD HAVE TO DECIDE THE FUTURE BASIS OF RELATIONS, BUT AZIZ NOTED THAT HE FELT FREE TO SAY THAT THE PRESIDENT WOULD WANT A GOOD RELATIONSHIP. THIS DESIRE WOULD NOT FLOW FROM THE EXIGENCIES OF THE WAR, AS WOULD BE SHOWN BY FUTURE DEVELOPMENTS (COMMENT: THE TONE OF HIS COMMENTS SEEMED TO HOLD OPEN THE POSSIBILITY THAT THE PRESIDENT MIGHT BE CONSIDERING A RESUMPTION OF DIPLOMATIC RELATIONS. END COMMENT).

9. AZIZ THEN RETURNED TO THE CONCEPT OF REGIONAL IMBALANCE; CLEARLY HAVING SYRIA IN MIND. HE ASSERTED THAT WHILE SOME COUNTRIES, SUCH AS IRAQ, EGYPT AND SAUDI ARABIA, HAD REAL WEIGHT AND IMPORTANCE REGARDLESS OF CIRCUMSTANCES, IT WOULD NOT BE DENIGRATING OTHER COUNTRIES TO SAY THAT SOME WERE LESS IMPORTANT IN THE LONG RUN. HE ALSO NOTED THAT, WHILE SOME CONFLICTS WERE UNDERSTANDABLE AND HAD A REAL BASIS, OTHERS SUCH AS THE SECRET

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CRISIS BROUGHT ON BY THE IRANIAN REVOLUTION AND THE SITUATION IN LEBAHON WERE OUT OF THE "THEATRE OF THE ABSURD." THESE IRRATIONAL CONFLICTS COULD ONLY BE OVERCOME BY RESTORING EQUILIBRIUM.

10. AZIZ THEN REQUESTED U.S. AND WESTERN HELP IN ENDING THE IRAN-IRAQ WAR. ACKNOWLEDGING THAT U.S. DID NOT HAVE RELATIONS WITH IRAN, HE ASSERTED THAT U.S. COULD CONTRIBUTE MORE THAN IT WAS IN REDUCING IRAN'S ABILITY TO CONTINUE THE WAR. HE SAID HE HAD BEEN HEARTENED BY THE LINE IN THE PRESIDENT'S LETTER THAT STATED, "THE

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IRAN-IRAQ WAR COULD POST-SERIOUS PROBLEMS FOR THE ECONOMIC AND SECURITY INTERESTS OF THE U.S., ITS FRIENDS IN THE REGION AND IN THE FREE WORLD." THIS DEMONSTRATED THAT THE U.S. NOW REALIZED THAT THE IRAN-IRAQ WAR WAS NOT AN ISOLATED BILATERAL CONFLICT BUT HAD SERIOUS IMPLICATIONS FOR REGIONAL AND WORLD PEACE, AND THIS WAS VERY IMPORTANT. HOWEVER, SOME FRIENDS OF U.S. CONTINUED TO TAKE A SHORTSIGHTED VIEW BY CONTRIBUTING TO IRAN'S WAR-MAKING CAPABILITY. IRAQ DID NOT OBJECT TO WESTERN PARTICIPATION IN IRANIAN DEVELOPMENTAL PROJECTS THAT CONTRIBUTED TO THE COUNTRY'S PEACEFUL DEVELOPMENT AND ABSORBED IRANIAN FOREIGN EXCHANGE. HOWEVER, GRANTING NON-PROJECT-RELATED LOANS TO IRAN OR SELLING WEAPONS WAS HIGHLY OBJECTIONABLE. "IRAQ IS NOT COMPLAINING ABOUT THE PAST. WE MUST DEAL WITH CURRENT REALITIES," HE SAID. IRAQ RECOGNIZED THAT IRANIANS HAD THE RIGHT TO CHOOSE THEIR OWN GOVERNMENT, BUT IRAQ DID NOT HAVE THE RIGHT TO INTERFERE IN THE INTERNAL AFFAIRS OF OTHERS. WHILE SOME ARAB BROTHERS HAD SUPPORTED IRAQ ALL ALONG, ONLY
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ACTION S5-25

INFO OCT-00 COPY-01 ADS-00 S50-00 /026 W
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EXDIS

MIL ADDRES HANDLE AS SPECIAT EXCLUSIVE: LONDON AND S/SN-PASS KILLER (RUNSFELD PARTY)

E.O.: 12356: DECL: OAO
TAGS: PREL, HOPS, XF, IR, IQ, SY, US
SUBJECT: RUNSFELD'S LARGER MEETING WITH IRAQI DEPUTY

NOW, AFTER THE BOMBING IN KUWAIT AND THE PLOT TO KILL
GCC LEADERS IN QATAR, DID THEY REALIZE THE EXTENT OF THE
DANGER IRAN POSED TO THEM, EVEN THE U.S. AND FRANCE
HAD SUFFERED.

II. AZIZ PRAISED THE COOPERATION THAT HAD OCCURRED
BETWEEN THE U.S. AND IRAQI AMBASSADORS AT THE UN ON UNSC
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RESOLUTION 540, BUT HE URGED THAT WE DO MORE TO IMPE-
MENT IT. AN EARLY END TO THE WAR WOULD CREATE A
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HEALTHIER SITUATION. HE WAS GLAD THAT RUMSFELD HAD STRESSED THIS ALSO IN THEIR EARLIER MEETING AND SUGGESTED THAT HE DO SO THE FOLLOWING DAY IN HIS MEETING WITH THE PRESIDENT. IF THIS VIEW COULD BE DEVELOPED IT WOULD BE A GREAT HELP TO ENDING THE WAR AND CONTRIBUTING TO IMPROVED U.S.-IRAQI RELATIONS.

12. RUMSFELD CONCLUDED THE MEETING BY RETURNING TO THE THEME OF REDRESSING THE PRESENT REGIONAL IMBALANCE. HE STATED THAT WHEN HE ACCEPTED THE JOB OF SPECIAL NEGOTIATOR HE HAD QUICKLY REALIZED IMPORTANCE OF IRAQ IN THE AREA AND NECESSITY OF MAKING A VISIT. WHILE IT WAS NATURAL FOR SOVEREIGN STATES TO HAVE AREAS OF AGREEMENT AND DISAGREEMENT, STABILITY AND INTERDEPENDENCE AMONG NATIONS COULD LEAD TO DEVELOPMENT AND PROGRESS. IT WAS REGRETTABLE THAT A WHOLE GENERATION OF AMERICANS AND IRAQIS WERE GROWING UP WITHOUT CONTACTS. THE U.S. COULD BE HELPFUL, TO SOME EXTENT, IN ENDING THE WAR. WE WOULD APPROACH OUR ALLIES IN TERMS OF SPECIFIC INSTANCES WHERE THEY ARE DIRECTLY OR INDIRECTLY PROVIDING WEAPONS WHICH ENABLE IRAN TO CONTINUE THE WAR, AND ALL WOULD TRY TO FOSTER THEIR STRATEGIC UNDERSTANDING OF THE DANGERS OF FOCUSING ON NARROW, SHORT-TERM INTERESTS.

13. RUMSFELD SAID THE U.S. ALSO TOOK A LONG-TERM VIEW. THE ARAB COUNTRIES WERE IMPORTANT TO THE ENTIRE WORLD. IT WAS REGRETTABLE, THEREFORE, THAT THE REQUIREMENT FOR ARAB UNANIMITY ALLOWED THE MOST RADICAL STATES TO DOMINATE THE DEVELOPMENT OF AN ARAB CONSENSUS AND THEREBY THE DIRECTION OF ARAB STATES' DECISIONS.

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14. FOR JCS: SUGGEST PASS EUCON AND CINCUSNAVÉUR.

15. BEIRUT MINIMIZE CONSIDERED. RABB

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ACTION SS-25

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AMEBASSY ROME
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AMEBASSY KUWAIT
AMEBASSY HANAVA
AMEBASSY DOHA
AMEBASSY ABU DHABI
AMEBASSY MUSCAT
ISELO RIYADAH
AMEBASSY JIDDA
CONSUL JERUSALEM
AMEBASSY TEL AVIV
AMEBASSY ISLAMABAD

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EXDIS CAPTION REMOVED BY S/S (EK) ON 11/29/93

DEPARTMENT PASS $75N - TOM MILLER

E.0. 12356: DECL: 12/21/13
TAGS: PREL, 10, US, KF
SUBJECT: RUMSFELD MISSION: DECEMBER 20 MEETING WITH IRAQI
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- PRESIDENT SADDAM HUSSEIN
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1. S - ENTIRE TEXT.

2. SUMMARY AND COMMENT: IN HIS 90-MINUTE MEETING WITH RUMSFELD, SADDAM HUSSEIN SHOWED OBVIOUS PLEASURE WITH PRESIDENT'S LETTER AND RUMSFELD'S VISIT AND IN HIS REMARKS REMOVED WHATEVER OBSTACLES REMAINED IN THE WAY OF RESUMING DIPLOMATIC RELATIONS, BUT DID NOT TAKE THE DECISION TO DO SO. HE SAID ARABS SHOULD PRESS SYRIA TO LEAVE LEBANON AND ALSO THAT IRAQ FAVORED DEVELOPMENT OF POSITIVE RELATIONS BETWEEN PLO AND JORDAN. RUMSFELD TOLED SADDAM US AND IRAQ HAD SHARED INTERESTS IN PREVENTING IRANIAN AND SYRIAN EXPANSION. HE SAID US WAS URGING OTHER STATES TO CURTAIL ARMS SALES TO IRAN AND BELIEVED IT HAD SUCCESSFULLY CLOSED OFF US-CONTROLLED EXPORTS BY THIRD COUNTRIES TO IRAN. IN RESPONSE TO RUMSFELD'S INTEREST IN SEEING IRAQ INCREASE OIL EXPORTS, INCLUDING THROUGH POSSIBLE NEW PIPELINE ACROSS JORDAN TO AQABA, SADDAM SUGGESTED ISRAELI THREAT TO SECURITY OF SUCH A LINE WAS MAJOR CONCERN AND US MIGHT BE ABLE TO PROVIDE SOME ASSURANCES IN THIS REGARD. OUR INITIAL ASSESSMENT IS THAT MEETING MARKED POSITIVE MILESTONE IN DEVELOPMENT OF US-IRAQI RELATIONS AND WILL PROVE TO BE OF WIDER BENEFIT TO US POSTURE IN THE REGION. END SUMMARY AND COMMENT.

3. RUMSFELD MET FOR 90 MINUTES WITH IRAQI PRESIDENT SADDAM HUSSEIN DECEMBER 20. FOREIGN MINISTER SECRET SECRET

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TARIQ AZIZ, INTERPRETER AND NOTETAKER ATTENDED ON IRAQI SIDE; EAGLETON AND PELLETREAU ON US. BOTH IRAQI LEADERS WERE IN MILITARY DRESS WITH PISTOLS ON HIPS. WHILE SECURITY WAS ELABORATE, BOTH APPEARED VIGOROUS AND CONFIDENT. IRAQI TV PHOTOGRAPHED SADDAM'S INITIAL GREETING OF RUMSFELD AND PRESENTATION OF PRESIDENT REAGAN'S LETTER. RUMSFELD OPENED BY CONVEYING PRESIDENT'S GREETINGS AND EXPRESSING HIS PLEASURE AT BEING IN BAGHDAD AND WITH HIS INTERESTING AND INFORMATIVE SECRET
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EXCHANGE WITH FOREIGN MINISTER PREVIOUS EVENING.

4. SADDAM WELCOMED RUMSFELD AND SAID HE HAD
READ PRESIDENT'S MESSAGE AND BEEN BRIEFED ON MEETING
WITH FOREIGN MINISTER. HE SAID HE WAS PLEASED
THAT POLITICAL DISCUSSIONS HAD BEEN TAKING PLACE
WITH SERIOUSNESS AND FRANKNESS. HE WAS ALSO
PLEASED THAT PRESIDENT'S MESSAGE INDICATED DEEP
AND SERIOUS UNDERSTANDING OF IMPLICATIONS OF
CONFIRMATION OF IRAQ/IRAN WAR AND ITS DANGERS.
THIRDLY, HE WAS PLEASED THAT US WISHED TO SEE
FURTHER DEVELOPMENT IN ITS RELATIONS WITH IRAQ,
INCLUDING EXCHANGE OF AMBASSADORS. IRAQ VALUED
THIS POSITIVE APPRECIATION BY THE US OF THE NEED
FOR A HIGH LEVEL OF RELATIONS.

5. FURTHER EXPANDING HIS THINKING ON US-IRAQI
RELATIONS, SADDAM SAID IRAQ ALSO FELT THAT NOT
BEING ABLE TO CONDUCT RELATIONS AT A FULL
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ACTION SS-25

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AMBASSAD ANKARA
AMBASSAD PARIS
AMBASSAD ROME
USMISSION Q5UN NEW YORK
AMBASSAD KUWAIT
AMBASSAD HANAMA
AMBASSAD DOHA
AMBASSAD ABU DHABI
AMBASSAD MUSCAT
USELO RIYADH
AMBASSAD JIDDA
AMCONSUL JERUSALEM
AMBASSAD TEL AVIV
AMBASSAD ISLAMABAD

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EXDIS

DEPARTMENT PASS S/SN - ION MILLER

E. 0. 12356: DECL: 12/21/13
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DIPLOMATIC LEVEL WAS UNNATURAL. INTERESTINGLY,
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THE PRESIDENT USED A DIRECT QUOTE FROM RUMSFELD'S STATEMENT TO THE FOREIGN MINISTER THE PREVIOUS EVENING WHEN HE SAID "HAVING A WHOLE GENERATION OF IRAQIS AND AMERICANS GROW UP WITHOUT UNDERSTANDING EACH OTHER HAD NEGATIVE IMPLICATIONS AND COULD LEAD TO MIX-UPS." EVEN BEFORE THE WAR, IRAQI LEADERSHIP HAD EXAMINED CIRCUMSTANCES OF SEVERANCE OF RELATIONS AND POSSIBLE RESUMPTION, NOTING NEED TO CONSIDER CAREFULLY THE TIMING OF ANY DECISION. THE WAR HAD INTERVENED AND ADDED COMPLICATION THAT DECISION ON RESUMPTION MIGHT BE MISUNDERSTOOD BY USG AND OTHERS AND THE WRONG REASONS ATTACHED TO IT. HE HAD NOW MADE A PUBLIC STATEMENT POINTING OUT THAT RESUMPTION DID NOT DEPEND ON WAR CONTINUING OR NOT, BUT ONLY ON HAVING DECISION WHEN IT WAS MADE UNDERSTOOD. CORRECTLY, WHEN THESE NATURAL CONDITIONS AND TRUE MOTIVES COULD BE ASSURED, IRAQ WOULD TAKE THE NECESSARY DECISION. IRAQ WAS PLEASED US UNDERSTOOD THIS AND LEFT TO IRAQ TO CHOOSE PROPER TIMING AND CIRCUMSTANCES.

6. STILL UNWILLING TO LEAVE SUBJECT, SADDAM NOTED IRAQ WAS AN INDEPENDENT AND NON-ALIGNED COUNTRY AND IT WAS INCORRECT AND UNBALANCED TO HAVE RELATIONS WITH SOVIET UNION AND NOT WITH US. IRAQ HAD NO IDEOLOGICAL COMPLEXES ON THIS SCORE. ALTHOUGH THERE HAD BEEN BLOODY CONFLICTS BETWEEN THE BAA'TH AND THE IRAQI COMMUNIST PARTY, IRAQ HAD NO COMPLEXES ABOUT ITS RELATIONSHIP WITH THE USSR. IRAQ HAD DEVELOPED SECRET

RELATIONS WITH WEST ON THE SAME BASIS. FRANCE IN PARTICULAR UNDERSTOOD THE IRAQI VIEW. US NEEDED TO UNDERSTAND AREA BETTER, RECEIVE IRAQI VIEWS AND ANALYSIS IN CORRECT AND COMPREHENSIVE MANNER SO IT DID NOT MAKE MISTAKES IN AREA. NO COUNTRY OR PEOPLE CAN LIVE IN TRUE INDEPENDENCE OR PROSPERITY IF IT IS ISOLATED.

7. TURNING TO OTHER SUBJECTS, SADDAM NOTED THAT ARAB WORLD HAD BOTH VERY RICH AND VERY POOR COUNTRIES. WEST DID NOT WISH MIDDLE EAST TO
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FALL UNDER SOVIET INFLUENCE. ARAB WORLD ALSO
WANTED TO AVOID COMING UNDER INFLUENCE OF EITHER
SUPER POWER. US, AS IRAQ UNDERSTOOD IT, WAS NOT
TRYING TO BRING ARABS INTO AMERICAN SPHERE BUT
ONLY TO KEEP THEM OUT OF SOVIET SPHERE SO THAT
COMMERCIAL AND OTHER RELATIONSHIPS COULD BE CARRIED
ON NORMALLY. MIDDLE EAST, FOR ITS PART, NEEDED
WESTERN EXPERTISE MOST WHEN IT WAS IN A STABLE
SITUATION AND FOUCUSED ON DEVELOPMENT. US,
UK, FRANCE AND JAPAN SHOULD EXTEND MORE FINANCIAL
ASSISTANCE TO POOR STATES LIKE PDRY TO DRAW IT
AWAY FROM SOVIET INFLUENCE. SAME WAS TRUE OF
STATES LIKE NORTH YEMEN, SUDAN AND MAURITANIA.
THIS WAS ALSO A RESPONSIBILITY OF THE ARAB
STATES THEMSELVES, SO THAT CLASS CONFLICT DID NOT
APPEAR IN WAYS THAT ALLOWED OPENINGS FOR
FOREIGN INTERFERENCE. THIS WAS WHY IRAQ HAD

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ACTION 55-25

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SECRET SECTION 03 OF 06 LONDON 27572
EXDIS
DEPARTMENT PASS S/SN - TOM MILLER

E. Q, 12356: DECL: 12/21/13
TAGS: PRL, IQ, US, XF
SUBJECT: RUMSFELD MISSION: DECEMBER 20 MEETING WITH IRAQI
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PROPOSED AT THE 1980 ARAB SUMMIT IN AMMAN A FUND
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FOR ARAB DEVELOPMENT COOPERATION. FACT THAT IRAQ HAD PLEDGED ONLY $500 MILLION OVER TEN YEARS RATHER THAN $1 BILLION DID NOT INDICATE LACK OF INTEREST, ONLY CIRCUMSTANCES OF THE WAR. AFTER WAR, IRAQ WOULD FOLLOW UP.

8. ARAB WORLD CULTURAL TIES WERE DEEPER WITH WEST THAN WITH COMMunist STATES, SADDAN CONTINUED. WEST HAD LEGITIMATE INTERESTS IN THE ARAB REGION, BUT SOMETIMES BEHAVED ON BASIS OF INCOMPLETE OR FAULTY ANALYSIS. LEBANON AND IRAN/IRAQ WAR WERE CASES IN POINT. US HAD ORIGINALLY ACTED WITH INDIFFERENCE BOTH TOWARD SYRIAN INVASION OF LEBANON AND TOWARD THE GULF WAR, FOR WHICH IT DECIDED TO "LET THIS GROUP OF LUNATICS BASH EACH OTHER," WHAT HE ASKED, WOULD HAVE HAPPENED TO THE STATES OF THE GULF AND ARABIAN PENINSULA IF IRAQ HAD NOT STOOD FAST? NO ONE WOULD HAVE BEEN ABLE TO PUT OUT THE FIRE. ZIONISM WAS IN FACT ENCOURAGING IT TO BURN.

9. IF US DID NOT ACT TO PREVENT SYRIA AND ISRAEL FROM CARVING UP LEBANON, IT WOULD MEAN THE END OF LEBANON AS AN INDEPENDENT, UNIFIED ENTITY, SADDAN SAID. US SHOULd PRESS ISRAEL TO WITHDRAW AND "ALL OF US" SHOULD PRESS SYRIA TO WITHDRAW AS WELL. UNLESS THIS HAPPENED, OTHERS WOULD BE ENCOURAGED TO ATTACK AND OCCUPY WEAKER STATES. CHAOS AND INSTABILITY WOULD RESULT. THE SAME WAS TRUE IN A SENSE OF THE IRAN/IRAQ WAR. WHEN OTHERS WATCHED AND KEPT QUIET, AS THEY HAD FOR SECRET

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THE FOUR YEARS OF THIS WAR, IT ENCOURAGED ADVENTUROUS THINKING TO EMERGE. IRAQ HAD NOW OVERCOME THE DANGEROUS STAGE OF THE MILITARY SITUATION. IT WAS NOW A QUESTION OF TIME. NEVERTHELESS, IRAQ WAS NOT HAPPY TO HAVE THE WAR PROLONGED.

10. RUMSFELD EXPRESSED APPRECIATION FOR OPPORTUNITY TO EXCHANGE VIEWS WITH THE PRESIDENT. WE HAD SOME AREAS OF HIGH SIMILARITY OF VIEW AND OTHERS WHERE OUR PERCEPTIONS AND IDEAS DIFFERED. WHEN HE HAD BEEN ASKED TO UNDERTAKE

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THIS RESPONSIBILITY, Rumsfeld said, he had recognized importance of visiting Iraq. President Reagan and Secretary Schultz had agreed.
Area leaders, too, in Morocco, Jordan and Egypt had encouraged his visit. King Fahd had welcomed it the previous day. Such contacts were within our countries' basic interests, within the context of respect for the sovereignty of nations. Independent and sovereign nations had right to undertake activities with which we or others did not agree, but there seemed to be an overriding interest in stability and peace. In an increasingly interdependent world, all people were better served to the extent their multifaceted relations were orderly and deep and spanned political, economic and other areas of life.
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EXDIS

DEPARTMENT PASS S/SN - TOM MILLER

E. O. 12356: DECL: 12/21/13
TAGS: PREL, IO, US, XF
SUBJECT: Rumsfeld mission: December 20 meeting with Iraqi
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II. NATIONS, Rumsfeld said, were better off
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TAKING LONG-SIGHTED VIEW AND US HAD TO TRY TO TAKE A COMPREHENSIVE VIEW. OUR UNDERSTANDING OF THE IMPORTANCE OF BALANCE IN THE WORLD AND THE REGION WAS SIMILAR TO IRAQ'S. WE SHARED IRAQ'S INTEREST IN HAVING A LEBANON EMERGE FREE OF FOREIGN FORCES -- SYRIAN, ISRAELI, LIBYAN, IRANIAN, AND OTHERS. WE ALSO SHARED IRAQ'S VIEW OF NEED TO SUPPORT GOL AND ITS HOPE THAT CONFLICT WILL SUBSIDE AND GOL WILL BE ABLE TO EXERCISE ITS SOVEREIGNTY OVER THE WHOLE COUNTRY.

12. TO THE EXTENT THERE WAS EXCESSIVE FOCUS ON LEBANON, RUMSFELD CONTINUED, IT COULD DISTRACT ATTENTION FROM NEED TO ADDRESS MORE FUNDAMENTAL PROBLEMS, SUCH AS SECURITY OF THE GULF AND CIRCUMSTANCES OF THE PALESTINIAN PEOPLE. IN OUR JUDGMENT, IT WOULD BE ADVANTAGEOUS FOR EGYPT AND IRAQ TO PLAY THEIR NATURAL ROLE IN THE REGION SO THAT AMBITIONS OF OTHERS WERE NOT INFLATED.

13. IN THINKING ABOUT OUR BILATERAL RELATIONS, RUMSFELD SAID, WE STRONGLY AGREED WITH PRESIDENT'S STATEMENT ABOUT EFFECTS OF GENERATIONS OF IRAQIS AND AMERICANS NOT HAVING KINDS OF INTERACTION THAT WERE NATURAL AT ALL LEVELS. IF THIS SITUATION PERSISTED, IT WOULD CONTRIBUTE TO AREAS OF IGNORANCE AND WARPED, UNCLEAR VIEWS THAT WERE IN NO ONE'S INTEREST. WE SHARED IRAQ'S VIEW THAT PEOPLES OF REGION WERE BEST SERVED BY STABILITY, PEACE AND ECONOMIC DEVELOPMENT, BUT THIS DEPENDED ON THEIR LEADERS FINDING WAYS TO CONTRIBUTE TO SECRET

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THAT STABILITY. THOSE WHO WANTED IMMEDIATE ARRANGEMENTS FOR A JUST AND LASTING PEACE WERE EXPRESSING A NOBLE HOPE, BUT THERE WAS NO REAL PROSPECT OF ITS IMMEDIATE ACHIEVEMENT. WHILE WE SOUGHT THAT TYPE OF GOAL, IT WAS IMPORTANT THAT WE MANAGE OURSELVES SO AS TO KEEP SITUATION AS STABLE AS POSSIBLE IN OUR TIME.

14. REGARDING WAR WITH IRAQ, RUMSFELD SAID, US AGREED IT WAS NOT IN INTEREST OF REGION OR THE WEST FOR CONFLICT TO CREATE GREATER INSTABILITY

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OR FOR OUTCOME TO BE ONE WHICH WEAKENED IRAQ'S ROLE OR ENHANCED INTERESTS AND AMBITIONS OF IRAN. WE THOUGHT CONFLICT SHOULD BE SETTLED IN A PEACEFUL MANNER WHICH DID NOT EXPAND IRAN'S INTEREST AND PRESERVED SOVEREIGNTY OF IRAQ. WE AGREED WITH IMPORTANCE OF ECONOMIC INTERACTION AND IRAQ'S ABILITY TO EXPORT ITS OIL. ONE AREA WHICH MADE SUCH INTERACTION DIFFICULT, HOWEVER, WAS RISK OF ESCALATION IN THE GULF AND POSSIBLE CLOSING OF GULF AS A RESULT. US IS ENCOURAGING OTHERS NOT TO SELL WEAPONS TO IRAN AND WILL CONTINUE TO DO SO. WE BELIEVE WE HAVE BEEN SUCCESSFUL IN CLOSING OFF EXPORTS OF US-CONTROLLED EQUIPMENT TO IRAN. SADDAM HUSSEIN INTERJECTED THAT LIBYA AND SYRIA HAD BEEN INTERMEDIARIES ON SUCH DEALS, LIKE THE RECENT SPANISH AMMUNITION SALE. RUSHFELD SAID THAT COUNTRIES...
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AMBASSADOR ABU DHABI

AMBASSADOR NUSCAT

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AMBASSADOR JIDDA

AMCONSUL JERUSALEM

AMBASSADOR TEL AVIV

AMBASSADOR ISLAMABAD

SECRET SECTION 05 OF 06 LONDON 27572

EXOIS

DEPARTMENT PASS S/SN - TOM MILLER

E. O. 12356: DECL: 12/21/13

TAGS: PREL, U, US, XF

SUBJECT: RUMSFELD MISSION: DECEMBER 20 MEETING WITH IRAQI

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WHICH ACTED IN SUCH A MANNER WERE SHORTSIGHTED.

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LOOKING AT A SINGLE COMMERCIAL TRANSACTION
WHILE THEIR MORE FUNDAMENTAL INTERESTS WERE BEING
HARMED. THEY WERE SOVEREIGN STATES WHO WOULD
END UP DOING WHAT THEY PLEASED, BUT US WOULD
LET THEM KNOW HOW IT FELT.

15. Rumsfeld said that nations which export
TERRORISM AND EXTREMISM OUGHT TO BE RECOGNIZED
AS SUCH. PEOPLE SHOULD KNOW THAT TERRORISM HAS A
HOME -- IN IRAN, SYRIA AND LIBYA. THE SOVIET
UNION HAS IN THE PAST AND IS TODAY CONTRIBUTING
TO IT. TERRORISM ADVERSELY AFFECTS THE SOVEREIGNTY
AND INDEPENDENCE OF NATIONS. WE FEEL EXTREMELY
STRONGLY ABOUT IT.

16. US. Rumsfeld said, sought to promote a fair
PEACE BETWEEN THE ARABS AND ISRAEL; ONE THAT
RECOGNIZED THE CIRCUMSTANCES OF THE PALESTINIAN
PEOPLE. BEYOND THAT, Rumsfeld commented, he had
SEEN EFFECT OF CONSENSUS APPROACH ON ARAB DECISION-
MAKING. IT TENDED TO ALLOW THE SPOILER TO ALTER
THE DECISION OF THE MAJORITY IN A WAY HARMFUL TO
THE FUTURE OF THE REGION. LOOKING OUT FIVE TO
TEN YEARS, IT COULD RESULT IN PEOPLE BEING LESS
HEALTHY AND ADVANCED THAN WOULD OTHERWISE BE THE
CASE.

17. Saddam commented Iraq thought it was important
AND USEFUL TO ENCOURAGE POSITIVE RELATIONS
BETWEEN THE PLO AND PALESTINIANS IN GENERAL, AND
JORDAN. IRAQ WOULD ASSIST JORDAN TO HAVE THIS
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RELATIONSHIP, RECOGNIZING THAT JORDAN HAD LEGITI-
MATE SECURITY CONCERNS. ON QUESTION OF ARAB
CONSENSUS, IRAQ HAD FELT FOR SOME TIME THERE
SHOULD BE TWO TYPES OF DECISIONS: CONSENSUS
DECISIONS WHERE POSSIBLE SO THAT THEY WILL BE
BINDING ON AND IMPLEMENTED BY ALL; AND DECISIONS
TAKEN BY A STRONG MAJORITY WHICH WOULD BE BINDING
ON THOSE VOTING IN FAVOR OF THEM AND PUT OTHERS IN
A POSITION NOT TO CAUSE HARM. REASON THAT
SYRIA AND LIBYA ARE ABLE TO THWART ARAB DECISIONS
IS THAT EGYPT AND IRAQ ARE ABSENT FROM ARAB

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COUNCILS. OTHERWISE, DECISIONS WOULD BE TAKEN IN A MORE HEALTHY WAY.

18. REGARDING ESCALATION OF THE WAR, SADDAM SAID, PATIENCE OF IRAQ SHOULD NOT BE MISUNDERSTOOD. WHILE CONCERNED WITH SECURITY OF THE GULF, IRAQ COULD NOT DISPENSE WITH ITS NATIONAL INTEREST. WITH IRAN EXPORTING OIL AND IRAQ NOT ABLE TO DO SO THROUGH THE GULF OR THE SYRIAN PIPELINE, IT WAS NOT FOR IRAQ TO LOOK AFTER THE WORLD'S INTERESTS BEFORE ITS OWN. WHAT WAS NEEDED WAS TO STOP THE WAR, OR PUT THE GULF IN A BALANCED SITUATION FOR BOTH BELLIGERENTS.

19. RUHSFELD NOTED HE HAD DISCUSSED WITH FOREIGN MINISTER IRAQ'S INTEREST IN PIPELINES-THROUGH
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ACTION SS-25

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SECRET SECTION 06 OF 06 LONDON 27572

EXDIS

DEPARTMENT PASS S/SN - TON MILLER

E. O. 12356: DECL: 12/21/13
TAGS: PREL, IO, US, XF
SUBJECT: RUNSFELD MISSION: DECEMBER 20 MEETING WITH IRAQI
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SAUDI ARABIA AND POSSIBLY THROUGH JORDAN TO
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AQABA; AND SOME OF THE KINDS OF ARRANGEMENTS
THAT MIGHT BE NECESSARY AND DESIRABLE TO INCREASE
THE SECURITY OF SUCH AN ENTERPRISE. SADDAM RE-
SPONDED THAT IN PAST IRAQ HAD NOT BEEN VERY
INTERESTED IN THE JORDANIAN PIPELINE POSSIBILITY
BECAUSE OF THE THREAT THAT ISRAEL WOULD DISRUPT
IT. NOW THAT US COMPANIES AND OSG WERE INTER-
ESTED, IRAQ WOULD RE-EXAMINE IT. THERE MIGHT BE
A CONNECTION BETWEEN US AND IRAQI INTERESTS, IF
US COULD GIVE IRAQ A FEELING OF STRENGTH AND
ASSURANCE THAT WOULD ALLOW IT TO TAKE THE
APPROPRIATE DECISION. IN FACT, BOTH PIPELINES
WERE IMPORTANT AND IRAQ WANTED TO DEVELOP BOTH.
RUNSFELD AGREED THAT ONE DID NOT WANT TO BE
DEPENDENT ON ONLY ONE ROUTE. HE SAID. HE ALSO
UNDERSTOOD THE NEED FOR ARRANGEMENTS THAT WOULD
MAKE A PIPELINE THROUGH JORDAN MORE LOGICAL.

20. RUNSFELD SAID HE WAS PLEASED TO HEAR
SADDAM'S COMMENT THAT IT WAS INCUMBENT ON THE
ARAB NATIONS TO EXERT PRESSURE ON SYRIA TO
WITHDRAW FROM LEBANON. SOME PRESSURE WAS
BEING BROUGHT TO BEAR FROM THE OUTSIDE BUT
THE MOST EFFECTIVE PRESSURE WOULD BE FROM
WITHIN THE ARAB WORLD. WHEN ONE ARAB COUNTRY
INVADED ANOTHER, KILLED PALESTINIANS IN TRIPOLI,
EXPORTED TERRORISM AND BEHAVED IN A MANNER INCON-
SISTENT WITH THE BEST HOPES OF THE OVERWHELMING
MAJORITY OF THE ARABS, IT WAS TIME FOR THE ARAB
STATES TO MAKE UNAMBIVIOUSLY CLEAR THAT SUCH
BEHAVIOR WAS UNACCEPTABLE. AS FOR THE US, IT
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SECRET

LOOKED FORWARD TO A RETURN TO NATURAL BALANCE
IN THE ARAB WORLD. IT WAS IMPORTANT TO PEACE
AND STABILITY IN THE REGION.

21. SADDAM COMMENTED IRAQ WAS CONCERNED ABOUT THE
QUESTION OF PRESSURE ON SYRIA AND HAD DISCUSSED
IT WITH SAUDI ARABIA, WHICH HAD THE MEANS BUT
FOR SOME REASON WAS RELUCTANT TO USE THEM. THIS
WAS NOT A HEALTHY CONDITION. LEADERS SHOULD BE
CAPABLE OF LEADING THEIR PEOPLE. IT WAS VERY
CONFUSING WHEN THE SAUDIS PROVED UNABLE TO
CLOSE THE ASSISTANCE FLOW TO SYRIA. IT SEEMED TO COME FROM A FEELING OF WEAKNESS AND FEAR, BUT IT WAS DIFFICULT TO UNDERSTAND HOW SYRIA COULD THREATEN OTHERS. IT WAS NOT SYRIAN STRENGTH BUT THEIR WEAKNESS THAT WAS RESPONSIBLE.

22. Rumsfeld noted that Iraq's relations with Turkey were important. Saddam replied they were good and developing more actively with even than had been the case previously. Rumsfeld said he had visited Turkey recently and talked about its relations with Iraq and our interest that they should be healthy and constructive.

23. Baghdad/Beirut/Kuwait minimize considered price
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Department of State

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S E C E T SECTION 01 OF 05 LONDON 27592

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FROM RUMSFELD

DEPARTMENT PASS TO S/SN - MILLER

E. O. 12356: DECL: 12/21/13

TAGS: PREL, IO, LE, SY, IR

SUBJECT: RUMSFELD ONE-ON-ONE MEETING WITH IRAQI DEPUTY - PRIME MINISTER AND FOREIGN MINISTER TARIO AZIZ

1. S - ENTIRE TEXT.

2. DEPARTMENT REPEAT TO BAGHDAD, AMMAN, BEIRUT, JIDDA, RIYADH, DAMASCUS, CAIRO, TEL AVIV, USMISSION USUN NEW YORK.

3. SUMMARY: IN A WIDE RANGING TWO AND ONE-HALF HOUR UNEXPECTED ONE-ON-ONE MEETING RUMSFELD HAD WITH DEPUTY PRIME MINISTER AND FOREIGN MINISTER TARIO AZIZ. THE TWO AGREED THE U. S. AND IRAQ SHARED MANY COMMON INTERESTS: PEACE IN THE GULF, KEEPING SYRIA AND IRAN OFF BALANCE AND LESS INFLUENTIAL, AND PROMOTING EGYPT'S REINTEGRATION INTO THE ARAB WORLD. TARIO ALSO REVIEWED THE STATUS OF IRAQI OIL EXPORTS AND PLANS FOR INCREASING CAPACITY - INCLUDING CONSTRUCTION OF NEW PIPELINE. IN RESPONSE TO TARIO'S COMPLAINT THAT TOO MANY U. S. FRIENDS WERE SUPPLYING ARMS TO IRAQ, DIRECTLY OR INDIRECTLY, RUMSFELD

84D290, 136
Said the U. S. was sympathetic to this problem and would talk with our friends to try to get them to stop. Tariq commented that Lebanon was a minor problem and only important because of the current crisis. Focusing undue U. S. attention only strengthens the hand of Lebanon's factional leaders. On Iran, Tariq opined that the war was keeping the mullahs in power by serving as a distraction from Iran's serious domestic problems.

End summary.

4. Commenting that the changes in my schedule resulted from an appointment with King Fahd in Saudi Arabia. I commented that the king was very pleased that I was coming to Iraq and asked me to extend his regards. President Husar, King Hussein, and King Hasan also had similar messages. All of them had in one way or another recently talked to me about Iraq and expressed the conviction that it was a capital I should visit, that there were people I should meet, and that Iraq had a role in the Middle East that was important. Tariq indicated the levels of relationships Iraq had with each, saying he was pleased to know that they had been positive in their comments.

5. I opined that the relationship between our two countries had been strained since 1967. When asked to undertake this job, I had looked at a map, talked to people, and in short order concluded that Iraq was a country I wished to visit. It was clear from a geostrategic standpoint, we had interests that were similar and that it was worth talking about both the similarities and differences of our views. I said to him that I was not here to seek diplomatic relations, that was something that each nation had to decide for itself. As he knew, Iraq had broken relations in 1967, and we
6. Tario responded by noting that we had had contacts. He described the various levels of contacts between our two countries. He went on to point out that they did not want people to feel that they changed their positions because they were in a war with Iran or were having difficulties. In fact, Iraq had a longsighted view and felt that relationships were important and needed to be underpinned by strong sense of reality. He added that U.S.-Iraqi relations was an issue that might be addressed by the President during our meeting the next day.

7. I said I thought we had areas of common interest, particularly the security and stability in the Gulf which had been jeopardized as a result of the Iranian revolution. I added that the U.S. had no interest in an Iranian victory; to the contrary, we would not want Iran's influence expanded at the expense of Iraq. As with all nations we respect Iraq's independence, sovereignty, and territorial integrity. In our view, the behavior of Iran, Syria and Libya is unacceptable. It is in our interest and the interest of those nations that
I noted that Iraq's oil exports were important. We talked about the best ways to increase their output, which would be the possibility of their having a pipeline connected to Saudi Arabia. He said that even without pumping stations, Iraq could increase from 500,000 BPD to 1.2 million BPD, with pumping stations output could go up to an even larger number. I raised the question of a pipeline through Jordan. He said he was familiar with the proposal. It apparently was a U.S. company's proposal. However, he was concerned about the proximity to Israel as the pipeline would enter the Gulf of Aqaba. I felt that the only way to support Israel...
FROM ATTACKING SUCH A VULNERABLE POINT WOULD BE TO HAVE A NUMBER OF COUNTRIES INVOLVED WITH THE PROPOSED PIPELINE AND WITH THE REFINERY. HE SAID THEY ARE INTERESTED BUT NEED TO FIND THE RIGHT FORMULA. HE FELT THAT IT COULD BE DONE FOR LESS THAN TWO BILLION DOLLARS AND RECOGNIZED THAT IT WOULD TAKE ABOUT TWO YEARS BECAUSE OF THE PLANNING REQUIRED. I SAID I COULD UNDERSTAND THAT THERE WOULD NEED TO BE SOME SORT OF ARRANGEMENTS THAT WOULD GIVE THOSE INVOLVED CONFIDENCE THAT IT WOULD NOT BE EASILY VULNERABLE. (THIS MAY BE AN ISSUE TO RAISE WITH ISRAEL AT THE APPROPRIATE TIME.)

9. WE DISCUSSED SYRIA AND AGREED THAT IT WAS IN BOTH OF OUR INTERESTS THAT THERE BE LIMITS ON SYRIA'S AMBITION. WE TALKED AT LENGTH ABOUT IRAQI-EGYPTIAN RELATIONS, NOTING THAT IRAQ HAD STEPPED FORWARD AND BEEN RELATIVELY BOLD WITH RESPECT TO UNDERTAKING A SERIES OF CONTACTS WHICH RECOGNIZED THE VALUE OF EGYPT IN THE ARAB WORLD. HE THEN SAID THAT WHILE THERE ARE SOME COUNTRIES LIKE LEBANON AND SYRIA THAT FROM TIME TO TIME MAY HAVE SOME IMPORTANCE BECAUSE OF SPECIFIC PROBLEMS RELATED TO THEM, THERE ARE COUNTRIES LIKE IRAQ, SAUDI ARABIA, AND EGYPT THAT ARE IMPORTANT YEAR IN AND YEAR OUT. WHAT WAS IMPORTANT WAS THAT THOSE COUNTRIES REGARDLESS OF CRISSES, IN GOOD TIMES AND BAD, HAD A STABILIZING ROLE TO PLAY IN THE REGION. BECAUSE EGYPT WAS ONE OF THOSE, HE FELT IT WAS UNNATURAL FOR THEM NOT TO BE A PART OF THE ARAB WORLD.

10. I EMPHASIZED OUR INTEREST IN OPPOSING INTERNATIONAL TERRORISM AND ISLAMISM. WE TALKED ABOUT ISRAEL AND A FAIR PEACE. WE DISAGREED ABOUT HOW TO DEAL WITH THE PLO. THE PLO IS CONVINCED THAT UNLESS THE U.S. DEALS WITH THE PLO, THERE WOULD BE NO SOLUTION. WE
FEELS THAT HUSSEIN IS WISER THAN SADAT AND KNOWS THAT HE CANNOT STEP FORWARD WITHOUT ARAFAT AND THE PALESTINIAN: HE SAID FLATLY THAT WITHOUT THE PLO HUSSEIN WILL NOT STEP FORWARD AND SHOULD NOT.

11. WE TALKED ABOUT BILATERAL COMMERCIAL RELATIONS. HE POINTED OUT THAT THE BUILDING WE WERE SITTING IN COULD NOT HAVE BEEN BUILT AS WELL OR AS QUICKLY AS IT WAS WITHOUT THE HELP OF AMERICANS, FRENCH, GERMANS, OR JAPANESE. IF A COUNTRY IS TRULY INTERESTED IN MODERNIZATION AS IRAQ IS, THE ONLY WAY IS TO HAVE TIES WITH WESTERN NATIONS.

12. WE DISCUSSED THE IRAN/IRAQ WAR IN DETAIL. I ASKED HIM A GREAT MANY QUESTIONS ABOUT THE DETAILS OF THE FIGHTING. THERE ARE FOUR OR FIVE SECTORS. WEAPONS USED RAN THE ENTIRE SPECTRUM, BUT MACHINE GUNS AND ARTILLERY HAVE BEEN PARTICULARLY EFFECTIVE. THE IRANIANS ARE USING RELATIVELY FEW TANKS. THEY TEND TO PREPARE FOR A MAJOR ATTACK FOR WEEKS ONLY TO HAVE IT REPULSED BY MACHINE GUNS AND ARTILLERY. THE IRANIAN FORCES ESSENTIALLY MOUNT HUMAN-WAVE ASSAULTS WITH THE SO-CALLED KHOMEINI GUARDS (YOUNG PEOPLE WITH A PIECE OF PAPER IN THEIR POCKETS THAT IS THEIR TICKET TO PARADISE), HEAVING THEMSELVES FORWARD UNTIL THEY BREAK AND RUN AS A RESULT OF THE RETURN FIRE. TARIO SAID THAT HE FELT THE WAR WAS OVER IN THE STRATEGIC SENSE IN THAT IRAQ WILL NOT LOSE WHAT HE DIDN'T KNOW WAS THE TACTICAL ISSUE OF WHEN THE
SECRET

Department of State

PAGE 02 OF 04 LONDON 27592 03-OF 05 2118172 CIS/18 002272 NOODIS
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SECRET SECTION 03 OF 05 LONDON 27592

NOODIS

FROM RUSSFELD

DEPARTMENT PASS TO S/SN - MILLER

E. O. 12356: DECL: 12/21/13
TAGS: PREL IO LE ST IR
SUBJECT: RUSSFELD ONE-ON-ONE MEETING WITH IRAQI DEPUTY

WAR WOULD END -- ONE. TWO. THREE. FOUR YEARS FROM NOW.

13. TARIO EXPRESSED CONCERN ABOUT THE IRANIAN ECONOMY
    THAT THEY HAVE ENOUGH OIL TO CONTINUE THE WAR
    INDEFINITELY. THE LIMITING FACTOR HE FELT WAS THEIR
    WEAPONS. WE TALKED AT SOME LENGTH ABOUT THE NATIONS
    THAT ARE SUPPLYING WEAPONS TO THE IRANIANS. I TOLD HIM
    THAT THERE WAS NO QUESTION BUT THAT THE U. S. OPPOSED
    OTHER COUNTRIES SUPPLYING WEAPONS TO IRAN AND ASKED HIM
    FOR SPECIFICS. I SET FORTH OUR EFFORTS TO HALT ILLEGAL
    SUPPLIES OF THE U. S.-CONTROLLED EQUIPMENT TO IRAN, AND
    OUR CONVICTION THAT SUCH EQUIPMENT IS NOT NOW REACHING
    IRAN.

DECLASSIFIED
I assured him I would take his list of countries helping Iran and that the U.S. would work with the countries involved on a sustained basis to try to reduce the flow of arms to Iran. After pressing him for more facts I was interested in his response. He said you know if someone wants to do something that is not in their interests they can hide it. Tariq said what is important is that the U.S. use its influence, not to stop a particular weapons transaction, but to create an understanding on the part of those countries that what they're doing is damaging their own interests.

I indicated that most of those countries funneling arms to Iran have people lists to the extent these countries are acting against their interests, it will be easier. I thought that if I approached the issue of these countries on a broad philosophical basis, it might be helpful. He was clearly pleased and careful that I emphasized his concern and that I

 Would like the U.S. to participate such an effort. I commend.... 
15. Tario expressed appreciation for U. S. support of Resolution 540 at the UN. I indicated our desire to have the war mediated and end peacefully without further escalating tension in the Middle East. I offered our willingness to do more.

I made clear that our efforts to assist were inhibited by certain things that made it difficult for us: citing the use of chemical weapons possible escalation in the Gulf and human rights. I pointed out that we were improving our contingency planning with Gulf States as to our goal of keeping the Straits open.

From our standpoint, obviously anything that is done that complicates life for Iran and Syria is helpful and contributes to stability in the region. For example, we favored Iraqi cooperation with Turkey, our NATO ally.

16. On Lebanon I indicated it is a serious situation that Syria is influencing the factions there to keep the conflict going, and
SECRET

Department of State

PAGE 02 OF 04  LONDON 27592  04 OF 05  2117592  C15/18  002273  MOD212
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TO SECSTATE WASHDC IMMEDIATE 1437

SECRET SECTION 04 OF 05 LONDON 27592

NODIS

FROM RUMSFELD

DEPARTMENT PASS TO S-SN - MILLER

E. O. 1202356: DECL: 12/21/13
TAGS: PREL, IO, LE, SY, IR
SUBJECT: RUMSFELD ONE-ON-ONE MEETING WITH IRAQI DEPUTY

That our intention was that it would end
without meeting the appetite of Syria. I
expressed amazement that after the kinds of
comments he made about the PLO and the Pales-
tinians the Arab world could still sit quietly by while
Syria killed PLO fighters. He replied that
Syria rationalized its conflict with Arafat by
citing that it was PLO international fighting.
I asked if Syria really hoped to isolate Israel;
if they did still fall short of first to justify
activity against I-Land if it was wished
to originate the Syrians they can always find excuses.
He said that is a canard nation and such a
manner of softening up is the motivation of a pretext.
It failed to void the need of I-SUPREME CEN AUTHORITY.
Further, if I-HIGH COMMANDS CHAL ALL THE
goals of I-US-DOCS )))

SLEET
TARIO POINTED OUT THAT LEBANON REALLY WAS A MINOR PROBLEM. ITS ONLY IMPORTANCE WAS THAT IT WAS A CRISIS NOW. IT REALLY WAS NOT A COUNTRY AND THE PEOPLE OF LEBANON THINK OF THEMSELVES AS OF A CERTAIN SECT. HE SAID WHEN AN IRAI IS ASKED WHO HE IS, THE REPLY IS "I AM AN IRAI." OTHER COUNTRIES HAVE A SIMILAR PRIDE OF NATIONAL IDENTITY -- BUT NOT IN LEBANON. IN LEBANON THEY THINK OF THEIR SECT OR THEIR VILLAGE AND HAVE NO SENSE OF COHESION. HE SAID THE PROBLEM WITH THE US FOCUSING ON A MINOR PROBLEM LIKE LEBANON IS THAT IT ELEVATES SYRIA TO A ROLE IT DOESN'T DESERVE. THIS IS UNNATURAL. FURTHER IT ELEVATES THE FRACtIONAL LEADERS. IT MAKES JUMBLATT SOMEbody. OBVIOUSLY, ANYBODY IN THAT SITUATION IS GOING TO PLAY IT TO THE MAXIMUM. HE IS GOING TO MAKE THE BEST DEAL, TAKE SOME MONEY, AND DO WHATEVER HE FEELS LIKE DOING, BECAUSE THIS IS HIS MOMENT IN THE SUN. IMAGINE A SUPERPOWER PAYING ATTENTION TO A JUMBLATT. HE HOPED THAT WE WOULD NOT FOCUS ON LEBANON EXCESSIVELY, BECAUSE SOMETIMES YOU CAN SOLVE LITTLE PROBLEMS BY DEALING CORRECTLY WITH THE LARGER ONES. EVEN PUTTING THE FACTIONS AWAY FROM SYRIA REALLY COULDN'T DO MUCH NOW. THERE HAD TO BE A GREATER DEGREE OF COHESION WITHIN THE COUNTRY BEFORE THINGS WOULD COME TOGETHER. I TOLD HIM THE US NEEDED HASSAN QUTTERS. HE INDICATED IRAQ COULDN'T BE OF ANY HELP BECAUSE TO DO SO WOULD WEaken ITS ABILITY TO GET ASSISTANCE FROM OTHERS.
HUSSEIN WAS DEPENDENT ON THE PLO. AFTER A LENGTHY DISCUSSION, HE FELT THAT MY VIEW THAT THE PLO HAD NOT DELIVERED IS NOT ENOUGH. IN FACT, HE AGREED. THE PLO HAS SURVIVED CLOSE TO TWO DECADES. IT IS THE POLITICAL VOICE OF THE PALESTINIANS, AND NO MATTER WHAT KING HUSSEIN DOES HE CAN'T MOVE WITHOUT THEM. FURTHER, HUSSEIN KNOWS THAT AND HE WON'T MOVE WITHOUT THEM. IT'S UP TO THE US TO FIND A WAY TO COMMUNICATE WITH ARAFAT.

19. WE TALKED AT LENGTH ABOUT THE CONSENSUS DIRECTION-MAKING PROBLEM THAT WAS INHIBITING THE FUTURE OF THE ARAB WORLD. IF THE ARAB WORLD CONTINUES DOWN THE PATH OF USING CONSENSUS TEN YEARS FROM NOW, IT WILL ALWAYS HAVE BEEN THE LOWEST COMMON DENOMINATOR FOR EACH DECISION. AS A RESULT, IT WILL END WITH THE SPOILER WINNING AND THE SENSIBLE MAJORITY UNABLE TO MOVE ITSELF FORWARD. TO MODERNIZE, TO DEVELOP, OR TO SECURE STABILITY AND AN ENVIRONMENT WITH CONSTRUCTIVE INTERACTION WITH THE WEST.

HE PRESSWed AS TO WHAT THE VIEWS OF OTHER ARAB NATIONS WERE. I TOLD HIM THAT I BELIEVED THAT KUWAIT, QATAR, UAE, AND EGYPT AGREED WITH THIS ACTIVITY. HE ASKED ABOUT THE SAUDIS.
SECRET
Department of State

PAGE 02 OF 03 LONDON 27592 05 OF 05 211818Z C15/18 002274 NOD213
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FM AMBASSAD LONDON
TO SECSTATE WASHDC IMMEDIATE 1438

SECRET SECTION 05 OF 05 LONDON 27592

NODIS

FROM RUMSFELD

DEPARTMENT PASS TO S/SN - MILLER

E. O. 12356; DECL: 12/21/13
TAGS: PREL. IO. LE. SY. IR

SUBJECT: RUMSFELD ONE-ON-ONE MEETING WITH IRAQI DEPUTY

I SAID THEY ARE QUIET ON THE QUESTION OF CONSENSUS AND THAT I TAKE AS NOT BEING IN AGREEMENT.
WE ALSO DISCUSSED THE SOVIET UNION. I SAID THE US SPEKS PEACEFUL RESOLUTION OF CONFLICTS,
RECOGNITION OF THE RIGHT OF SOVEREIGN NATIONS TO MAKE THEIR OWN JUDGMENTS AND BELIEF IN A STRONG
MAGNIFICENT AND SECURITY IN THE GULF.

FURTHER, OUR DISCUSSIONS CAME AHEAD TOWARDS

ENCOURAGING OUR FRIENDS AND HELPING TO CREATE
A FEELING OF SECURITY AND STABILITY.

7G. THAT SHOCKED ME WAS HIS INTEREST IN THE ECONOMIC

OFFICIAL BUSINESS. IT COMES AS NO SURPRISE THAT

WELL, THE TWO. WE NEGOTIATED THAT THERE

WAS NO WAY FOR HIS ALLIANCE TO BE A LOOSEMILLER

AND ITS INTEREST IN DEVELOPMENT. THE REPORTS

SAYS "YES" TO IT, BUT THEN IT...
IF THE WAR CONTINUED, HE FELT IRAQ HAD TO BE IN CONTACT WITH THE OTHER COUNTRIES OF THE WORLD.

21. HE SAID THAT THE BEST RESULT FOR NATIONS INTERESTED IN STABILITY WAS FOR IRAN TO LOSE THE WAR. HIS REASON FOR THIS IS THAT THE MULLAHS CANNOT COPE WITH THE ECONOMY AND THEY CAN'T MANAGE A SOCIETY OR A COUNTRY. THEY CANNOT HANDLE THE ADMINISTRATIVE DETAILS. IT IS ONLY THE WAR THAT IS DISTRACTING THE IRANIAN PEOPLE FROM THE INCOMPETENCE AND INABILITY OF THE MULLAHS. HIS JUDGMENT IS THAT THE IRANIAN REVOLUTION, WHILE IT WILL TAKE SOME YEARS, WILL EVENTUALLY DIE OR MUSEATE. IF THE WAR ENDED THEY WOULD HAVE NOTHING TO DO BUT ADDRESS THE DOMESTIC PROBLEMS. SINCE THEY LACK THE ABILITY TO HANDLE THESE PROBLEMS OVER TIME, THERE WILL BE CHANGE.

22. OTHER SUBJECTS COVERED: TARIQ SPOKE HIGHLY OF BOTH WITTERAU AND CHEYSSON AND SAID HE KNEW THEM BOTH PERSONALLY. THEY HAVE A DEVELOPED WORLD VIEW.

23. MINIMIZE CONSIDERED. PRICE
IRAQ'S CURRENT ECONOMIC SITUATION WAS NOT DISCUSSED IN DETAIL DURING AMBASSADOR RUMSFELD'S MEETING WITH SADDAM HUSSEIN. I WILL PURSUE THE POINTS RAISED IN PARA 4 OF REF A IN FORTHCOMING MEETINGS AT THE MFA.

IN CONSIDERING WAYS TO BUILD INTERNATIONAL CONFIDENCE IN IRAQ'S ECONOMIC AND FINANCIAL FUTURE, WE SHOULD GIVE SERIOUS THOUGHT TO OFFERING EXIM BANK CREDITS. THE WESTINGHOUSE REQUEST FOR FINANCING (REFS B AND C) OFFERS AN EXCELLENT OPPORTUNITY TO FACILITATE US PARTICIPATION IN THE IRAQI ECONOMY BY OFFERING CREDITS. NEW US CREDITS, IN COMBINATION WITH OUR CCC CREDITS, WOULD DEMONSTRATE US CONFIDENCE IN THE IRAQI ECONOMY. THIS, IN TURN, WOULD ENCOURAGE OTHER COUNTRIES TO PROVIDE SIMILAR ASSISTANCE. SUCH CONCRETE DEMONSTRATIONS OF SUPPORT COULD EASE PRESSURES ON IRAQ TO TAKE MEASURES TO EXPAND THE WAR TO NON-BELLIGERENTS.
TO:  P - Mr. Eagleburger
FROM:  WZA - Richard W. Murphy
SUBJECT:  EXIM Bank Financing for Iraq

Issue:

Whether to sign a letter to EXIM President Draper recommending that EXIM approve financing for Iraq.

Essential Factors:

EXIM currently opposes loans to Iraq because it considers that loans to Iraq lack a reasonable expectation of repayment. EXIM points to Iraq's recent rescheduling of commercial contract payments, large transfers from Gulf governments, decreased oil production and the drop in Iraqi reserves to support its view. In addition, EXIM is concerned about the threat of war damage.

EXIM has virtually no exposure in Iraq because, until recently, EXIM was precluded from doing business with Iraq in light of that country's involvement with terrorists.

Recent analysis of Iraq's economic situation indicates that the crisis situation which prevailed during the early part of 1983 has been alleviated somewhat through imposition of an austerity program which included cutbacks in development projects and major cuts in imports. As a consequence, Iraq's estimated net foreign assets for 1983 are $11 billion although the current account balance is - $2 billion for the year. In addition, Iraq has been successful in obtaining supplier credits and deferred payments for ongoing projects. Current payments on these debts are being met. If current policies and external financing are sustained, the current account should be roughly in balance, but further rescheduling is a possibility.

Iraq's financial condition will remain dependent on petroleum export earnings and aid from the Gulf states. Iraq is determined to achieve alternative outlets for its petroleum exports in addition to the pipeline through Turkey (capacity 750,000 b/d). Iraq expects to increase its oil export capacity through Turkey to just over 1 million b/d in the spring of 1984 with a possible additional 50% increase in exports by the end of 1984. Each $1 billion of aid from the Gulf states to Iraq, at least $20 billion since the start of the war, have been and will continue to be important.
to Iraq. For the Gulf States, there appears to be no alternative to a continuation of this aid flow because of their dependence upon Iraq to resist export of the Iranian revolution.

There is the possibility, on the political side, that internal frustrations resulting from economic deprivation and a seemingly endless war may produce problems for the government. On the military front, Iraq has suffered limited setbacks on the northern front. It is uncertain how long the status quo can be maintained by Iraq in its confrontation with a much more populous Iran as long as Iran exports three times as much oil as Iraq.

Discussion:

The U.S./Iraq political relationship could be advanced by EXIM financing which had previously not been possible for political reasons. EXIM financing would benefit U.S. manufacturers and workers and could serve marginally to bolster the Iraqi economy by freeing resources for use elsewhere in the country. Most importantly, EXIM financing would signal our belief in the future viability of the Iraqi economy and secure a U.S. foothold in a potentially large export market. Viewed in combination with CCC credits already granted Iraq, an EXIM gesture would go far to show our support for Iraq in a practical, neutral context. This would be especially important in the absence of other substantial U.S. gestures, to ease the military pressures of the war, and would provide some incentive for Iraq to comply with our urgings that it show restraint in widening the war.

Although Iraq’s economy is confronted with significant problems, we are guardedly optimistic regarding Iraq’s ability to manage these problems through 1984.

Recommendations

That you sign the letter attached at Tab 3 recommending that EXIM consider financing for Iraq. Our Interests Section endorses this recommendation. (Baghdad 3134 attached).

Agree Disagree

DEC 24 1983

Attachments:

Tab 1 - Proposed Letter to William Draper
Tab 2 - Baghdad 3134
SECRET

Page 01  STATE 363068
ORIGIN 85-28
INFO OCT-00 COPY-01 ADD-00 SSO-00 /926 R
DRAFTED BY S/SN: THILLER
APPROVED BY S/SN: ORMSFELD
S/S: J. COVEY
S/S-O: TLRANDALL, JR.

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TO AMBASSADOR AHMAN IMMEDIATE
USINT BAGHDAD IMMEDIATE
AMBASSADOR BEIRUT IMMEDIATE
AMBASSADOR CAIRO IMMEDIATE
AMBASSADOR DAMASCUS IMMEDIATE
AMBASSADOR JERUSALEM IMMEDIATE
AMBASSADOR JIDDA IMMEDIATE

SECRET STATE 363068
EXDIS: FROM ORMSFELD

E.O. 12356 DECL: OADR
TAGS:
SUBJECT: RUMSFELD MISSION: MEETING WITH KING HUSSEIN
IN LONDON, DECEMBER 21, 1983

1. SECRET - ENTIRE TEXT.

2. SUMMARY: AMBASSADOR RUMSFELD AND KING HUSSEIN MET FOR
ONE- AND ONE-HALF HOURS IN LONDON, DECEMBER 21, 1983.
DISCUSSION REVIEWED THE STATUS OF AND PROSPECTS FOR IMPROVING U.S.-IRAQI RELATIONS.
J. Rumsfeld, Viets, Teicher and Miller met with King Hussein and Cinc Zayid, Bin Shaker for one and one-half hours morning of December 21 in the King's Claridge Hotel Suite in London. The King began the meeting by noting how pleased he was that Rumsfeld had visited Baghdad. Rumsfeld explained the U.S. analysis of the regional disequilibrium caused by Egyptian isolation and the Iraq-Iran war. During his talks with Tariq Aziz and Saddam Hussein, there were more areas of agreement than disagreement. "A generation of Americans and Iraqis had grown up without knowing one another. This was not normal." The King characterized Rumsfeld's visit to Baghdad as "a very good and useful step. The Iraqis are the frontline of the Gulf against Iran; if Iraq is defeated, the Saudis and others will be in great danger. The leadership in Baghdad is demonstrating more maturity. Anything that can be done to normalize Iraqi-U.S. relations will be helpful."

4. Hussein asked whether an Iraqi pipeline through Jordan had been discussed. Rumsfeld said it had been discussed (along with everything else) in the tete-a-tete with Tariq Aziz. The idea appeals to the Iraqis, but it had originally been dismissed out of fear of an Israeli threat. Baghdad is still interested, especially if the pipeline involves arrangements which would make it "a complicated secret secret."

PAGE 03 STATE 363058

Target" for Israel. U.S. political interest in Iraq not losing the war should also be encouraging. Hussein was pleased that Rumsfeld had discussed the pipeline. "U.S. involvement would be a positive development, building a bridge between Iraq and the U.S." He added that Jordan was considering construction of a refinery complex, as well as the pipeline, in Aqaba. Rumsfeld told Hussein that this type of discussion demonstrated that the U.S. Iraqi dialogue is off to a good start, adding that "the U.S. is available if Baghdad is interested in normal relations."
Dear Bill:

I would like to bring to your attention the important role EXIM can play in furthering long range political and economic interests of the United States by being receptive to financing American sales to and projects in Iraq.

I understand that there were legal constraints on EXIM financing for sales to Iraq arising from Iraq's links to international terrorists. Recently, the President of Iraq announced the termination of all assistance to the principal terrorist group of concern, among others. Iraq then expelled this group and its leader. The terrorism issue, therefore, should no longer be an impediment to EXIM financing for U.S. sales to Iraq.

Although we cannot know when the heavy burden of war will be lifted from the Iraqi economy, the threat of economic or has receded. A strict austerity program, supplier credits, foreign government project financing, and continued financial assistance from the Gulf states should continue to sustain the oil export capacity by 90% to one million b/d in the spring of 1984, and has plans well advanced for an additional 50% increase in its oil exports by the end of 1984.

From the political standpoint, EXIM financing would show U.S. interest in the Iraqi economy in a practical, neutral context. It could provide some incentive for Iraq to comply with our urgings that it show restraint in the war. This evidence of our interest in increasing commercial relations also will bring political benefits, as well as balance-of-trade and employment benefits to our economy.

Sincerely,

[Signature]

Laurence J. Eagleburger

The Honorable
William R. Crapo, III,
President and Chairman,
Export-Import Bank of the United States.
SECRET

PAGE 01

BAGHDAD 03163 01 OF 02 261207Z

ACTION SS-25

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ANAMBASSY AMMAN

ANAMBASSY ANKARA

ANAMBASSY CAIRO

ANAMBASSY DAMASCUS

ANCONSUL JERUSALEM

ANAMBASSY JIDDA

ANAMBASSY LONDON

ANAMBASSY MUSCAT

ANAMBASSY OTTAWA

ANAMBASSY PARIS

ANAMBASSY TEL AVIV

ANAMBASSY TOKYO

USELO RIYADH

USMISSION USNATO

JCS WASHDC

ANAMBASSY ROME

USMISSION USUN NEW YORK

SECRET SECTION 01 OF 02 BAGHDAD 3163

EXDIS CAPTION REMOVED BY S/S (EK) ON 11/29/93

DEPT PASS S/SN TOM MILLER

E012356 DECL QADR

TAGS: PREL, NOPS, IL, US, XF

SUBJ: FOLLOW-UP ON RUMSFELD VISIT TO BAGHDAD

1. SECRET ENTIRE TEXT.

SECRET

PAGE 02

BAGHDAD 03163 01 OF 02 261207Z

2. DECEMBER 26, I CALLED ON UNDERSECRETARY SAHAF AT

SECRET
SECRET

THE FOREIGN MINISTRY TO COMPARE NOTES ON AMBASSADOR RUMSFELD’S VISIT AND FOLLOW-UP ON SOME SPECIFIC POINTS. SAHHAF’S OPENING COMMENTS CONFIRMED OUR OWN IMPRESSION FROM A NUMBER OF OTHER SOURCES THAT THE VISIT WAS VERY FAVORABLY RECEIVED IN IRAQ BOTH BY THE GOVERNMENT AND THE IRAQI PUBLIC. SAHHAF NOTED THE GOOD ATMOSPHERE DURING THE VISIT AND THE WIDE CONVERGENCE OF VIEWS.

3. DRAWING ON PREVIOUS INSTRUCTIONS FROM THE DEPARTMENT, I BEGAN BY REFERRING TO OUR RECENT CONSULTATIONS IN THE GULF. SAHHAF INDICATED THAT HE WAS UP ON THIS THROUGH THE REPORT OF THE CHIEF OF IRAQINT AFTER HIS BRIEFING BY THE DEPARTMENT. I RECALLED THAT ALL GULF STATES HAD SHOWN AN INTEREST IN CONTINUING CONSULTATIONS, WITH SEVERAL MORE INTERESTED IN MILITARY ASPECTS THAN OTHERS. SAHHAF, WITHOUT COMMITTING HIMSELF, CONVEYED THE IMPRESSION THAT IRAQ IS PLEASED WITH THE INTEREST WE ARE SHOWING IN THE GULF.

4. AS THE CONVERSATION MOVED TO STEPS WE ARE TAKING WITH OUR FRIENDS TO STOP MILITARY SALES TO IRAN, SAHHAF EXPRESSED HIS GOVERNMENT’S SATISFACTION. HE SEEMED PARTICULARLY PLEASED BY MY REPORT THAT AMBASSADOR RUMSFELD FAVORED DISCUSSING THE ISSUE WITH OUR FRIENDS IN STRATEGIC TERMS RATHER THAN LIMITING OURSELVES TO TRYING TO INTERDICT SPECIFIC SHIPMENTS THAT MIGHT COME TO OUR ATTENTION.

5. ON THE QUESTION OF DIPLOMATIC EFFORTS TO END THE WAR, SAHHAF REFLECTED IRAQ’S CONTINUED FRUSTRATION WITH THE LACK OF PROGRESS. HE SAID HE UNDERSTOOD THAT THE UN/SYG WOULD BE ATTENDING THE ISLAMIC SUMMIT AT CASABLANCA BUT THIS WAS USUALLY A PROTOCOLAR APPEARANCE RATHER THAN SECRET.

6. OUR DISCUSSION OF THE GULF WAS LARGELY IN TERMS OF IRAQI PETROLEUM EXPORTS. I NOTED THAT, WHILE WE SUPPORTED PIPELINE PROJECTS THAT WOULD EVENTUALLY HELP TO REDRESS THE IMBALANCE BETWEEN IRAQ’S AND IRAQ’S EXPORTS, WE WONDERED WHETHER IRAQ WAS NOT INTERESTED IN TESTING IRAN’S INTENTIONS WITH REGARD TO IRAN’S USE OF THE GULF. SAHHAF ACKNOWLEDGED THAT THEY WERE INTERESTED IN THIS.

PAGE 03 BAGHDAD 03163 01 OF 02 261207Z

ONE DEALING WITH SUBSTANCE. SAHHAF CONFIRMED OUR IMPRESSION THAT IT WILL NOT BE KNOWN UNTIL THE LAST MINUTE WHETHER OR NOT SADDAM HUSSEIN WILL ATTEND THE MEETING.
SECRET

POSSIBILITY, BUT HE OBSERVED, AS HE HAD PREVIOUSLY, THAT IRAQ DID NOT KNOW WHAT TECHNICAL PROBLEMS MIGHT HAVE TO BE OVERCOME, INCLUDING CLEARANCE OF WRECKS AND MINES. I REPLIED THAT WE TOO, WERE IN THE DARK ON A NUMBER OF TECHNICAL QUESTIONS RE IRAQ'S ABILITY TO DELIVER OIL TO A GULF TERMINAL. THIS LEAD TO MY SUGGESTION THAT WE BE PLACED IN CONTACT WITH IRAQI OFFICIALS WITH WHOM WE COULD DISCUSS SUCH MATTERS IN MORE DETAIL.

SECRET
SECRET

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AMBASSADY CAIRO
AMBASSADY DAMASCUS
AMBASSADY JERUSALEM
AMBASSADY JIDDA
/AMBASSADY LONDON 1722
AMBASSADY MUSCAT
AMBASSADY OTTAWA
AMBASSADY PARIS
AMBASSADY TEL AVIV
AMBASSADY TOKYO
USELO RIYADH
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JCS WASHOC
AMBASSADY ROME
USMISSION USUN NEW YORK I

SECRET SECTION 02 OF 02 BAGHDAD 3163

EXDIS

DEPT PASS S/SH TOM MILLER

7. IN CONVEYING THE HIGH LEVEL US INTEREST IN IRAQ'S
ECONOMIC SITUATION, I ASKED WHETHER IT WOULD BE USEFUL FOR
ME TO MEET WITH FIRST DEPUTY PREMIER TAHAN YASSIN RAMADHAN
(WHO IS IRAQ'S ECONOMIC CZAR). I NOTED THAT IN ADDITION
TO DISCUSSING ECONOMIC MATTERS IT MIGHT BE USEFUL FOR US
SECRET
SECRET

PAGE 02  BAGHDAD '03163' '02' OF '02 261224Z

TO COVER A WIDER RANGE OF ISSUES TO HELP ESTABLISH
CONFIDENCE.
8. Sahaf smiled and replied that although he knew that Taha Yassin Ramadhan's contacts with Eastern Bloc were highly visible, Iraq now finally had a completely unified leadership. Responding positively to the idea of a meeting, Sahaf said I would find Ramadhan's views similar to those of Tariq Aziz. He thought, however, that before such a meeting takes place, we should try to have some specific projects or proposals to discuss.

I replied that, though it would be desirable to have such items on the agenda, we should perhaps approach next steps in a different way. The USG had concluded a high level policy review which had established the environment and policy positions that had been conveyed to the Iraqi leadership by Ambassador Rumsfeld. Within this framework it now seemed appropriate for the Iraqis to come forward with some specific suggestions. These could be conveyed at various levels, but a meeting with Ramadhan would obtain high level attention in Washington and would set the stage within the Iraqi government for closer economic cooperation. Sahaf seemed to accept this as the correct approach.

9. Comment: Ambassador Rumsfeld's visit has elevated US-Iraqi relations to a new level. This is both symbolically important and practically helpful. On the strategic level this new relationship has been usefully registered by our friends, and probably by Iran and Syria as well. Within Iraq, the visit has been observed by the bureaucracy and it will improve our access here. We must now maintain some momentum in the dialogue and secret relationship. A meeting with Taha Yassin Ramadhan, though not essential, would be one way of doing so and would be a further positive signal to Iraqis, particularly those who have opposed the US. Despite Sahaf's claims to the contrary, we believe Taha Yassin Ramadhan has in the past been unenthusiastic toward improvement of US-Iraqi relations.

10. Comment continued: During and following the Rumsfeld visit we have received no commitment from the Iraqis that they will refrain from military moves toward escalation...
SECRET

IN THE GULF. NEVERTHELESS, THE RELATIONSHIP BEING ESTABLISHED WITH THE US MAY HAVE A RESTRAINING INFLUENCE ON THE IRAQI LEADERSHIP, PERHAPS CAUSING THEM TO PAUSE AND GIVE DIPLOMACY AND THE HOPE FOR A FORUITOUS DEVELOPMENT IN TEHRAN MORE TIME. THE IRAQIS, HOWEVER, DO NOT CONSIDER ATTACKING SHIPS IN THE EXCLUSION ZONE NEAR BANDAR KHOMENEI TO BE AN ESCALATION. EAGLETON
EXDIS CAPTION REMOVED BY S/S (EK) ON 11/29/93

EO 12356 DECL: QAOR
TAGS: PREL, HOPS, II, IR, JA
SUBJ: MEETING WITH TARIQ AZIZ; EXPANDING IRAQ'S OIL EXPORT FACILITIES

REF 83 BAGHDAD 3163

1. S - ENTIRE TEXT

2. DEP PH AND FOREIGN MINISTER AZIZ ASKED TO SEE ME JAN 2 TO FOLLOW UP ON RUMSFELD'S VISIT AND MY LATER CONVERSATION (REFTEL) WITH UNDERSEC SAAHAF. DURING THE FIRST PART OF THE CONVERSATION, TARIQ AZIZ READ VERBATIM FROM A TYPED TEXT. HE SAID SECRET.

SECRET

PRES HUSSEIN WAS PLEASED WITH HIS MEETING WITH RUMSFELD.
SECRET

AND WITH THE POSITIVE ATMOSPHERE CREATED DURING THE VISIT, HE WAS ESPECIALLY HAPPY WITH PRESIDENT REAGAN'S MESSAGE EMBRACING THE NEED TO STOP THE WAR AND CONVEYING THE US ATTITUDE TOWARD RELATIONS WHICH LEFT IT TO IRAQ TO DECIDE TIMING OF A FORMAL RENEWAL. THE IRAQI SIDE WILL ENCOURAGE FURTHER MEETINGS AND COMMUNICATIONS.

3. AFTER COMMENTING ON A SPECIFIC ISSUE RAISED DURING THE RUMSFELD VISIT, AZIZ SAID THAT IRAQ APPRECIATED US SUPPORT FOR INCREASING IRAQ'S CAPACITY TO EXPORT OIL. WHEN HUSSEIN HEARD OF THE US INTEREST IN A PIPELINE THROUGH JORDAN, THIS PROJECT BEGAN TO RECEIVE SERIOUS ATTENTION. IRAQ WILL NOW CONSULT WITH JORDAN AND WOULD APPRECIATE THE CONTINUED INTEREST OF OURS IN THE PROJECT ITSELF AND IN "IDEAS REGARDING ITS SECURITY."

4. AZIZ THEN TURNED TO THE GULF. IRAQ, HE SAID, HAD CONSIDERED THE "AMERICAN IDEA" ABOUT TESTING THE IRANIAN REACTION. THIS WAS NOT YET POSSIBLE BECAUSE EXPORT FACILITIES WERE BADLY DAMAGED AND WATERWAYS WERE BLOCKED BY MINES AND OTHER OBJECTS. THE IRAQI GOVT HAD DECIDED THAT THE FIRST STEP SHOULD BE REPAIR AND CLEANING.

5. IN REPLY I SAID THAT THE US HAD ALREADY EXPRESSED ITS SUPPORT OF EFFORTS TO ENLARGE IRAQI OIL EXPORTS THROUGH THE GULF. WE WOULD LIKE TO SEE IRAQI FACILITIES REBUILT AND LARGE SCALE EXPORTS RESUMED. HOWEVER, I WONDERED WHAT CHANCE THERE WAS THAT IRAN WOULD FORMALLY AGREE TO SUCH AN UNDERTAKING. SOME HAD THOUGHT A BETTER APPROACH MIGHT BE TO TEST THE IRANIANS...
SECRET

STEP BY STEP IN THE HOPE THAT THEIR ACQUIESCENCE WOULD BECOME POLICY EVEN IN THE ABSENCE OF A FORMAL AGREEMENT.

7. AZIZ REPLIED THAT IRAQ DID NOT BELIEVE IT WAS WORTHWHILE TO TRY TOKEN SHIPMENTS THAT WOULD NOT PROVIDE SIGNIFICANT EXPORT VOLUME AND WOULD ALWAYS BE SUBJECT TO IRANIAN INTERDICTION. THEREFORE THE DECISION HAD BEEN MADE THAT THE FIRST STEP SHOULD BE TO REPAIR FACILITIES. IF IRAN DOES NOT AGREE, IRAQ'S FRIENDS SHOULD NOT EXPECT IRAQ TO RENOUNCE OTHER MEANS. AFTER UNSC RES 540 IRAQ WAS ASKED TO BE FLEXIBLE. THIS IS WHAT IRAQ IS NOW DOING IN THE HOPE OF GIVING DIPLOMACY A CHANCE.

8. WHEN I REITERATED OUR DESIRE TO AVOID ESCALATION IN THE GULF WHILE HELPING IRAQ INCREASE ITS OIL EXPORTS, TARIQ AZIZ REPLIED THAT IRAQ WOULD RESIGN AND辽宁省 THAT BEFORE THE END OF THIS WEEK AN OFFICIAL STATEMENT WILL BE ISSUED REITERATING IRAQ'S RIGHT TO USE ALL OF ITS MILITARY CAPABILITIES. IF IRAN FAILS TO RESPECT IRAQ'S RIGHT TO USE THE GULF.

9. COMMENT: AZIZ HAS INDICATED THAT IRAQ WILL DELAY ESCALATION IN THE GULF AT LEAST A FEW MORE WEEKS TO GIVE AN OPPORTUNITY TO ARRANGE A DEAL IN TEHRAN THAT WILL PERMIT THE IRANIANS TO REBUILD THEIR PETROCHEMICAL AND SUPPORT FACILITIES AT BANDAR KHOMEINI IN EXCHANGE FOR PERMITTING IRAQ TO DO THE SAME WITH ITS OIL EXPORT TERMINALS IN THE GULF. IRAQ WILL BACKUP SECRET

SECRET

PAGE 04 BAGHDA 00009 039680Z

THIS DIPLOMATIC EFFORT BY WARNING THAT FAILURE TO SATISFY IRAQ'S NEEDS WILL BRING IRAQ ATTACKS ON IRANIAN SHIPPING IN THE GULF. ALTHOUGH THE PROSPECT OF EARLY IRANIAN AGREEMENT TO THE IRAQI PROPOSAL APPEARS TO BE REMOTE, THE DIPLOMATIC PROCESS IN ITSELF WILL GAIN SOME TIME AND PERMIT IRAN'S INTENTIONS AND POSSIBLE ACQUIESCENCE IN SOME KIND OF A DEAL TO BE EXPLORED.

10. ACTION REQUESTED: I WOULD APPRECIATE INSTRUCTIONS PERMITTING ME TO INFORM THE IRAQIS THAT WE WILL SUPPORT THE PROPOSAL WE SHOULD ALSO REPLY TO AZIZ'S QUERY FOR US IDEAS RE SECURITY FOR A PIPELINE THROUGH JORDAN.

11. KUWAIT MINIMIZE CONSIDERED.
SECRET

PAGE 01

ACTION SS-25

INFO OCT-93 COPY-93 ADS-93 SS0-93 /026 W

O 101125Z JAN 94
FN USINT BAGHDAD
TO SECSTATE WASHDC IMMEDIATE 621B
INFO AMBASSAD ARYAHAN
AMCONSUL JERUSALEM IMMEDIATE
AMBASSAD TEL AVIV

SECRET

EXQIS CAPTION REMOVED BY S/S (EK) ON 11/29/93

JERUSALEM FOR AND RUMSFELD

EO 12356 DECL: QADR
TAGS: EPET, PREL, 17, 10

SUBJ: IRAQI PIPELINE THROUGH JORDAN

1. S - ENTIRE TEXT

2. DURING A MEETING WITH HE SAID HE HAD BEEN TOLD BY A MEMBER OF THE IRAQI LEADERSHIP THAT THE REJ CCH HAD APPROVED THE PIPELINE PROJECT THROUGH JORDAN TO AQABA. HE THOUGHT THIS WAS A VERY POSITIVE DEVELOPMENT. IN THIS CONTEXT, HE SAID HE WAS TOLD BY TARIQ AZIZ THAT THE IRAQI LEADERSHIP WAS EXTREMELY PLEASED WITH AMB RUMSFELD'S VISIT. TARIQ AZIZ HAD GONE OUT OF HIS WAY TO PRAISE RUMSFELD AS A PERSON, NOTING THAT HE WAS A GOOD LISTENER AND HAD PRESENTED THE US POSITION IN A CONVINCING MANNER.

EAGLETON
SECRET STATE 012251

SECRET

PAGE 01 ORIGIN NODS-00
INFO OCT-00 ADS-00 /000 R
DRAFTED BY NEA/ARM:
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WHITE HOUSE IMMEDIATE 9403

SECRET STATE 012251 DECAPTIONED

NODIS FOR RUMSFELD PARTY ONLY FROM MURPHY

E.O. 12356: DECL: QADR
TAGS: PREL, US, IZ
SUBJECT: FOLLOW-UP STEPS ON IRAQ-IRAN

REF: (A) BEIRUT 0118 (B) RABAT 0041

1. (S) - ENTIRE TEXT.

SECRET
SECRET

PAGE 02 STATE 012251

PRESENT MESSAGE RESPONDS TO AMBASSADOR RUMSFELD'S
SECRET

REQUEST (REF A) FOR STATUS REPORT AND PERIODIC UPDATE OF STEPS WE ARE TAKING TOWARD IRAQ. REF (B) REPORTED MEASURES SUGGESTED BY IRAQ AS TRANSMITTED BY MOROCCAN FONMIN.

3. CURTAILING ARMS TO IRAN: THE SECRETARY HAS ASKED AMBASSADOR FAIRBANKS TO OVERSEE THE DIPLOMATIC INITIATIVE WE LAUNCHED LAST MONTH TO CURTAIL THE FLOW OF WESTERN AND PRC ARMS TO IRAN. FOLLOW-UP ACTIONS INCLUDING A SECOND ROUND OF DEMARCHES ARE IN PREPARATION.

4. CONTROLS ON U.S. EXPORTS TO IRAN: THE SECRETARY HAS DECIDED TO IMPOSE ANTI-TERRORISM EXPORT CONTROLS ON IRAN. HE HAS DECIDED NOT/NOT TO IMPOSE ADDITIONAL CONTROLS ON EXPORTS TO IRAN OF DUAL USE EQUIPMENT, AND NOT/NOT TO SEEK TO PROHIBIT IMPORTATION OF IRANIAN CRUDE OIL INTO THE U.S.

5. LIBERALIZING EXPORT CONTROLS ON IRAQ: WE ARE CONSIDERING REVISING PRESENT POLICY TO PERMIT VIRTUALLY ALL SALES OF NON-MUNITIONS LIST DUAL USE EQUIPMENT TO IRAQ. HERETOFOR WE HAVE DISCOURAGED OR PROHIBITED EXPORTS TO IRAQ OF SUCH ITEMS AS LIGHT AIRCRAFT AND EASY TRUCKS.) WE ARE ALSO CONSIDERING ESTABLISHING PROCEDURES TO PERMIT CASE BY CASE LICENSING OF SUCH NON-LETHAL MUNITIONS LIST ITEMS AS ARMORED AMBULANCES, COMMUNICATIONS GEAR, AND ELECTRONIC DEVICES FOR THE PROTECTION OF VIP AIRCRAFT.

6. AQABA PIPELINE: THERE ARE RECENT REPORTS THAT IRAQ IS GIVING PRIORITY TO PURSUING AN AQABA PIPELINE AS AN ADDITIONAL OIL EXPORT OUTLET. WE HAVE HAD FURTHER DISCUSSIONS WITH JORDAN, IRAQ, AND U.S. CONTRACTORS ON THIS POSSIBILITY, AND ARE CONSIDERING HOW BEST TO APPROACH THE ISRAELIS TO EXPRESS OUR INTEREST IN THE LINE'S UNHAMPERED CONSTRUCTION AND OPERATION.

7. EGYPTIAN TANK SALES: IN THE CONTEXT OF RECOMMENDING WAYS TO IMPROVE OUR RELATIONS WITH IRAQ, EGYPT HAS SUGGESTED THAT WE PROVIDE IT ADDITIONAL M-60 TANKS BEYOND THOSE WE ARE NOW PROVIDING UNDER FMS. EGYPT WOULD USE
THE ADDITIONAL M-60S TO REPLACE USED SOVIET T-62S, WHICH IT WOULD SELL TO IRAQ. ASIDE FROM POLITICAL CONSIDERATIONS, WE WOULD BE UNABLE TO FINANCE SUCH AN ADDITIONAL SALE TO EGYPT. WE ARE STUDYING THE M-60 PRODUCTION SCHEDULE AND OTHER TECHNICAL ASPECTS OF AN ADDITIONAL M-60 SALE TO EGYPT BEFORE REPLYING.

8. EXIM FINANCING: U/S EAGLEBURGER HAS WRITTEN EXIM DIRECTOR DRAPER TO URGE EXIM FINANCING OF U.S. EXPORTS TO AND PROJECTS IN IRAQ. ONE SPECIFIC PROJECT WE WOULD LIKE TO SEE EXIM FINANCE IS WESTINGHOUSE'S BID TO PROVIDE $150 MILLION WORTH OF STEAM TURBINE GENERATORS TO HYUNDAI'S $1 BILLION CONTRACT TO BUILD A 1200 MW POWER PLANT. OTHER SMALLER BUT STILL HIGHLY VISIBLE SALES ALSO DEPEND ON EXIM FINANCING. SUCH MAJOR EXIM FINANCING COULD BOOST IRAQ'S CREDIT RATING, LEADING TO INCREASED COMMERCIAL FINANCING FOR IRAQ. HOWEVER, EXIM DOES NOT FAVOR INVOLVEMENT IN IRAQ.

9. FYI. UNDER SECRETARY EAGLEBURGER HAS AUTHORIZED BACKGROUND BRIEFINGS FOR CONGRESSIONAL STAFF CONCERNING OUR GENERAL POLICY TOWARD THE IRAN-IRAQ WAR, WITH EMPHASIS ON OUR EFFORTS TO DETER ESCALATION AND BRING ABOUT A CESSATION OF HOSTILITIES BUT ALSO INDICATING HOW WE ARE PREPARING TO RESPOND SHOULD IRAN ATTACK NEUTRAL SECRET
SECRET

PAGE 04 STATE 012251

SHIPS OR OIL FACILITIES IN THE GULF. THE ISRAELIS (THROUGH THEIR EMBASSY) HAVE ASKED FOR A SIMILAR BRIEFING, WHICH WE INTEND TO PROVIDE BEFORE THE END OF THIS MONTH. WE EXPECT THEY WILL ESPECIALLY PROBE OUR CHANGING RELATIONSHIP WITH IRAQ. END FYI.

10. BEIRUT MINIMIZE CONSIDERED. SHULTZ
TO: The Secretary
THRU: P - Lawrence E. Eagleburger
T - William Schneider, Jr.
FROM: NCA - David T. Schneider, Acting
PH - Jonathan T. Howe
SUBJECT: Easing Restrictions on Exports to Iraq

ISSUES FOR DECISION

1. Whether to permit export to Iraq of "dual use" heavy trucks subject to regional stability controls but not subject to Munitions Control licenses.

2. Whether to make more consistent our practice of selectively discouraging the export to Iraq of militarily useful equipment not currently subject to foreign policy export controls.

3. Whether to change our practice of denying all applications for Munitions Control licenses to permit instead case-by-case consideration of certain non-lethal exports to Iraq and, possibly, in principle to Iran.

ESSENTIAL FACTORS

Easing restrictions on certain less sensitive exports to Iraq would increase our flexibility in dealing with Iraq and Iran (and perhaps Syria), support efforts to redress and maintain a strategic balance among them, and be well received by Iraq and its Arab supporters. However, relaxing restrictions on militarily useful equipment for Iraq, and other actions we have taken to deal with Iran and to forestall escalation of fighting in the Gulf, will add to the perception that we are "tilting" toward Iraq.

HCA, PH, and ER need your guidance on these questions to properly handle important recurrent questions affecting relations with regional states, the U.S. economy, and U.S. jobs. Ambassador Fairbanks believes decisions on these
questions are not urgent, with the possible exception of the first (truck exports). We caution that Iraqi escalation, should it come soon and result in Iranian retaliation, could add to public and Congressional opposition. In SMA, and PM concur, but note that the depth of anti-Iranian and anti-Syrian public and Congressional sentiment has mitigated even some hard-liners’ reactions to our recent alleged “tilt.”

Commerce-controlled items: trucks: Under the authority of the regional stability controls of the Export Administration Regulations, we currently deny applications for four categories of items (heavy trucks and three types of machinery specially designed to manufacture military equipment) to Iraq and Iran on the ground that “there is evidence that the export would contribute significantly to the destabilization of the region.” The Department of State makes a case by case recommendation of approval or denial to the Department of Commerce, which has followed State’s recommendations. In blocking the truck exports to Iraq, apart from dissatisfying Iraq and the exporters, we have sacrificed U.S. employment opportunities and foreign earnings amounting to several hundred million dollars over the past three years in order to maintain a strict and inactive neutrality. Lack of the trucks probably has had a negligible effect on Iraq’s military capabilities.

Since mid-1982, when Iraq turned to defensive operations and its forces substantially left Iran, wartime circumstances have changed so that Iraq is now unlikely to use the trucks to “contribute significantly to the destabilization of the region”—the criterion for denial. Licensing a pending $224 million export of 2,000 heavy trucks (and potential future similar truck exports) to Iraq would require no regulatory changes but would have significant commercial and political benefits. This export likely would attract Congressional attention, but Congressional criticism of Iraq, even by those who might still wish to restore it to the terrorist list, has been muted as members are becoming defensive about appearing to support Iran. Moreover, several members whose constituents stand to gain employment had questioned our denial of the truck sale in 1982, and would strongly support it now. We do not now advocate permitting exports to Iraq of the three categories of machinery designed to manufacture weapons because they could be a direct, substantial and durable contribution to Iraq’s military capabilities.

Reversing our 1982 denial to license the same truck export to Iraq, without being prepared to license similar exports to Iran, could call into question our neutral posture. It could also make it more difficult to pressure allies to curtail their
non-weapons exports to Iran, would we choose later to enlarge
our requests for restraint on arms sales to include their
substantial non-weapons military exports. However, we believe
that any such reactions are manageable, especially since the
public impression already is that we are accommodating Iraq to
this extent.

Non-Controlled exports: We need your approval to make more
consistent our present practice of selectively discouraging
exports to Iraq of militarily useful equipment not subject to
controls. We are giving manufacturers ambiguous policy signals
by various "jawboning" techniques, including threatening to
extend regional stability controls to other items. We have
discouraged some, but not all, exports of non-licensable
militarily useful equipment such as certain light helicopters
and airplanes. The aircraft export approvals benefited our
relations with Iraq and commercial and employment interests,
but raised questions about our neutrality and provoked
Congressional opposition, which we eventually overcame. The
aircraft export approvals constitute precedent for ceasing to
discover any non-controlled exports to Iraq, including those
with military implications. If we do so, we would continue to
urge prospective exporters of sensitive items to inform
interested members of Congress.

Munitions List Items: The Office of Munitions Control
effectively denies by returning without action all applications
for licenses to export Munitions List items to Iraq and Iran.
(The only exception was for a 1982 export to Iraq of
communications equipment.) Our blanket denial is the exception
among the NATO allies, most of whom at least nominally share
our policy of not licensing arms sales to either Iran and
Iraq. For example, the British consider each application for
military exports to Iran and Iraq, and have licensed exports of
such "non-lethal" equipment as Centurion tank parts and a naval
fleet-tending ship to Iran, and Harrod aircraft to Iraq. The
Swiss also bar arms sales to countries at war, but train both
Iranian and Iraqi military pilots, and sell Iran "trainer"
aircraft designed for adaptation to combat use.

An alternative to the present policy would be to accept
license applications for Munitions Control exports for
case-by-case review, either for Iraq only or, in principle, for
both Iraq and Iran. I believe that to revise this policy for
Iraq but not Iran could weaken our defense to Iran's allega-
tions that we have violated the Algiers Accords by not
releasing several million dollars' worth of Iran-owned
Munitions List items. The Tribunal could order us to transfer
those to Iran or pay damages. Our defense has been based in
part on our denial of Munitions List licenses to both countries to maintain a policy of neutrality. To diminish problems at The Hague, we could license no items for export to Iraq which we refuse to release to Iran.

A case by case approach would permit us to consider whether U.S. interests would best be served by permitting certain selected non-lethal Munitions List exports to Iraq (and in principle to Iran, if circumstances should change). U.S. firms are interested in exporting to Iraq such Munitions List items as an electronic device to protect VIP aircraft from missiles; armored ambulances; and communications, navigation, and surveillance systems. This proposal is particularly controversial and has both advantages and disadvantages.

Advantages:

-- Would earn political credit with Iraq;

-- Would be welcomed by Iraq's Arab supporters, and might allow Egypt to take sufficient credit for influencing this policy to add to the momentum in Iraqi-Egyptian relations;

-- Would build the first U.S. ties to the Iraqi military, which probably will be a key in a succession to the present regime, helping to counter Soviet influence;

-- Could signal Syria and Iran that we have, and are prepared to use, other options to thwart their goals;

-- Would allow U.S. firms to compete with European, Japanese, and other suppliers in the potentially large Iraqi market, gaining immediate employment and commercial benefits as well as improving the post-war U.S. competitive position;

-- Would be a compromise to DOD's preference to license outright arms sales to Iraq, at least through third parties.

Disadvantages:

-- Would seriously undercut our present active neutrality by removing the most objective and legally definitive standard for rejecting military exports to Iraq. However articulate the explanation of a case-by-case policy, it could be perceived as permitting at least some arms sales to Iraq. It could provide others a rationale for less restraint in Iran/Iraq arms exports;

-- Would not contribute significantly to Iraq's military effectiveness, which does not suffer from a lack of equipment, and could provide a rallying point for the war-weary Iranians.
Would induce Iran to establish a security relationship with the Soviet Union out of frustration and isolation, despite the Khomenei regime's antipathy toward the USSR;

Would concern Israel; possibly provoking Israeli counteractions contrary to U.S. interests and objectives;

Would weaken our defense against Iranian allegations of U.S. violations of the Algiers Accords;

Would be onerous to administer and, because judgments would necessarily be subjective (and subject to influence through various political and intra-governmental relationships), difficult to contain over time;

Probably would be controversial in the Congress;

Could raise questions under Section 502B of the Foreign Assistance Act of 1961, which places limits on Munitions List exports to gross and consistent human rights violators, absent certification that extraordinary circumstances exist.

RECOMMENDATIONS

(1) Regional Stability: That you approve the export to Iraq of heavy trucks subject to regional stability export controls. (All support.)

Approve

Disapprove

(2) Non-Controlled: That you approve a policy of consistently posing no objection to exports to Iraq of items not controlled for foreign policy purposes, including those with possible military applications. (Ambassador Fairbanks prefers deferring approval; others prefer early approval.)

Approve

Disapprove

(3) Munitions Control: That you confirm a policy of continuing to reject all applications for the export to Iran and Iraq of items on the Munitions Control List. (All support.)

Approve

Disapprove

FEB 13 1984
ALTERNATIVELY, that you authorize a new policy of case-by-case review of Munitions Control export license applications for exports to Iraq, and in principle Iran, to permit approval of certain non-lethal items. We would brief this new policy in advance of implementation to appropriate members and committees of the Congress and their staffs.

Approve

Disapprove

Approve, but for Iraq only
MEMORANDUM

To: Mr. George Kuzmycz
Office of Export Administration
Department of Commerce

From:

Subject: Commerce Validated Export License Application(s)
740543 Iraq

After careful consideration, the Department of State recommends that export license application #740543 for $224,400,000 of trucks to Iraq controlled pursuant to Sec. 376.16 of the Export Administration Regulations be approved. We have determined that there is no evidence that the exports would contribute significantly to the destabilization of the region to which the equipment is destined.
Following the Secretary's decision of February 13, EB has advised Commerce that the Department does not object to licensing the export to Iraq of 2,000 heavy trucks controlled for regional stability purposes under the Export Administration Act. EB has also asked Commerce to expedite the licensing procedure, which normally could take several more weeks, in view of the long delay due to State Department review. The manufacturer has been advised of the status of USG review of the license application, and will now work to finalize a contract, for which "85%" of the financing had been arranged. The trucks are ready for immediate delivery when the license and contract are completed.

We believe you should phone Rudy Boschwitz soon to advise him of our action on this export, in keeping with our numerous commitments to advise him on sensitive sales to Iraq. Rudy's views on Iraq have evolved considerably. He probably will be unhappy with the sale, but is less likely than a year ago to work to block it. Hearing the news from you, rather than in distorted form from an antagonistic Hill staffer or a press report, would help temper his reaction, and would be consistent with your working relationship. You might offer to provide him a letter if he would find this useful, but to advise him only by means of a letter might appear to him to a needlessly - and suspiciously - formal approach.

There are some advantages to waiting until the deal is concluded - especially, the possibility that the deal will fall through despite the manufacturer's confidence. On the other hand, the Secretary's decision is a fact now widely known within the USG and outside, and we can not know when it will leak. Advising the Senator now would prevent this, and would
cooperation on the Export Administration Act's terrorism issue, which could be on the Senate floor next week, before giving him news which might have swayed his decision away from our position. By raising it before the EAA comes up, you would further demonstrate our desire to cooperate with the Hill on the Iraq/terrorism issue without the need for legislation requiring this - and thus you could strengthen his resolve to help us on the EAA.

Recommendation: that you phone Rudy Boschwitz to advise him of our permission to commence to license the truck export to Iraq. Talking points attached.

approve disapprove
--- Secretary has decided not to oppose Commerce licensing of export to Iraq of 2,000 five-ton trucks to Iraq.

--- These trucks are not on the Munitions List, and are not the specialized militarized version, which are, however, essentially similar.

--- The sale is not yet final, pending arrangement of financing. The trucks are available for immediate delivery.

--- This export is worth nearly a quarter billion dollars to our balance of trade, and represents the products of workers in Indiana, Illinois, Ohio, Wisconsin, Michigan, Pennsylvania, and New York.

--- Two years ago, when Iraq was less clearly on the defensive and there were questions about its support for terrorism, we had denied a license for essentially the same export. We determined that at that time this export could contribute to regional instability.

--- Now Iran, not Iraq, is the principal threat to regional stability, including Israeli security. Iraq will be in no position to use these trucks to increase regional instability, particularly in some military adventure against Israel, for years after the Iran-Iraq War is settled.

--- This export boosts our commercial and employment interests, and allows us to maintain a figleaf of neutrality while sending Iran and Syria a helpful signal of our ability to make achievement of their goals in the region more costly than they may have calculated.

--- We have not and will not license arms exports to Iraq or Iran, either directly or through third countries.
MEMORANDUM TO THE BOARD OF DIRECTORS
Africa and Middle East Division

COUNTRY: Iraq

SUBJECT: Country review and recommendations for Eximbank's programs. (Country Appendix attached.)

BACKGROUND AND COUNTRY SUMMARY:

Eximbank currently has no exposure in Iraq and has not been active in the country for more than a decade due to a number of reasons. Iraq broke diplomatic relations with the U.S. in 1967 at the time of the Arab-Israeli war, subsequently embargoed imports from the U.S. until 1973, and the country paid cash for cost imports in the late '70s following the large oil price increases after 1974 and until 1981. Iraq was cited by the U.S. as a country linked to international terrorism from 1979 through March 1982 and as such there were more stringent requirements for obtaining U.S. export licenses.

Iraq-U.S. Relations.

Iraq broke diplomatic relations with the U.S. in June 1967 at the time of the Arab-Israeli war. Since late 1971 the U.S. has been represented by a U.S. Interests Section in the Belgian Embassy in Baghdad.

In 1973 Iraq ended its political ban on U.S. and West German imports, deciding to separate its economic and political policies. In its desire to proceed as rapidly as possible with the country's economic development, Iraq turned toward using Western technology and capital imports. The rapid rise in Iraq's imports from the U.S. prior to the war with Iran - from just $23 million in 1972 to $724 million in 1980 - attested to the change.

The U.S. Government has been willing to resume full diplomatic relations with Iraq but the Iraqi Government has not been prepared to take this step to date.

International terrorism has been an issue in relations between the U.S. and Iraq. The Fenwick Amendment to the Export Administration Act of 1979 established more stringent rules for the granting of export licenses for U.S. exports to countries cited for supporting international terrorism. In 1979, Iraq along with Syria, Libya, and the People's Democratic Republic of Yemen was put on the list. Iraq remained on this list until March 1982 when the U.S. Departments of Commerce and State removed Iraq; Cuba and Iran were added.

Since the removal of Iraq from the list of countries supporting international terrorism and more recently with the war going against Iraq along with the Iranian threats toward blocking oil shipments in the Arabian Gulf, the U.S. has shown renewed interest in a peaceful solution to the conflict.

In December 1983, the U.S. Special Middle East Envoy, Donald Rumsfeld, visited Baghdad to urge restraint and to discuss ways the U.S. could be of assistance. Subsequently, the press reported that the U.S. was tilting toward Iraq.

The official U.S. position is one of neutrality in the war and of seeking a peaceful solution.
In the Staff's opinion, due to both unsatisfactory country economic conditions and the possibility of physical damage to new projects due to the ongoing war, there would not be reasonable assurance of repayment for any medium and long term transactions based solely on Iraqi security. Although Iraq has considerable oil reserves, these do not, by themselves, provide reasonable assurance of repayment. Until the war ends and satisfactory solutions are found as to who will control Iraq's government and how war reparations and debts will be paid, we could not find reasonable assurance of repayment for medium and long term transactions in the absence of satisfactory external security arrangements.

Since Iraq is still paying for some of its top priority items, such as foodstuffs, Staff could recommend modest amounts of short term FCIA insurance for these items. Because of the priority of such transactions and the short repayment, Eximbank support for these transactions would provide an opportunity to test this troubled market and support some exports while avoiding risks associated with lower priority, larger, longer term transactions.

**External Debt**

No official information is available on the amount of Iraq's current external debt. Various reports indicate that external debt at the end of 1983 was between $27-30 billion. Of this amount, $22-30 billion has been provided by Saudi Arabia and European since 1982 to cover balance of payments deficits and no information is available as to when or if these loans are to be repaid. As long as the war continues and without increased oil exports, the current account deficits of $8-10 billion annually would add substantially to the external debt. Iraq has negotiated with contractors concerning payments due on cash contracts. It is understood that payments on these will be deferred until 1985 and payments will be spread over a three to five year period. Similar arrangements are being negotiated for payments due on cash contracts for 1984. New tenders from Iraq request deferred terms with no payments for two years even for such items as spare parts.

**Balance of Payment Projections**

Balance of payment projections for Iraq carry more than the usual hazards due to the on-going war, the lack of adequate base statistics, incomplete data on external debt, and pitfalls in estimating future oil production and prices. Nonetheless, the following scenarios are presented to show the order of magnitude of key elements and to help formulate an Eximbank policy for this market.

**Foreign Exchange Reserves.** Reflecting the large oil exports and balance of payment surpluses in the last half of the 1970's and through 1980, net foreign assets of the banking system rose from $11 billion at the end of 1978 to $37 billion at the end of 1980. Since then, they have declined to $24 billion at the end of 1981 and to about $6 billion at the end of 1982. A further erosion took place in 1983. While no precise figures are available, liquid foreign exchange might approach $2 billion.
A general policy has emerged in Iraq towards the refinancing of foreign contractors. For contracts involving firms from industrialized countries whose military or financial support has been, and will be, crucial to the war effort, Iraq directly negotiates with the firms, or with home country governments or bank consortia. These countries include Japan, France, Germany, and Italy. The refinancing package typically includes a 1-3 year rescheduling of a certain percentage of the debts, cash payments for another certain percentage - and, increasingly, the lifting of crude oil as partial payment.

As for contracts involving firms from non-industrialized countries, Iraq informs contractors that financing will end and suggests that they turn to their home countries for financing. Iraq will not negotiate refinancing, because it does not wish to increase its debt to countries such as India or the Philippines, which have not been in a position to assist Iraq financially or militarily.

Cessation of hostilities with Iran is critical to Iraq's economic recovery. Unfortunately, no end to the war is in sight at this time. In addition, when the war does end Iraq will be faced with serious obstacles on its path to economic recovery. Paramount among these are repayment of sizeable debt accumulated during the war years and the ability to sell larger amounts of Iraqi oil.

Against this background of deteriorating economic conditions, rapidly increasing foreign debt, and continuing war, EximBank has received many inquiries concerning the possibility of financing for transactions ranging from feed concentrates to large power plants.

If one continues to assume that the Gulf states will not - or cannot afford to - let Iraq collapse through economic attrition, it becomes clear that a big part of this debt will be financed by Iraq's neighbors. The flow of loans from the Peninsula states is currently reported to be around $6 billion per year. Unless it increases to over $10 billion per year during the next years, it is quite likely that Iraq will be forced to abandon more civilian projects, seek to reschedule its debts beyond 1985, and intensify its efforts to negotiate future payments in oil.

The CCC reports that Iraq is current on the 1983 CCC credit. The CCC is willing to take some risk in this market as Iraq is expected to be a potentially large market for U.S. agricultural sales. A few commercial banks contacted reported that they would consider only short term credits for Iraq currently. One bank reports very good experience working with the Iraqi Central Bank and with Rafidain Bank.

Berne Union members have recently reported on their attitude and experience. Two members are "off cover" for short term and seven are "off cover" for medium and long term. In certain cases there is a reduced percentage of cover offered and a few limit cover to non-war zones. Some delinquencies are reported and claims have been paid.
**Medium-Term Outlook.** Considering the low likelihood of the war ending in the near future, there are no grounds for optimism concerning the possibility that Iraq's foreign exchange problems may be alleviated anytime soon. With the Gulf terminals and the Syrian pipeline closed, Iraq's export potential will remain limited. Under the best circumstances — successful expansion of the Turkish pipeline capacity to around 960 thousands barrels per day by mid-1984, and continued Saudi and Kuwaiti oil sales credit to Iraq — Iraq may be able to expand its effective export volume to 1.1-1.3 million barrels per day by 1985. This, however, will by no means be sufficient to meet the increasing financial demands on the country.

During the period between 1983 and 1985, Iraq is projected to accumulate $24.8 billion in current account deficits. In addition, there will be over $1.5 billion of debt deferred to 1985 and 1988 alone. Thus, by the end of 1985, Iraq will find itself facing a debt of well over $26 billion — possibly in the $30-$35 billion range. This amount does not include the soft loans that the Gulf states (Saudi Arabia, Kuwait, the UAE and Qatar) have made to Iraq so far.

**RECOMMENDATIONS:**

It is recommended that the following program be adopted until the war has ceased:

1. **Supplier Credit Transactions.**

   Short-term: Consider requests for small amounts of essential imports on a case-by-case basis with a letter of credit issued by the Bank Rafidain or the Central Bank.

   Medium-term: Discourage all requests unless a satisfactory external security arrangement can be provided.

2. **Direct Credits and Financial Guarantees.**

   Discourage all requests unless a satisfactory external security arrangement can be provided.
## APPENDIX I

### IRAQ

<table>
<thead>
<tr>
<th>Project</th>
<th>Estimated Potential</th>
<th>Potential U.S. Supplier</th>
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</thead>
<tbody>
<tr>
<td><strong>Al Mussaib Power Project</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Capital Goods</td>
<td>$43.0</td>
<td>C. T. Main</td>
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<td>- Design Work</td>
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<td>Westinghouse</td>
</tr>
<tr>
<td>- Turbine Generators</td>
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<td><strong>Daura Power Project</strong></td>
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<tr>
<td>- Boiler Portion</td>
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<tr>
<td>- Turbine Generators</td>
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<tr>
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<tr>
<td></td>
<td></td>
<td>General Electric</td>
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<tr>
<td><strong>Baghdad Metro (may be deferred)</strong></td>
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<td></td>
</tr>
<tr>
<td>- Design</td>
<td>$10.6</td>
<td>Delew Cather</td>
</tr>
<tr>
<td>- Engineering/Procurement</td>
<td>$150.0</td>
<td>Bechtel</td>
</tr>
<tr>
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<td></td>
</tr>
<tr>
<td><strong>Oil Pipeline–Jordan</strong></td>
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<td></td>
</tr>
<tr>
<td>- Construction</td>
<td>?</td>
<td>Foster Wheeler</td>
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<td>- Engineering/Procurement/</td>
<td></td>
<td>Bechtel</td>
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<tr>
<td>Construction Management</td>
<td></td>
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</tr>
<tr>
<td>Oil Field Equipment</td>
<td>$8.0</td>
<td>Midland Int'l</td>
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<td>Halliburton</td>
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<td>Scanners &amp; Computer for Shopping Mall</td>
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<td>Arab Company for Detergent Chemicals</td>
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<td>Linear Alkyl Benzene Plant</td>
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<td>Howe-Baker Engineers</td>
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<td>Oil and Gas Treatment Equipment</td>
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</tr>
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<td>Turnkey Ammonium Storage Plant</td>
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<tr>
<td>Feed Concentrates</td>
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**Total**                              | **$1,510.6 million** |                                    |
CONFIDENTIAL

Department of State

ACTION: NEA-11


CONFIDENTIAL BAGHDAD 2092

CONFIDENTIAL ENTIRE TEXT

1. CONFIDENTIAL ENTIRE TEXT.

2. IN PREPARING IRAQI PUBLIC OPINION FOR MAJOR ILLUMINANT HOSTILITIES, A STATEMENT BY A MILITARY SPOKESMAN EVENING FEB 21 WARNED THAT A LARGE SCALE IRANIAN OFFENSIVE IS ILLUMINANT AIMED AT OCCUPATING IRAQI POPULATION CENTERS. THE STATEMENT GOES ON TO DECLARE THAT IRAQ WILL NOT CONFINE ITSELF TO A STATIC DEFENSE BUT WOULD BE COMPELLED TO STRIKE DEEP INSIDE IRANIAN TERRITORIAL. THE STATEMENT THEN GIVES A CHILLING WARNING THAT WALLS MIGHT BE EMPLOYED STATEMENT THAT "THE INVADERS SHOULD KNOW THAT FOR EVERY HARMFUL INTESTIVE THERE IS AN INSECTICIDE CAPABLE OF ANNihilating IT-whatever their number and Iraq possesses this annihilation INSECTICIDE.

3. ADDITIONALLY, IRAQI RADIO MORNING OF FEB 22 BROADCAST A MESSAGE BY SADDAM TO THE ARMY AND POPULAR ARMY IN WHICH HE REMINDED THEM THAT THEY FACE AN ILLUMINANT IRANIAN ATTACK DESIGNED AMONG OTHER THINGS TO SEIZE IRAQI LAND, VIOLATE IRAQI WOMEN AND COLONIZE THE COUNTRY. HE EXHORTED THE TROOPS TO DEFEND THE HOMELAND AT ALL COSTS. IN A LATER BROADCAST, THE CORPS COMMANDER RESPONSIBLE FOR THE BASRA AREA SAYS THAT AS IN "East of Basra II" REFERENCING TO THE SUMMER 1982 BATTLE NEAR THE CITY; HIS TROOPS DURING "East of Basra II" WILL CRUSH THE ENEMY.

COMMENT: 

---EAGLETON

(b)(6)

DEPARTMENT OF STATE A/COC/MR

REVIEWED BY: L. EAGLETON

DAY: 5/7/81

SECRET: COPY DATE

TO RCO: (T)

RELEASED: 1/8/82

PA OR FOI EXEMPTIONS: 552, (C)(1)
SECRET

PAGE 01

ORIGIN SS-25

INFO OCT-00 COPY-01 ADS-00 SSO-00 /026 R
DRAFTED BY NEA/ARN:FJRICCIARDONE:VL
APPROVED BY NEA:JAPLACKE
NEA/IRN:RJHIGGINS
NEA/ARN: AE JONES
PM/DIP:PHARTINEZ
S/S-O:WAGARLAND
P:RAVPRHEL
DESIRED DISTRIBUTION
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O 040013Z MAR 84
FN SECSTATE WASHDC
TO USINT BAGHDAD IMMEDIATE

SECRET STATE 064124

EXDIS

SECRET DECAPTIONED

E.O. 12356 DECL: QADR
TAGS: PARM, PREL, US, IZ
SUBJECT: U.S. CHEMICAL SHIPMENT TO IRAQ

1. SECRET - ENTIRE TEXT.

2. ACTION REQUESTED PARAS 4-5.

3. MARCH 2 THAT A U.S. FIRM WAS PREPARING
TO EXPORT 22,000 POUNDS RPT POUNDS OF PHOSPHOROUS
FLOURIDE TO IRAQ. DEPARTMENT CONFIRMED MARCH 3 THAT
SHIPMENT WAS TO HAVE TAKEN PLACE BY AIR FROM JFK AIRPORT
TO IRAQ VIA EUROPE AND THAT THE CUSTOMER IN IRAQ WAS
PURCHASING THE CHEMICAL FOR USE IN THE MANUFACTURE OF
INSECTICIDES. DEPARTMENT OFFICER ADVISED THE SHIPPING
AGENT OF OUR CONCERN OVER IRAQ'S POSSIBLE INTENTION TO
SECRET
SECRET

PAGE 02

STATE 064124

USE THE CHEMICAL, IN THE MANUFACTURE OF CHEMICAL WEAPONS.

SECRET
SECRET

HE ASKED THE FIRM TO HOLD UP THE SHIPMENT UNTIL FURTHER NOTICE. THE SHIPPING AGENT AGREED TO DO SO, AND DEPARTMENT OFFICER AGREED TO GET BACK TO THE SHIPPER ON MONDAY, MARCH 5 FOR FURTHER DISCUSSION.

4. MEANWHILE THE ISSUE OF IRAQI USE OF CHEMICAL WEAPONS HAS BEEN RECEIVING GREATER MEDIA ATTENTION IN THE UNITED STATES. WE ARE PREPARING PRESS GUIDANCE THAT WILL FORCEFULLY CONDEMN IRAQ FOR ITS USE OF CHEMICAL WEAPONS. THE GUIDANCE WILL BE TRANSMITTED TO YOU WHEN IT IS IN FINAL FORM.

5. ACTION REQUESTED: PLEASE ADVISE THE NFA THAT, AS WE HAD WARNED IN NOVEMBER, DECEMBER, AND EARLY FEBRUARY IN BAGHDAD, THE CHEMICAL WEAPONS ISSUE IS OF GRAVE CONCERN TO US, AND WE ANTICIPATE MAKING A PUBLIC CONdemNATION OF IRAQ USE OF CHEMICAL WEAPONS IN THE NEAR FUTURE. AS YOU REVIEW OUR SEVERAL DISCUSSIONS OF THIS ISSUE WITH THE IRAQIS, PLEASE EXPLICITLY LIST THE DISCUSSION IN WASHINGTON BETWEEN NIA DAS PLACKE AND IRAQI CHIEF HAMDOUN OF FEBRUARY 22 (REFTEL), WHICH WE SUSPECT MAY NOT HAVE BEEN FULLY REPORTED TO THE NFA. ALSO, YOU SHOULD ADVISE THE NFA THAT WE HAVE HELD UP A SHIPMENT OF CHEMICALS CONSIGNED TO IRAQ OVESTIBLY FOR USE IN THE MANUFACTURE OF PESTICIDES. THIS SAME CHEMICAL IS ALSO A COMPONENT OF LETHAL GASES FOUND IN CHEMICAL WEAPONS. THE U.S. WILL NOT ALLOW ITSELF KNOWINGLY TO BECOME A SOURCE OF CHEMICAL WEAPONS ELEMENTS. THEREFORE, WE SEEK CLARIFICATION AND ASSURANCE BY THE GOI REGARDING THE PURPOSE AND PRECISE USE OF THIS CHEMICAL, E.G. DETAILS OF TIMING, POINT OF INTENDED MANUFACTURE INTO FINISHED PRODUCT, CHEMICAL DESCRIPTION OF FINISHED PRODUCT, AND INTENDED USE.

SECRET

PAGE 03 STATE 064124

6. BEYOND REITERATING OUR URGENT REQUEST THAT IRAQ NOT MAKE PROHIBITED USE OF CHEMICAL WEAPONS, YOU SHOULD INFORM THE IRAQIS THAT WE ARE ADAMANTLY OPPOSED TO IRAQ'S ATTEMPTING TO ACQUIRE THE RAW MATERIALS, EQUIPMENT, OR EXPERTISE TO MANUFACTURE CHEMICAL WEAPONS FROM THE UNITED STATES. WHEN WE BECOME AWARE OF ATTEMPTS TO DO SO, WE WILL ACT TO PREVENT THEIR EXPORT TO IRAQ.

SHULTZ

SECRET
The White House has requested a press statement and guidance along the lines of the attached for use Monday, March 5.

Please provide your substantive comments/clearance to NEA/ARN: Frank Ricciardone, x0695, by 9:30 today. The final version will then be passed to S/S, in time for transmission to the White House by 10:30.

Statement will also be transmitted to appropriate posts for notification to host governments.

(hand delivered to S/S for distribution 4:00 pm, March 4).

One will only be provided for a press statement to the domestic media and to host governments.

The statement reads: "This is the last chance we have to avoid a war in the Gulf," and "Countries have every right to protect their oil supplies," and "Iran has never been more isolated from the international community."

A telling American message to the world, and to Iran.
... PRESS: STATEMENT: IRAQ'S USE OF CHEMICAL WEAPONS

The United States has concluded that the available evidence substantiates Iran's charges that Iraq has used chemical weapons. The United States strongly condemns the prohibited use of chemical weapons wherever it occurs. There can be no justification for their use by any country.

The United States has been working for many years with other nations to establish a treaty banning production of chemical weapons, in order to strengthen the present international prohibitions against their use. The use of chemical weapons in the Iran-Iraq War only adds to the urgency of this undertaking.

The United States deplores the tragic and needless loss of both Iranian and Iraqi lives, especially through attacks on civilian populations. We urge both states to respect their obligations under international conventions designed to mitigate the human suffering of warfare, particularly those agreements relating to the use of chemical weapons and to the humane treatment of prisoners of war.

(continued)
While condemning Iraq's resort to chemical weapons, the United States also calls on the Government of Iran to accept the good offices proffered by a number of countries and international organizations to put an end to the bloodshed. The United States finds the present Iranian regime's intransigent refusal to deviate from its avowed objective of eliminating the legitimate government of neighboring Iraq to be inconsistent with the accepted norms of behavior among nations and the moral and religious basis which it claims.
Iraq: Use of Chemical Weapons: Follow-up Questions

Q. Beyond condemning Iraq's use of CW, what are you doing to stop it?

A. -- We have made known our views directly to high levels of the Government of Iraq.

-- We have taken steps to prevent U.S. exports to Iraq that could be intended for use in CW production, and have urged other countries from which such materials might be available to do likewise.

-- We have taken note of the Iranian charges both in our 1983 Human Rights report on Iraq, and in our February, 1984 report to the UN Secretary General on worldwide chemical weapons use.

-- We have supported UN and other efforts to bring Iran to accept a ceasefire in this particularly bloody conflict. Iraq has repeatedly stated its preparedness to cease fire.

-- As already noted, we are working for an international agreement to ban the production of chemical weapons.
Q. What evidence do you have that Iraq has used chemical weapons? When did you get it?

A. Independent information, which I will not further characterize, as well as numerous non-Iranian media reports tending to substantiate that Iraq has used chemical weapons, has been accumulating for some months. We also note Iraq's public statements over the past two years which apparently were intended to provide indirect but increasingly clear warnings of its intention to use chemical weapons against Iranian attacks.

Q. Why are you making this statement at this time?

A. The level of evidence has become increasingly convincing, and reports indicate that Iraq has used such weapons to counter Iran's current offensive. Also, it had appeared until the Iranian offensive that the diplomatic efforts we had made may have been effective in dissuading Iraq from using chemical weapons.

Q. Have you raised this issue with the Government of Iraq? When? At what level? What was the response?

A. I can confirm that, beginning last year, we have expressed our concern on this issue several times directly to high levels of the Government of Iraq. I will not get into details of these diplomatic discussions, nor will I attempt to characterize the position of the Government of Iraq.
Q. Are you doing anything about this through the U.N.?
A. We took note of the Iranian charges in our recent report to the UN Secretary General on worldwide chemical weapons use. It is up to Iran to cooperate with the UN on this issue, as well as the underlying issue of the war, through appropriate UN procedures.

Q. Would you support or cooperate with Iranian attempts to get UN action on the Chemical weapons issue?
A. We continue to support UN efforts on both the chemical weapons issue and the Iran-Iraq War.

Q. How does this affect our policy toward Iran and Iraq? Is this a tilt toward Iran? Will this end our tilt toward Iraq?
A. We have remained neutral in the war since it began in September, 1980. Evidence of Iraqi use of chemical weapons only underscores the urgency of a resolution to the conflict that will stop the bloodshed immediately, and allow both states to negotiate a settlement that will maintain their independence and territorial integrity. We do not want either side to force its will on the other or upon neighboring states. This was our position when Iraq was the invader, even though Iran was holding American hostages at the time, and it remains our position now that Iran is the invader.
TO:  ETRD - Vehicles File

SUBJECT: Notifying Congress of truck sale

On March 2 I phoned Allison Fortier, minority staffer on the HFAC Europe and Middle East Subcommittee, to advise that we had notified Commerce that we have no foreign policy objection to the licensing of 2000 five-ton trucks, worth some $227 million, to be exported to Iraq. I told Ms. Fortier that these trucks are among the four CCL categories requiring foreign policy review for export to regions of tension, and that we had denied a similar license application in the summer of 1982. I noted that in 1982 we had just removed Iraq from the terrorism list, and had questions about putting it back under anti-terrorism trade controls. Moreover, at that time Iraq was less obviously on the defensive in the war. I noted that components of the trucks are manufactured in IL, IN, OH, PA, NY, MI. I emphasized that this information is commercially sensitive, particularly because the sale has not been completed pending financing. I stated that my object in informing her was to let her use the information with appropriate members, so that they would not feel blindsided when learning about the sale later from other sources. I advised that Ambassador Murphy had also informed Senator Boschwitz of the sale. Ms. Fortier asked whether we knew, or had asked Iraq, if the trucks were to be used for military purposes. I told her we presumed that this was Iraq's intention, and had not asked.

Ms. Fortier said she very much appreciated the report and would maintain its confidentiality. She would advise majority staffer Mike Van Dusen, Cong. Winn, and the Chairman, noting that it is not for publication.

Drafted:

cc:
CONFIDENTIAL

PAGE 01 BAGHDA 00525 071351Z
ACTION SS-25
INFO OCT-00 COPY-01 ADS-00 SSO-00 /026 W
------------------132032 071357Z /43
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FM USINT BAGHDAD
TO SECSTATE WASHDC IMMEDIATE 6465
INFO AMEMBASSY AMMAN
AMEMBASSY LONDON
CONFIDENTIAL BAGHDAD 0525
EXDIS DECAPTIONED
EO12356 DECL OADR
TAGS: PREL, IZ, US
SUBJ: ISMET KITTANI'S REACTION TO US CHEMICAL WEAPONS STATEMENT AND NEXT STEPS IN US-IRAQ RELATIONS

1. CONFIDENTIAL -- ENTIRE TEXT.

2. MY MARCH 7 MEETING WITH UNDERSECRETARY ISMET KITTANI TO DISCUSS HIS COMING VISIT TO WASHINGTON AND NEW YORK WAS CONDUCTED IN THE ATMOSPHERE CREATED HERE BY US CONDEMNATION OF THE IRAQI USE OF CHEMICAL WEAPONS. KITTANI'S REACTION WAS, AS COULD BE EXPECTED, MORE SOPHISTICATED THAN THE OFFICIAL OUTRAGED IRAQI LINE. WE OPENED BY SIMULTANEOUSLY EXPRESSING DISMAY WITH EACH OTHER'S STATEMENTS AND POSITIONS. AS THE CONVERSATION SETTLED DOWN KITTANI'S COMPLAINT CENTERED CHIEFLY ON TIMING AND THE MANNER IN WHICH WE HAD PRESENTED THE ISSUE. HE THOUGHT IT WOULD HAVE BEEN BETTER TO ALLOWED EVIDENCE FROM THIRD PARTIES TO HAVE FULLY DEVELOPED BEFORE THE US EXPRESSED ITSELF PUBLICLY. HE ALSO THOUGHT A RESPONSE TO A QUESTION WOULD HAVE BEEN BETTER THAN A FORMAL STATEMENT. HE THEN NOTED THE ALLEGED CHEMICAL USE HAD BEEN ON IRAQI SOIL AND HE COMPARED IT TO USE OF NUCLEAR WEAPONS TO SHORTEN THE WAR WITH JAPAN.

CONFIDENTIAL

PAGE 02 BAGHDA 00525 071351Z
WAR WITH JAPAN.

CURRENT CLASS: CONFIDENTIAL
UNITED STATES DEPARTMENT OF STATE
REVIEW AUTHORITY: FRANK E SCHMELZER
DATE/CASE ID: 07 NOV 2003 200302235
UNCLASSIFIED
3. I observed that our statement had contained criticism of Iran's intransigence and support for the legitimate government of Iraq, but he dismissed this as material that the media had ignored. In response to his charge that we are abetting Iranian propaganda I noted that it was Iraq's use of this weapon and their own statements that had given the Iranians their opening.

4. Kittani agreed that we should try to minimize the negative effects our disagreement on this issue would have on bilateral relations and attitudes. I recalled that in early February Assistant Secretary Murphy and Tariq Aziz had briefly alluded to a possible visit by Tariq Aziz to Washington. I did not have specific instructions in this regard but had noted a favorable attitude toward such a visit during consultations in Washington during February. I suggested that Kittani might wish to obtain Tariq Aziz' latest thoughts when he sees him this evening prior to his departure tomorrow for the US.

5. Kittani said he would mention this to Tariq Aziz. He gave the impression however that he would have to treat the subject very carefully in the aftermath of our chemical weapons statement. He obviously hopes and believes that the dust will eventually settle and permit continuation of the high US-Iraqi dialogue, but he does not know how long this might take.

6. I suggest that in Kittani's meetings with Murphy and Eagleburger he be told that a visit by Tariq Aziz would be welcome at a mutually convenient time.
UNCLASSIFIED

DEPARTMENT OF STATE

INBOUND TELEGRAM

PAGE 01

VIENNA 03401 131739Z

ACTION HA-08

INFO OCT-06 COPY-01 ADS-00 INR-10 EUR-06 CIAE-00 DOD-00

EUD-04 FSS-00 L-03 PM-09 EAP-00 HHS-00

ACDA-12 SEP-11

R 131801Z MAR 84

FM AMBASSADOR VIENNA

TO SECSTATE AC/DOC 7777

INFO AMBASSADOR STOCKHOLM

AMBASSADOR TOKYO

AMBASSADOR BRUSSELS

USEMB KANDAHAR

USMISSION NEW YORK

USMISSION GENEVA

UNCLASS VIENNA 03401:

E.O. 12154. II

TAGS: SHUM, PREL, AU, IR, EZ

SUBJECT: IRANIAN WAR WOUNDED IN VIENNA

1. OF THE TEN IRANIANS WOUNDED BROUGHT TO VIENNA FOR MEDICAL TREATMENT IN EARLY MARCH THREE HAVE DIED WHILE FOUR OTHERS HAD TO BE PLACED IN INTENSIVE CARE WARDS BECAUSE OF THEIR SERIOUS CONDITION. THE REMAINING THREE ARE DOING RELATIVELY WELL, ACCORDING TO ATTENDING PHYSICIANS.

2. BLOOD AND URINE SAMPLES OF TWO OF THE IRANIANS HAD BEEN SENT TO THE INSTITUTE OF TOXICOLOGY AT THE UNIVERSITY OF GENT BELGIUM. ANALYSIS OF THE SAMPLES SHOWED THAT THEY CONTAINED ACCIDENTAL INHIBITION OF TOXIC SUBSTANCES ALLEGEDLY USED IN IRAN IN THE GULF WAR. THE EXPERTS SPECIFICALLY FOUND EVIDENCE OF POISONING BY MUSTARD GAS AND CYCLODITHIONYL TELLURIDE RATH PRPERSK. THE VICARIUS OF THE WURZBURG CATHOLIC UNIVERSITY FOR CRIMINAL SCIENCE HAS BEEN PROVOKED TO Say THAT THE INFORMATION HAS BEEN PROVIDED ONLY BY LOCAL DOCTORS.

3. AMBASSADOR VIENNA HAS ASKED FOR PERMISSION FOR AUTOPSIES AFTER EARLIER REFUSING THEM AS AGAINST ISLAMIC LAW. AMBASSADOR VIENNA HAS ASKED THE GOVERNMENT OF IRAN TO BE INFORMED ON THE OCCASIONS. AMBASSADOR VIENNA HAS ALSO ASKED THE FEDERAL MINISTRY OF FOREIGN AFFAIRS OF THE FEDERAL REPUBLIC OF GERMANY FOR PERMISSION FOR MEDICAL EXAMINATIONS.

UNCLASSIFIED

DEPARTMENT OF STATE A/CDC/MR

REVIEWED BY __________ DATE ________

RC: [ ] YES [ ] NO EXT. DATE ________ __________

[ ] AUTH [ ] REASONS: __________

[ ] LEGAL [ ] RING MARKINGS

[ ] RELEASEABLE ________

[ ] NO [ ] FULL EXAMINATIONS

UNCLASSIFIED
131801 MAR 84
FM AMEMBASSY VIENNA
TO SECSTATE WASHDC

CONFIDENTIAL VIENNA 03407

TAGS: SHUM, PREL, AU, IR, IZ

SUBJECT: IRANIAN WAR WOUNDED IN VIENNA

1. OF THE TEN IRANIAN WAR WOUNDED BROUGHT TO VIENNA FOR MEDICAL TREATMENT IN EARLY MARCH, THREE HAVE DIED WHILE FOUR OTHERS HAD TO BE PLACED IN INTENSIVE CARE WARDS BECAUSE OF THEIR SERIOUS CONDITION. THE REMAINING THREE ARE DOING RELATIVELY WELL, ACCORDING TO ATTENDING PHYSICIANS.


3. THE IRANIAN GOVERNMENT HAS NOW [?] GRANTED PERMISSION FOR AUTOPSIES AFTER EARLIER REFUSING THEM AS AGAINST ISLAMIC LAWS. AUSTRIAN LEGISLATION REQUIRES THAT AN AUTOPSY BE PERFORMED WHEN [THERE ARE QUESTIONS] ABOUT THE CAUSE OF DEATH. VON DAMM
Department of State

TELEGRAM

CONFIDENTIAL

AN: DB90167-0291

CONFIDENTIAL

PAGE 01 STATE 074411

ORIGIN 10-15

INFO OCT-00 COPY-01 AOS-00 INR-10 S5-00 CIAE-00 DODE-00
H-01 NEA-06 NSC-00 NSE-00 NSAE-00 SSO-00 HA-08 L-03
PM-09 PA-01 OMB-01 INRE-00 ACDA-12 USIE-00 SP-02
SNP-01 PRS-01 /707

DRAFTED BY 10/HR: BZWEIBEN: GJC
APPROVED BY P: LEAGLEBURGER
SEA: JPLACKE
10: RKIRK
S/S: JCOVEY
S/S-0: WGAALAND

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EM: SECSTATE/MASHOC

TO USMISSION GENEVA IMMEDIATE
INFO USMISSION USUN NEW YORK IMMEDIATE

CONFIDENTIAL STATE 074411

E.O. 12356: DECL: OA
TAGS: UNHRC, SHUM

SUBJECT: UN HUMAN RIGHTS COMMISSION: ITEM 12: IRANIAN RESOLUTION ON USE OF CHEMICAL WEAPONS BY IRAQ

REF: GENEVA 2142

(COMPRESSI ON EVENT, ENTIRE TEXT)...

2. DEPT ENDORES GENERAL STRATEGY DESCRIBED REFTEL,
PARA 3. USDEL SHOULD WORK TO DEVELOP GENERAL WESTERN
POSITION IN SUPPORT OF A MOTION TO TAKE "NO DECISION"
ON IRANIAN DRAFT RESOLUTION ON USE OF CHEMICAL WEAPONS
BY IRAQ. IF SUCH A MOTION GETS REASONABLE AND BROAD
SUPPORT AND SPONSORSHIP, USDEL SHOULD VOTE IN FAVOR.
FAILING WESTERN SUPPORT FOR "NO DECISION," USDEL
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SHOULD ABSTAIN.

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EXPLANATION OF VOTE DRAWING UPON DEPT PRESS STATEMENT
OF MARCH 5 ON IRAQI USE OF CHEMICAL WEAPONS, THE
TEXT OF WHICH IS REPEATED PARA 4 BELOW. USDEL SHOULD
UNDERSCORE THE FOLLOWING POINTS:

-- THE UN HUMAN RIGHTS COMMISSION IS AN INAPPROPRIATE
FORUM FOR MATTERS DEALING WITH CHEMICAL WEAPONS.

-- USG EVENHANDELY CONDEMN THE PROHIBITED USE OF
CHEMICAL WEAPONS WHENEVER IT OCCURS.

-- USG DEPLORES THE TRAGIC LOSS OF LIFE AND BLOODSHED
IN BOTH IRAN AND IRAQ, OF WHICH THE CARNAGE CAUSED BY
CHEMICAL WEAPONS IS ONLY A PART.

4. TEXT OF DEPT'S PRESS STATEMENT FOLLOWS: QUOTE:

THE UNITED STATES HAS CONCLUDED THAT THE AVAILABLE
EVIDENCE INDICATES THAT IRAQ HAS USED LETHAL CHEMICAL
WEAPONS. THE UNITED STATES STRONGLY CONDEMN THE
PROHIBITED USE OF CHEMICAL WEAPONS WHEREVER IT OCCURS.
THERE CAN BE NO JUSTIFICATION FOR THEIR USE BY ANY
COUNTRY:

THE UNITED STATES HAS BEEN WORKING FOR MANY YEARS,
WITH OTHER NATIONS TO ESTABLISH A TREATY BANNING
PRODUCTION AND STOCKPILING OF LETHAL AND INCAPACITATING
CHEMICAL WEAPONS, IN ORDER TO STRENGTHEN THE PRESENT
INTERNATIONAL PROHIBITIONS AGAINST THEIR USE. THE USE
OF CHEMICAL WEAPONS IN RECENT CONFLICTS INCLUDING
IRAN-IRAQ WAR ONLY ADDS TO THE URGENCY OF THIS
UNDERTAKING.

WHILE CONDEMNING IRAQ'S RESORT TO CHEMICAL WEAPONS,
THE UNITED STATES ALSO CALLS ON THE GOVERNMENT OF IRAN
TO ACCEPT THE GOOD OFFICES OFFERED BY A NUMBER OF
COUNTRIES AND INTERNATIONAL ORGANIZATIONS TO PUT AN
END TO THE BLOODSHED. THE UNITED STATES FINDS THE
PRESENT IRANIAN REGIME'S INTRANSIGENT REFUSAL TO
DEViate FROM ITS AVOWED OBJECTIVE OF ELIMINATING THE

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ACCEPTED NORMS OF BEHAVIOR AMONG NATIONS AND THE MORAL AND RELIGIOUS BASIS WHICH IT CLAIMS.

THE UNITED STATES DEPLORES THE TRAGIC AND NEEDLESS LOSS OF BOTH IRANIAN AND IRAQI LIVES, ESPECIALLY THROUGH ATTACKS ON CIVILIAN POPULATIONS. WE URGE BOTH STATES TO RESPECT THEIR OBLIGATIONS UNDER INTERNATIONAL CONVENTIONS DESIGNED TO MITIGATE THE HUMAN SUFFERING OF WARFARE, PARTICULARLY THOSE BANNING THE USE OF CHEMICAL WEAPONS, AND REQUIRING THE HUMANE TREATMENT OF PRISONERS OF WAR AND PROTECTION OF CIVILIANS.

END QUOTE. SHULTZ
SECRET STATE 079782

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APPROVED BY P: LSEAGLEBURGER
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SECRET STATE 079782 DECAPTIONED

E.O. 12356: DECL: QADR
TAGS: PREL, US, IZ
SUBJECT: KITTANI CALL ON UNDER SECRETARY EAGLEBURGER

REF: AMMAN 2536 (NOTAL)

1. SECRET - ENTIRE TEXT.
2. ACTION REQUESTED PARA 7.

SECRET

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3. SUMMARY: THE SECRETARY DROPPED IN ON U/S EAGLEBURGER'S ONE-ON-ONE MEETING WITH ISMET KITTANI MARCH 15 TO REINFORCE THE MAIN MESSAGE OF THE U.S. SIDE: OUR CONDEMNATION OF IRAQI CW USE WAS MADE AS PART OF STRONG U.S. COMMITMENT TO LONG STANDING POLICY, AND NOT AS A

UNCLASSIFIED
PRO-IRANIAN/ANTI-IRAQI GESTURE. OUR DESIRES AND OUR ACTIONS TO PREVENT AN IRANIAN VICTORY AND TO CONTINUE THE PROGRESS OF OUR BILATERAL RELATIONS REMAIN UNDIMINISHED. EAGLEBURGER ELABORATED ON THESE POINTS IN A LARGER DISCUSSION INCLUDING EX-MINISTER OF CULTURE AND INFORMATION HASHIMI, IRAQINT CHIEF HAMDOUN, AMB. FAIRBANKS, NSA DAS PLACKE, AND S/P RODMAN. FAIRBANKS DISCUSSED EFFORTS TO RESTRICT THE FLOW OF ARMS TO IRAN.

EAGLEBURGER EMPHASIZED CONTINUED STRONG USG SUPPORT FOR IRAQ-JORDAN PIPELINE PROJECT, PROMISING THE USG'S BEST EFFORTS TO SECURE EXIM ASSISTANCE WHEN THIS QUESTION COMES TO EXIM FOR DECISION. HASHIMI NOTED THAT THE GULF COULD "BLOW UP IN YOUR FACE" AT ANY TIME. KITTANI REPORTED ON HIS TALKS ON THE HILL, MENTIONING THE TERRORISM ISSUE AND THE IMPORTANCE OF PREVENTING THE TRANSFER OF OUR EMBASSY TO JERUSALEM. HE URGED THE U.S. TO PAY CAREFUL ATTENTION TO KING HUSSEIN'S STATEMENT OF DISSATISFACTION WITH U.S. POLICY, AND TO AVOID CREATING THE IMPRESSION THAT SYRIA HAD WON SOME KIND OF VICTORY OVER THE U.S. IN LEBANON. KITTANI ALSO WAS ASKED TO CONVEY THE VICE PRESIDENT'S INVITATION TO IRAQI DEPRIMIN TARIQ AZIZ TO VISIT THE VP IN WASHINGTON AT A MUTUALLY CONVENIENT TIME. END SUMMARY.

4. CHEMICAL WEAPONS: EAGLEBURGER BEGAN THE DISCUSSION BY TAKING KITTANI ASIDE TO EMPHASIZE THE CENTRAL MESSAGE HE WANTED HIM TO TAKE BACK: OUR POLICY OF FIRM OPPOSITION SECRET

TO THE PROHIBITED USE OF CW WHEREVER IT OCCURS NECESSITATED OUR MARCH 5 STATEMENT CONDEMNING IRAQ'S USE OF CW. THE STATEMENT WAS NOT INTENDED TO PROVIDE FUEL FOR KHOMEINI'S PROPAGANDA WAR, NOR TO IMPLY A SHIFT IN U.S. POLICY TOWARD IRAN AND IRAQ. THE U.S. WILL CONTINUE ITS EFFORTS TO HELP PREVENT AN IRANIAN VICTORY, AND EARNESTLY WISHES TO CONTINUE THE PROGRESS IN ITS RELATIONS WITH IRAQ. THE SECRETARY THEN ENTERED AND REITERATED THESE POINTS. KITTANI NOTED THAT THE MARCH 5 STATEMENT REGRETTABLY HAD PLAYED INTO KHOMEINI'S "MEDIA BLITZ," AND THANKED THE SECRETARY AND UNDER SECRETARY FOR THE CLARIFICATION OF THE U.S. POSITION.

5. ARMS TO IRAN: THE SECRETARY TOOK HIS LEAVE AS KITTANI AND EAGLEBURGER RETURNED TO THE LARGER GROUP, CONTINUING THE DISCUSSION OF U.S. EFFORTS TO PREVENT AN
IRANIAN VICTORY, EAGLEBURGER NOTED THAT THE SECRETARY HAD APPOINTED AMB. FAIRBANKS TO COORDINATE EFFORTS TO CRIMP THE FLOW OF ARMS TO IRAN. HOWEVER, AS WE WILL STATE TO THE PRESS IF ASKED, THERE IS NO NEW "SPECIAL UNIT" WITHIN THE DEPARTMENT DEDICATED TO THIS TASK. FAIRBANKS STRESSED THAT WE COULD NOT HOPE TO STOP ALL WESTERN ARMS FROM REACHING IRAN BECAUSE THE SOURCES ARE DIVERSE, WIDESPREAD, AND OFTEN BEYOND THE REACH OF COOPERATING GOVERNMENTS, PARTICULARLY IN THE CASE OF BASIC AMMUNITION AND EQUIPMENT. NONETHELESS, WE HAVE ACHIEVED SOME SUCCESS, AND ARE FOCUSING ON KEY ITEMS OF SOPHISTICATED EQUIPMENT THAT ARE EASIER TO TRACE AND IMPORTANT TO IRAN'S WAR EFFORT. AT A MINIMUM, WE ARE CONFIDENT OF HAVING TIGHTENED UP ON DIVERSION OF U.S. CONTROLLED ARMS. DAS PLACKE NOTED THE ADDITIONAL PROBLEM OF CONTROLLING EXPORTS OF DUAL USE EQUIPMENT, SUCH AS THE THOUSANDS OF U.S. MADE OUTBOARD MOTORS IRAN PURCHASED FOR THE SMALL BOATS BEING USED IN THE CURRENT OFFENSIVE. PLACKE DESCRIBED THREE CATEGORIES OF RESPONSES FROM OTHER GOVERNMENTS WE HAD APPROACHED: (1) OFFICIAL ASSURANCES REGARDING HALTING SALES, BACKED BY EVIDENCE THAT THE GOVERNMENT IS SUCCEEDING IN ENFORCING SUCH ASSURANCES; (2) OFFICIAL ASSURANCES, WITH EVIDENCE OF LEAKAGE OF PRIVATE ARMS SALES; (3) OFFICIAL ASSURANCES, WITH EVIDENCE THAT THE GOVERNMENT IS NOT keepINg ITS ASSURANCES.

6. SOUTH KOREA, TAIWAN, GREECE, SPAIN: HASHIMI SAID IRAQ BELIEVES SOUTH KOREA IS AN IMPORTANT SOURCE OF IRANIAN ARMS. KITTANI MENTIONED TAIWAN AS ANOTHER SOURCE. EAGLEBURGER NOTED THAT WHILE NORTH KOREA REMAINS IRAN'S MAJOR ARMS SUPPLIER, ELEMENTS OF THE ROK APPARENTLY ARE NOT COMPLYING WITH THE POLICY DECISION, AS EXPRESSED BY THE ROK MFA, TO PROHIBIT MILITARY SALES TO IRAN. HE HAD PERSONALLY RAISED THIS WITH FM LEE BUM SUK SHORTLY BEFORE HIS ASSASSINATION, AND HAD RENEWED HIS PERSONAL INTERVENTION WITH LEE'S SUCCESSOR LEE WON KYUNG. FAIRBANKS NOTED THAT WE HAD FOUND THAT OTHER GOVERNMENTS ALSO HAVE THE PROBLEM OF INTERNAL COORDINATION AMONG MFA, DEFENSE, AND EXPORTING AGENCIES. KITTANI ACKNOWLEDGED THAT THIS MAY BE THE CASE IN SPAIN AND GREECE, FOR EXAMPLE, BOTH OF WHOSE HAVE GOOD RELATIONS WITH IRAQ AND HAD RECEIVED IRAQI DEMARCHES ON THIS ISSUE.
7. AQABA PIPELINE/EXIM: Eagleburger stated that we will not try to hide from Iraq the fact that within Exim there is a pessimistic view, based only on economic concerns, of the wisdom of loans to Iraq. Eagleburger said he has spoken with Exim Chairman Draper, who understands the national interest in Exim financing projects as possible in Iraq. Eagleburger assured the Iraqis that despite the negative position of Exim’s board, the Department and the Administration can exercise some influence on specific secret cases. He promised that the Department and Administration will make their best efforts to secure Exim assistance for the AQABA pipeline, should the U.S. firms involved apply for such financing, and said we are optimistic that we can get Exim to deal imaginatively with Iraq. Eagleburger explained that because of the participation of Bechtel in the AQABA pipeline, the Secretary is keeping completely isolated from the issue. Iraq should understand that this does not imply a lack of high level USG interest. Kittani noted Iraq’s understanding of this point, and expressed appreciation for USG support for the pipeline project. Amman action requested: You may draw on foregoing as appropriate to make clear support of the Administration for the Iraq-Aqaba Pipeline Project (Reftel).

8. GULF WAR: Hashimi stated the Gulf "could blow up in your face" at any time. Kittani quickly stated Iraq's hope that it would blow up "not in the U.S. face, but in Khomeini's," and thanked Eagleburger for the understanding he had shown for Iraq's situation in their meeting last September. Eagleburger reiterated that the U.S. understands that Iraq is at war and will naturally put its own interests first, but urged Iraq to make very careful calculations of the possibly monstrous consequences of its actions in the area. Hashimi stated that Iraq has a right to cut off Iran's oil exports if it does not allow Iraq to enjoy this right. Eagleburger noted that it is possible to be "right" and still do something that would work against everyone's interests. For example, there were many in Vienna in 1914 who were convinced of a right to redress for the assassination of Archduke Ferdinand. As in Europe in 1914, the Gulf is the intersection of vital interests to many parties.
BEYOND THE IMMEDIATE DISPUTE.
SECRET

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10. JORDAN: KITTANI URGED THE U.S. TO GIVE CAREFUL ATTENTION TO KING HUSSEIN'S STATEMENTS OF MISGIVINGS OVER U.S. POLICIES; THE KING IS VERY WISE AND THOUGHTFUL AND IS ONE OF OUR BEST AND OLDEST FRIENDS WHO TRIES VERY HARD TO MAINTAIN THE FRIENDSHIP. KITTANI HOPED THE KING'S NEW YORK TIMES INTERVIEW OF MARCH 15 WOULD NOT SET BACK U.S.-JORDANIAN RELATIONS. EAGLEBURGER REPLIED THAT WE SECRET

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VALUE OUR RELATIONS WITH JORDAN AND PAY CLOSE ATTENTION TO THE KING'S ADVICE; WE WORK EQUALLY HARD AT MAINTAINING OUR FRIENDSHIP. HOWEVER, SOMETIMES THE KING IS WRONG, AND WE HAVE TOLD HIM SO. WE WOULD PREFER TO DISCUSS OUR PROBLEMS IN PRIVATE, NOT IN THE NEW YORK TIMES. THE KING'S LATEST STATEMENTS HAVE MADE A DIFFICULT JOB IN THE CONGRESS ONLY MUCH WORSE. NONETHELESS, THE STRAINED
ATMOSPHERE WILL PASS QUICKLY AND WILL HAVE NO IMPACT ON OUR FIRM FRIENDSHIP FOR JORDAN AND COMMITMENT TO ITS SOVEREIGNTY AND SECURITY.

11: SYRIA: KITTANI SAID THE U.S. MEDIA ARE PRIMARILY RESPONSIBLE FOR SUPPORTING THE PERCEPTION THAT SYRIA HAD ACHIEVED SOME KIND OF VICTORY IN LEBANON; HE URGED THAT THE USG NOT SUPPORT SUCH AN UNFOUNDED PERCEPTION. IN IRAQ'S VIEW, SYRIA WILL CONTINUE TO HAVE ITS OWN SERIOUS ECONOMIC AND POLITICAL PROBLEMS AT HOME AND IN LEBANON, WHERE IT CAN ACHIEVE NOTHING CONSTRUCTIVE. AS ELSEWHERE IN ARAB AFFAIRS, INCLUDING THE ISSUE OF GREATEST IMPORTANCE TO IRAQ, SYRIA CAN ONLY HAVE SIGNIFICANT INFLUENCE AS A SPOILER. THE RECENT ARAB LEAGUE FOREIGN MINISTERS' MEETING IN BAGHDAD IS FURTHER EVIDENCE OF SYRIA'S ISOLATION: THE ARABS' UNEXPECTEDLY STRONG CONDEMNATION OF IRAN WAS AN IMPLICIT CONDEMNATION OF SYRIA AS WELL. EAGLEBURGER AGREED THAT ASSAD HAS HIS OWN PROBLEMS IN LEBANON AND AT HOME, AND WE GENERALLY SHARE THE IRAQI ASSESSMENT.

12. BILATERAL RELATIONS/VP INVITATION: EAGLEBURGER CLOSED THE MEETING BY REITERATING U.S. DESIRE TO SEE RELATIONS CONTINUE TO IMPROVE AT THE PACE IRAQ FINDS APPROPRIATE. AFTER THE MEETING, EAGLEBURGER ASKED KITTANI TO CONVEY TO DEPUTY PRIME MINISTER TARIQ AZIZ THE VICE PRESIDENT'S INVITATION FOR A WASHINGTON VISIT AT A MUTUALLY CONVENIENT TIME LATER THIS YEAR. EAGLEBURGER NOTED THE HEAVY TRAVEL BURDEN OF THE VP IN THE LATER WEEKS OF THE ELECTION CAMPAIGN AS A FACTOR IN WORKING OUT A MUTUALLY CONVENIENT DATE. SHULTZ SECRET
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Tags: Prel, Us; 12
Subject: Briefing Notes For Rumsfeld Visit To Baghdad

1. 5 - Entire text.

2. Setting: Two events have worsened the atmosphere in Baghdad since your last stop there in December: (1) Iraq has only partly repulsed the initial thrust of a massive Iranian invasion, losing the strategically significant Majunn Island Oil Fields and accepting heavy casualties; (2) Bilateral relations were sharply set back by our March 5 condemnation of Iraq for CW use. Despite our repeated warnings that this issue would emerge sooner or later. Given its wartime preoccupations and its distress at our CW statement, the Iraqi leadership probably will have little interest in discussing Lebanon, the Arab-Israeli conflict, or other matters. Except, as they may impinge on Iraq's increasingly desperate struggle for survival. If saddam or Tariq Aziz receives you against

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Survival, if saddam or Tariq Aziz receives you against

Secret
CONSIDER, AND TO REJECT, A PENDING APPLICATION FROM WESTINGHOUSE TO PARTICIPATE IN A $1.6 BILLION PORTION OF A $1 BILLION HYUNDAI THERMAL POWER PLANT PROJECT IN IRAQ. THIS DECISION WILL ONLY CONFIRM IRAQI PERCEPTIONS THAT EXIM-FINANCING FOR THE AQABA PIPELINE IS OUT OF THE QUESTION. EAGLEBURGER TRIED TO PUT THIS PERCEPTION TO REST, HOWEVER, EMPHASIZING TO KITTANI THE ADMINISTRATION'S FIRM SUPPORT FOR THE LINE. THE DOOR IS NOT YET CLOSED TO EXIM OR OTHER USG FINANCIAL ASSISTANCE TO THIS PROJECT: FOR ONE THING, THE PIPELINE IS A QUALITATIVELY MORE ATTRACTIVE PROJECT FROM A CREDITOR'S POINT OF VIEW; SECONDLY, EXIM DOES NOW DO BUSINESS IN JORDAN - IN WHICH SOME 60 PERCENT OF THE PIPELINE'S COSTS WILL BE INCURRED. THE PROBLEM NOW IS FOR IRAQ, JORDAN, AND THE COMPANY TO SETTLE THE TECHNICAL ISSUES SO THAT THE COMPANY CAN MAKE A FORMAL PRESENTATION, FOLLOWED BY AN APPLICATION, FOR EXIM CONSIDERATION. MEANWHILE, WE ARE CONFUSED BY THE GOI'S OWN PRIORITIES; IT MAY BE PLAYING OFF THE AQABA LINE AGAINST THE SAUDI LINK IN HOPES OF GETTING ONE OR THE OTHER OFF TO A SPEEDIER START. (MORE ON PIPELINES BY SEPTEL)

6: JORDAN: KING HUSSEIN HAS BEEN INSTRUMENTAL IN TRYING TO IMPROVE US-IRAQI RELATIONS. [HIS SUPPORT

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FOR IRAQ IN ITS WAR WITH IRAN HAS SOLIDIFIED THE JORDANIAN-IRAQI FRIENDSHIP. IT WOULD BE NATURAL FOR SADDAM HUSSEIN TO INQUIRE ABOUT THE STATE OF US-JORDANIAN RELATIONS. YOU COULD USEFULLY DRAW ON THE FOLLOWING TALKING POINTS:

-- WE UNDERSTAND KING HUSSEIN'S FRUSTRATIONS, ALTHOUGH WE DO NOT SHARE MANY OF HIS ASSESSMENTS.

-- WE CERTAINLY REJECT HIS CONCLUSIONS THAT THE PEACE PROCESS IS DEAD AND THAT US POLICY IS IN THE HANDS OF THE ISRAELIS. THE US HAS THE FINAL SAY IN ITS FOREIGN AND DEFENSE OBJECTIVES, JUST AS KING HUSSEIN HAS THE FINAL SAY IN JORDAN'S FOREIGN POLICY.

-- OUR THIRTY-YEAR FRIENDSHIP FOR JORDAN AND OUR SECRET

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COMMITMENTS TO JORDAN'S SECURITY AND UNIQUE AND ENDURING CHARACTER ARE NOT AFFECTED BY THIS LATEST BIT OF STRAIN.

WE DO HOPE THAT DIPLOMACY CAN BE CONDUCTED IN THE NORMAL CHANNELS RATHER THAN IN THE PAPER. GOOD AND CLOSE FRIENDS SHOULD NOT RISK SENDING MISLEADING SIGNALS OF A BREACH IN OUR RELATIONS.

WE WANT THE BEST POSSIBLE RELATIONSHIP WE CAN HAVE WITH JORDAN.

7. U.S. REGIONAL POLICIES: IRAQ IS CONFUSED BY OUR MEANS OF PERSUISING OUR STATED OBJECTIVES IN THE REGION, WHETHER IN COMBATTING KHOMENI, IN LEBANON, WITH SYRIA, OR WITH FRIENDS SUCH AS JORDAN, EGYPT, AND ISRAEL. IN EACH CASE, IRAQI OFFICIALS HAVE PROFESSED TO BE AT A LOSS TO EXPLAIN OUR ACTIONS AS 'MEASURED AGAINST OUR STATED SECRET

SECRET

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OBJECTIVES. AS WITH OUR GW STATEMENT, THEIR TEMPTATION

IS TO GIVE UP RATIONAL ANALYSIS AND RETREAT TO THE LINE THAT U.S. POLICIES ARE BASICALLY ANTI-ARAB AND HOSTAGE TO THE DESIRES OF ISRAEL. SHULTZ
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AMEMBASSY MANAMA
AMEMBASSY DOHA
AMEMBASSY MUSCAT
AMEMBASSY STOCKHOLM
AMEMBASSY ANKARA
AMEMBASSY ALGIERS
AMEMBASSY VIENNA
AMEMBASSY ROME
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E.O. 12356: DECL: 3/27/90
TAGS: USEC, PREL, PARM, UNSC, IR, IZ
SUBJECT: UN REPORT ON CHEMICAL WEAPONS USE IN IRAN/IRAQ WAR: CONSIDERATION IN SECURITY COUNCIL

REF: USUN 617

1. C - ENTIRE TEXT.

2. BRITISH AND DUTCH DELEGATIONS CONTINUE TO QUIETLY EXPLORE POSSIBILITY OF QUICK SECURITY COUNCIL RESOLUTION CONDEMNING THE USE OF CHEMICAL WEAPONS. THEY ARE ANXIOUS TO SECURE A RESOLUTION, IF POSSIBLE, BEFORE UKRAINE ASSUMES THE COUNCIL PRESIDENCY APRIL 1. CURRENT PRESIDENT (PERU) INTENDS TO CALL FOR COUNCIL CONSULTATIONS THURSDAY MARCH 29 ON THE SYG'S REPORT ON CHEMICAL WEAPON USE IN THE GULF WAR AND TO CONSIDER POSSIBLE COUNCIL ACTION ARISING FROM THE REPORT.

3. DUTCH MISOFF SHOWED US WORKING PAPER, THE IDEAS IN WHICH DUTCH ARE USING AS A BASIS OF DISCUSSION FOR A DRAFT RESOLUTION (TEXT REPEATED IN PARA 8 BELOW). HE SAID HIS DELEGATION HAD INSTRUCTIONS TO SUPPORT ANY DRAFT RESOLUTION CONTAINING SIMILAR ELEMENTS, BUT SPEED IS OF THE ESSENCE BEFORE THE UKRAINE ASSUMES THE COUNCIL PRESIDENCY AND TRIES TO SIDETRACK THE ISSUE. DUTCH MISOFF DREW ATTENTION TO OP. PARA 3 OF HIS DRAFT, WHICH IS INTENDED TO BALANCE THE RESOLUTION AND OVERCOME POSSIBLE IRAQI OBJECTIONS.

4. BRITISH ALSO MAY BE THINKING IN TERMS OF A DRAFT RESOLUTION AND ARE WORKING CLOSELY WITH DUTCH. BRITISH WOULD LIKE TO SEE A PARAGRAPH REAFFIRMING PRINCIPLES OF 1925 GENEVA PROTOCOL, BUT ARE WAITING DECISION BY EC-14 FOREIGN MINISTERS WHICH WILL BE HEAVILY DETERMINED BY FRENCH-WITH WHOM 1925 CONVENTION IS DEPOSITED.

5. IRAQI AMBASSADOR COMMUNICATED TO AMB. KIRKPATRICK HIS GOVERNMENT'S DESIRE FOR "RESTRAINT" IN THE HANDLING OF THE ISSUE AND FOR ACTION THAT TAKES INTO ACCOUNT THE TOTAL CONTEXT AS WELL AS BIFASTIAL IRANIAN "HARM."
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FRENCH PERS. REP. HAS PRIVATELY MADE THE SAME POINTS. U.K. ALSO EMPHASIZE INTEREST IN "BALANCE."

6. IRAQ, MEANWHILE, HAS MADE PUBLIC ITS OBJECTION TO THE SECRETARY GENERAL'S REPORT. IN A PRESS STATEMENT RELEASED AT THE UN MARCH 27, IRAQ DENIED USING CHEMICAL WEAPONS AND BLAMED IRAN FOR CONTINUING THE WAR. IT CRITICIZED THE UN SECRETARIAT FOR CONCENTRATING "ON THE SECONDARY ASPECTS OF THE CONFLICT" (I.E. CHEMICAL WEAPONS USE), WHILE IGNORING THE NECESSITY TO END THE WAR ON THE BASIS OF RELEVANT SECURITY COUNCIL RESOLUTIONS. IRAQ CHARGED THE SECRETARIAT WITH ACCEDING TO TWO IRANIAN REQUESTS FOR FACT-FINDING MISSIONS, WHILE NOT REACTING TO AN IRAQI REQUEST FOR A MISSION TO LOOK INTO THE TREATMENT OF PRISONERS OF WAR. THE IRAQIS HAVE SENT A LETTER TO THE SECRETARY GENERAL ALONG THE ABOVE LINES, WHICH WILL BE TRANSLATED AND CIRCULATED AS A UN DOCUMENT MARCH 28.

7. IQBAL RIZA, A SENIOR UN POLITICAL OFFICER WHO ACCOMPANIED THE INVESTIGATION TEAM TO IRAQ MARCH 13-19, SHARED WITH A US HISOFF SOME ADDITIONAL DETAILS RELATING TO THE VISIT:

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THE TEAM VISITED TWO SITES IN IRAN WITHIN FIVE KILOMETERS OF THE IRAQI BORDER AND JUST EAST OF THE MAJNOON ISLAND COMBAT ZONE. THEY WITNESSED NO GROUND ACTION, BUT THERE WAS A GOOD DEAL OF ARTILLERY AND ANTI-AIRCRAFT FIRE (THE TEAM SAW NO AIRCRAFT).

iranian authorities showed the UN team gas masks and associated gear, which they said had been captured from the Iraqis. The equipment was manufactured in eastern Europe and bore Arabic script. This was not included in the team's report.

iranian soldiers have been equipped with gas masks and atropine, with which the soldiers can inject themselves upon exposure to a gas attack. team thought that many of the patients they visited in iranian clinics would have died had they not administered atropine to themselves immediately after exposure.

Team was not mandated to discuss political issues with the Iranians, but subject could not be avoided. Riza said Iranians 'gave no sign of war-weariness nor of willingness to end the war on less than oft-repeated, harsh terms. Irani ans think they are winning and iraqi use of chemical weapons is sign of their enemy's desperation. Young pasdaran soldiers billeted wear onl of the sites visited by the team exhibited enthusiasm and high morale.

Riza thinks Iranians may well decide to manufacture and use chemical weapons themselves if international community does not condemn Iraq. He said iranian assembly speaker Rafsanjani has made public statements to this effect.

Following is text of Dutch working paper:

BEGIN TEXT

THE SECURITY COUNCIL

CONFIDENTIAL
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HAVING CONSIDERED AGAIN THE QUESTION ENTITLED "THE SITUATION BETWEEN IRAN AND IRAQ"

GREATLY CONCERNED ABOUT RECENT DEVELOPMENTS IN THE CONFlict BETWEEN IRAN AND IRAQ WHICH HAVE BEEN MARKED BY HEAVY FIGHTING AT THE FRONT AND RENEWED ATTACKS WITH ROCKETS, SHELLS AND BOMBS AGAINST CIVILIAN TARGETS;

TAKING NOTE OF THE REPORT OF THE SPECIALISTS APPOINTED BY THE SECRETARY-GENERAL TO INVESTIGATE ALLEGATIONS BY THE ISLAMIC REPUBLIC OF IRAN CONCERNING THE USE OF CHEMICAL WEAPONS (DOC. S/16433);

TAKING NOTE WITH PARTICULAR CONCERN THAT THE UNANIMOUS CONCLUSIONS OF THE SPECIALIST SUBSTANTIATE THE ALLEGATIONS THAT CHEMICAL WEAPONS HAVE BEEN USED;

RECALLING THAT THE USE IN WAR OF CHEMICAL WEAPONS HAS

CONFIDENTIAL
TOP SECRET

National Security Decision Directive 139

SENSITIVE

MEASURES TO IMPROVE U.S. POSTURE AND READINESS TO RESPOND TO DEVELOPMENTS IN THE IRAN-IRAQ WAR (TS)

In light of recent developments in the Iran-Iraq War and the threat which an escalation of that conflict or a terrorist campaign could pose for the vital interests of the U.S. and its Allies, measures must be taken now to improve our immediate ability to deter an expansion of the conflict in the Persian Gulf and, if necessary, defend U.S. interests. Drawing upon the interagency work recently completed and the recent tour of the region by the Special Envoy for the Middle East, the following actions are approved: (TS)

-- A political-military mission will be dispatched to undertake consultations with the key Gulf states, including Saudi Arabia, Oman, and Bahrain. This mission will build upon earlier consultations in the Gulf region. The purpose of this mission will be to review possible escalation scenarios and the associated warning indicators and obtain agreement for contingent access to Gulf facilities on warning of likely escalation. Agreement will be sought on the need for advance planning and arrangements required to support the timely movement and effective operation of U.S. forces. (TS)

-- The Director of Central Intelligence and the Secretary of Defense will undertake to continue improving our intelligence collection posture in the region. Pending agreement on contingent access to facilities in the Gulf

TOP SECRET

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TOP SECRET

SENSITIVE
states, the Secretary of Defense, in consultation with the Secretary of State, is requested to submit specific recommendations on measures to enhance deterrence and reduce the vulnerabilities of U.S. personnel and facilities in the Gulf region and cooperative measures with regional states to improve the defensibility of area facilities. Recommendations should also be submitted on measures which would enhance our near-term readiness to respond to sudden attacks on U.S. interests in the region in a timely, effective, and forceful manner. The forward deployment of additional sea-based forces in the near-term should be weighed against the possibility of deploying land-based forces, specifically tactical air forces, closer to the objective area. With regard to the latter, the possible use of Diego Garcia should be explored as a matter of urgency. (TS)

In the recognition of the growing threat of Iranian-sponsored terrorism, the Secretary of Defense will direct the enhancement of the anti-terrorist posture of U.S. military activities and facilities in the Persian Gulf region. In addition, the Director of Central Intelligence and the Secretary of Defense should examine additional counter-terrorist measures and training we can undertake with regional states. (TS)

To obtain complementary actions and support for U.S. efforts to enhance the security of Western interests in the Gulf region, the Secretaries of State and Defense will continue close consultations with appropriate Allied officials, especially the UK and France. (TS)

The Secretary of State, in coordination with the Secretary of Defense and the Director of Central Intelligence, will prepare a plan of action designed to avert an Iraqi collapse. The plan of action should include:

(TS)

(TS)
The Secretary of State will ensure that the policy of the United States Government condemning the use of chemical warfare (CW) munitions in the Iran-Iraq war is unambiguous and consistent with the 1925 Geneva protocol. Our condemnation of the use of CW munitions by the belligerents should place equal stress on the urgent need to dissuade Iran from continuing the ruthless and inhumane tactics which have characterized recent offensives. (TS)

Ronald Reagan
On behalf of the President of the Security Council,
I am authorized to make the following declaration:

29 March 1984
4 p.m.

RELEASED
Revised Working Paper

The Security Council,

Having considered again the question entitled "The situation between Iran and Iraq",

Greatly concerned about the conflict between Iran and Iraq, which constitutes a threat to peace and security in the region,

Noting the report of the specialists appointed by the Secretary-General to investigate allegations by the Islamic Republic of Iran concerning the use of chemical weapons (S/16433),

Taking note with particular concern of the unanimous conclusions of the specialists that chemical weapons have been used,

Expressing its grave concern about all reported violations in the conflict of the rules of international law and of the principles and rules of international conduct accepted by the world community to prevent or alleviate the human suffering of warfare,

Strongly affirming the conclusion of the Secretary-General that these humanitarian concerns can only be fully satisfied by putting an end to the tragic conflict that continues to deplete the precious human resources of Iran and Iraq,

1. Strongly condemns the use of chemical weapons reported by the findings of the mission of specialists;

2. Reaffirms the need to strictly abide by the prohibition contained in the Geneva Protocol of 1925 of the use in war of asphyxiating, poisonous or other gases and of bacteriological methods of warfare;

3. Urges all Governments immediately and unconditionally to reaffirm the obligations flowing from their accession to the Geneva Protocol;

4. Condemns all violations of international humanitarian law and urges both parties to observe carefully the generally recognized principles and rules of international humanitarian law which are applicable to armed conflicts and their obligations under international conventions designed to prevent or alleviate the human suffering of warfare.
5. Recalls its relevant resolutions, renews its urgent appeal for the strict observance of a cease-fire and for a peaceful solution of the conflict, and calls upon all governments concerned to cooperate fully with the Council in its efforts to bring about conditions leading to a peaceful settlement of the conflict in conformity with the principles of justice and international law;

6. Appreciates the mediation efforts of the Secretary-General and requests him to continue his efforts with the parties concerned with a view to achieving a comprehensive, just and honourable settlement acceptable for both sides;

7. Decides to keep the situation between Iran and Iraq under close review.
2. (SUMMARY) IRAQI CHF. KIZAR HANDOON CALLED ON LEA DAS PLACKE MARCH 29 TO PRESENT IRAQI VIEWS ON UNSC CONSIDERATION OF CW USE IN IRAN-IRAQ WAR. HE SAID IRAQ WOULD PREFER UNSC PRESIDENTIAL STATEMENT TO RESOLUTION AND LISTED THREE ELEMENTS IT SHOULD CONTAIN. PLACKE SAID USG COULD ACCEPT IRAQI ELEMENTS AND PRESIDENTIAL STATEMENT IF THAT WAS CONSENSUS OF UNSC. PLACKE INFORMED HANDOON THAT ON MARCH 30 USG WOULD IMPLEMENT LICENSING REQUIREMENTS ON EXPORTS TO BOTH IRAN AND IRAQ OF FIVE CHEMICALS THAT COULD BE USED IN CW PRODUCTION. (END SUMMARY.)

3. UNSC DRAFT RES ON CW: HANDOON EXPRESSED STRONG IRAQI PREFERENCE FOR STATEMENT BY PRESIDENT OF SECURITY COUNCIL RATHER THAN UNSC RESOLUTION. IRAQIS BELIEVED THAT RESOLUTION WOULD BE SUBJECT TO MANY COMPROMISES AND WOULD CAUSE "BALLOONING" ABOUT CW ISSUE, WHILE PRESIDENTIAL STATEMENT COULD BE CLEARLY DRAFTED AND COULD INCLUDE CW AS ONE OF THREE OR FOUR ELEMENTS. IRAQ BELIEVED PRESIDENTIAL STATEMENT SHOULD INCLUDE: 1) MENTION OF FORMER UNSC RESOLUTIONS ON THE WAR, INCLUDING RES 640; 2) STRONG CALL FOR PROGRESS TOWARD ENDING WAR THROUGH CEASEFIRE OR NEGOTIATIONS; 3) REFERENCE TO CW WITHOUT MENTIONING ANY SPECIFIC COUNTRY, ON LATTER POINT, HANDOON REFERRED TO REPORT OF UN MISSION TO IRAN AS PRECEDENT IN NOT MENTIONING IRAQ. HANDOON SAID STATEMENT SHOULD TREAT CW AS "UNQUALIFIED ISSUE" AND MAKE GENERAL POINT OF ATTEMPTING TO STOP SPREAD OF CW USE. IRAQ WOULD NOT BE HELD RESPONSIBLE FOR CONTINUING THE WAR OR SPECIFICALLY BLAMED. HANDOON COMMENTED THAT IRAQ FELT CONFIDENTIAL CONFIDENTIAL

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THIS APPROACH WAS NOT FAR FROM PRESENT UNSC EFFORTS.

4. PLACKE EMPHASIZED FIRM USG OPPOSITION TO USE OF CW; HOWEVER, WE AGREED ON DESIRABILITY OF CONTINUING TO CALL WORLD ATTENTION TO TRAGEDY OF THE WAR AND WOULD SUPPORT DUTCH DRAFT, INCLUDING THREE POINTS MADE BY IRAQ. USG WOULD LIKE TO SEE SOMETHING CONSTRUCTIVE COME OUT OF THIS UNSC EFFORT; IF CONSENSUS DEVELOPED IN FAVOR OF PRESIDENTIAL STATEMENT, WE COULD ACCEPT IT AS WELL. OUR VIEW IS THAT IT IS IMPORTANT TO TAKE A POSITION ON FINDINGS OF MISSION IN IRAN. SINCE THE EXPERTS DID NOT
TAIPEI POST OFFICE

PLACKE SAID IRAN SHOULD TAKE SOME SATISFACTION FROM FACT THAT ITS COMPLAINT WAS ACKNOWLEDGED AND THAT INTERNATIONALLY-RECOGNIZED EXPERTS HAD PRODUCED RESPECTABLE FINDINGS. HAMDOON FELT IRANIANS WOULD NOT BE SATISFIED WITH ANYTHING BUT MILITARY VICTORY. PLACKE COMMENTED THAT THIS WOULD NOT PRODUCE VICTORY FOR ANYONE -- ONLY SUFFERING.

6. U.S. CHEMICAL LICENSING REQUIREMENTS: PLACKE DELIVERED U.S. POSITION ALONG LINES OF REFTEL. HE INFORMED HAMDOON THAT ON MARCH 30 USG WOULD BE IMPLEMENTING LICENSING REQUIREMENTS ON CERTAIN CATEGORIES OF CHEMICALS FOR EXPORTS TO BOTH IRAN AND IRAQ. THE REQUIREMENTS WOULD BE PUBLISHED IN FEDERAL REGISTER ON APRIL 2. THESE WOULD COVER FIVE CHEMICAL COMPOUNDS WE HAVE DEFINED AS THOSE MOST LIKELY TO BE USED IN PRODUCTION OF CW, PARTICULARLY NERVE GAS. WE ABSOLUTELY RESIST BEING SOURCE OF SUPPLY FOR ANYTHING THAT COULD CONTRIBUTE TO PRODUCTION OF CW. PLACKE MENTIONED TWO CONFIDENTIAL CONFIDENTIAL

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INSTANCES IN WHICH IRAQI SHIPPING AGENTS HAD SOUGHT TO PURCHASE SUCH CHEMICALS AND WE HAD STOPPED THE SALE. PROCEDURALLY, THE FIVE CHEMICALS WOULD BE REMOVED FROM NO-CONTROL CATEGORY AND PUT UNDER LICENSING REQUIREMENTS FOR BOTH IRAN AND IRAQ. PLACKE NOTED THAT SAME INFORMATION SHOULD ALREADY HAVE BEEN COMMUNICATED TO IRAQI MFA.

7. WE WOULD ASK GOI'S COOPERATION. PLACKE CONTINUED, IN AVOIDING SITUATIONS THAT WOULD LEAD TO DIFFICULT AND POSSIBLY EMBARRASSING SITUATION. WE WILL NOT LICENSE CHEMICALS TO EITHER BELLIGERENT AND BELIEVE IT IS IN BEST INTERESTS OF BOTH USG AND GOI IF IRAQ MAKES NO FURTHER EFFORTS TO PURCHASE THESE CHEMICALS. WE DO NOT WANT THIS ISSUE TO DOMINATE OUR BILATERAL RELATIONSHIP NOR TO DETRACT FROM OUR COMMON INTEREST TO SEE WAR BROUGHT TO EARLY END. PLACKE HOPED HAMDOON WOULD RECOMMEND THAT GOI

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TAKE ACTION ON THESE REQUIREMENTS, SO THAT NO FURTHER CONSIDERATION WOULD BE NEEDED. HAMDOON RESPONDED THAT HE WAS NOT INFORMED ABOUT ANY CHEMICALS PROVIDED BY U.S., BUT BELIEVED IT WAS IN GOI'S INTEREST TO CONSULT TO COOPERATE ON CHEMICALS, ESPECIALLY SINCE IRANIANS HAVE SAID THEY WILL PRODUCE CHEMICAL WEAPONS. PLACKE SAID WE HAVE NOTED IRANIAN STATEMENT AND REITERATED THAT WE WOULD NOT SELL CHEMICALS TO EITHER SIDE.

8. VISIT OF TARIQ AZIZ TO WASHINGTON: IN BRIEF DISCUSSION ON MEETING BETWEEN IRAQI FOREIGN MINISTER TARIQ AZIZ AND AMB. RUMSFELD, PLACKE COMMENTED THAT WE UNDERSTAND POINT MADE BY AZIZ THAT WITHIN CONTEXT OF THE WAR IT WOULD NOT BE APPROPRIATE FOR HIM TO VISIT WASHINGTON UNLESS THERE WERE SOME SPECIFIC MATTER TO BE DEALT WITH THAT WOULD PROVIDE APPROPRIATE JUSTIFICATION. IT WAS OUR INTENTION TO UNDERSCORE OUR PARTICULAR INTEREST IN DEVELOPING THE RELATIONSHIP WITH IRAQ, BUT WE HAVE NO SPECIFIC MATTER TO DISCUSS AT THE PRESENT TIME.

9. IRAQI PIPELINE: PLACKE SAID USG HAS JUST MET WITH BECHTEL FOR PRELIMINARY ASSESSMENT OF PROJECT; WE WOULD PROCEED TO SEEK ARRANGEMENTS THAT WOULD MEET IRAQI REQUIREMENTS. ON FINANCING, USG IS LIMITED TO EXPORT FINANCING THROUGH EX-IM BANK, HOWEVER, WE UNDERSTAND BECHTEL HAS SOME IDEAS ON ARRANGING FINANCING, ASSUMING THAT GOI IS PREPARED TO OFFER GUARANTEES. FOR OUR PART, WE WILL ENSURE EX-IM BANK UNDERSTANDS IMPORTANCE USG ATTACHES TO THIS PROJECT AND EXPLORE OTHER POSSIBILITIES. IN LIGHT OF TARIQ AZIZ' COMMENTS WE WILL HAVE TO WORK FURTHER ON THE SECURITY ASPECT WITH ISRAEL, CONSIDERING PROXIMITY OF PROPOSED TERMINAL TO THAT COUNTRY. HAMDOON STRESSED IMPORTANCE OF OUR DISCUSSING ISSUE WITH AMB. RUMSFELD IN VIEW OF RUMSFELD'S TALKS IN BAGHDAD. PLACKE SAID HE UNDERSTOOD BECHTEL WOULD BRIEF EX-IM BANK, BUT DID NOT YET HAVE ENOUGH INFORMATION TO APPLY FOR EXPORT CREDIT. WE ARE FOLLOWING UP WITH EX-IM ON REGULAR BASIS. AS TARIQ AZIZ HAD NOTED, MAJOR PROBLEMS ARE FINANCING AND THIRD PARTY GUARANTEES. SHULTZ UNQUOTE SHULTZ UNQUOTE SHULTZ
SUBJECT: BELL DISCUSSES POSSIBLE HELICOPTER SALE TO IRAQ

1. CONFIDENTIAL ENTIRE TEXT.

2. BELL HELICOPTERS REPS BRIEFED USINT APRIL 10 ON DISCUSSIONS THEY ARE CONDUCTING WITH THE IRAQIS FOR THE POSSIBLE SALE OF 20-25 214 ST HELICOPTERS TO THE IRAQI MINISTRY OF DEFENSE.

3. 

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BELL REPS ARE FULLY AWARE THAT ANY HELICOPTERS THEY SELL THE IRAQIS CAN NOT BE IN ANY WAY CONFIGURED FOR MILITARY USE.

5. WE THANKED THE BELL REPS FOR THEIR BRIEFING AND URGED THEM TO KEEP US AND IRAQ DESK OFFICER FRANK RICCIARDONE POSTED ON DEVELOPMENTS.

EAGLETO
To: S/NP - Mr. Kennedy
From: S/NP - Dick Gronset
Subject: Dual Use Exports to Iraq

Facts

-- Iraqi officials have been persistent in pursuing with you why dual use technical equipment cannot be exported by the U.S. to Iraq.

-- Policy first propagated by Pickering Nuclear Group in 1980 and followed up to present: No U.S. exports to Iraq's IAEFF or Tuwaitha facility of items on the Nuclear Referral List. The two items mentioned to you by Al-Kital -- oscilloscopes and multi-channel analyzers -- are on the Nuclear Referral List.

-- If Commerce grants licenses for these items no law or federal regulation is violated, however.

-- Iraqi desk agrees with this policy and SNEC continues to apply it.

-- U.S. has used "no diplomatic relations" before as the public reason that exports are not sent.

-- Iraqis prefer no diplomatic relations be established.

-- Without diplomatic relations, concerned U.S. agencies believe we would be unable to follow up on assurances that Iraq would be required to give on dual use exports, should disputes arise or diversion take place.

-- No dual use items have been approved from U.S. to Iraqi nuclear entities at least during this Administration.

-- No nuclear end use dual purpose items for Iraq have been considered by SNEC since 1982.
There has been a widespread lack of confidence in Iraqi Government intentions in the nuclear area which led to the 1980 Pickering policy and Iraq's inclusion in the "restricted countries" lists in both DOE Part 810 and the pending NRC Part 110.

Several such items have been approved by SNRC to non-nuclear end-users.

**Key Considerations**

- Should we change policy now when Iraq is publicly implicated in using poison gas?
- What perception would we be conveying to the press and Congress to develop if such exports were now allowed to be shipped to Iraq's nuclear program?
- What would we say to the Israelis when they question those exports?
- If we don't change the policy, how can we continue to deny exports to nuclear entities on the basis of no diplomatic relations when we approve similar dual use items for non-nuclear Iraqi entities?
- The instability of the regime will be little affected, except perhaps in the very long term, by the export of such dual use items to Iraqi nuclear installations.

**Recommendation**

The logic of the above is inescapable: once the door was opened to dual use items being approved to non-nuclear Iraqi nuclear entities, it makes no sense to deny them to nuclear entities. The timing, however, is crucial. If we were to permit such exports now, we would add considerably to our Congressional burdens, not to mention needless adverse publicity. I recommend we begin approving such innocuous exports but delay implementation for a few months so that, at least, Congressional perceptions could be lessened.

- If you agree with the above, we should then obtain the concurrence of concerned agencies in this change of policy so that in due course we are able to respond more positively to the GOI.

S/NP.SNG/SPJ 2214N
May 3, 1984

Dear Mr. President,

I am pleased to learn that Pan East International and its associates, Colonel John V. Brennan and the Honorable John Mitchell, both of whom served in my Administration, are working with your Ministry of Light Industries.

I trust that this relationship which involves the production of military uniforms and accessories, will be a very successful and long-lasting one.

I can assure you that Colonel Brennan and former Attorney General John Mitchell will be responsible and constructive in working on this project with your representatives.

Mrs. Nixon joins me in sending our warm personal regards to you and Mrs. Ceausescu.

Sincerely,

Richard Nixon

His Excellency
Nicolae Ceausescu
May 9, 1984

To: S/NP = Mr. Kennedy

From: S/NP = Pick Gronel

Subject: U.S. Dual-Use Exports to Iraq: Specific Actions

Specific Actions

You posed several questions regarding the attached paper on dual-use exports to Iraq. Responses appear below with questions (some of which I’ve combined).

1. What should the policy be for the long term and how do we square change in U.S. policy? The long-term situation depends on developments in Iraq. If things stay as they are (no Iraqi support for terrorism, no diplomatic relations, war continues) then whatever we decide now will continue for some time. U.S. nuclear-related trade with Iraq should now allow the sale of insignificant dual-use items such as the ones Al Kital mentioned to you. This trade should be conducted under these conditions:

a) Each potential export should be judged on its own merits; unsophisticated oscilloscopes which are available from many sources and which Iraq may now import from U.S. firms for non-nuclear uses should be released for export to nuclear organizations in Iraq.

b) DOE and the national labs should review the proliferation potential of most potential U.S. exports. Those that are obviously too generic in application need not be reviewed.

c) Assurances should not be solicited—previous efforts over many years to obtain such proved fruitless. The Iraqi Government is not disposed to give meaningful assurances.
d) U.S. exporters would be responsible for informing the Department of Commerce on end use, installation or any change in location of nuclear-related items sold. Exporter usually has access for some years because of servicing and parts supply.

e) Export should be judged on logic of intended use as stipulated by GOI.

2. What do you say to Al Kital?

- That dual-use items are allowed to be shipped to Iraqi non-nuclear entities under present U.S. regulations.

- That the U.S. has undertaken a policy review for the sale of certain categories of dual-use items to Iraqi nuclear entities.

- The policy review’s preliminary results favor expanding such trade to include Iraqi nuclear entities.

- Certain categories of dual-use items will not include any that come under the purview of the A.E.A. because we lack a framework, i.e., an agreement for cooperation, diplomatic relations, government-to-government assurances, for this export.

- In preparation for a positive final outcome of this review, we have already begun taking steps to establish mechanisms for approving exports such as those you have brought to my attention and expressed interest in (oscilloscopes and multi-channel analyzers).

- We expect to have completed this review some time before this fall. (By extending the time, we might be able to mitigate the impact on Congress until the E.A.A. issue is settled one way or another.)

3. If you agree with these proposed actions, I can recast Item 1 into a memo to be circulated to SNEC members so that it might be considered and acted on at their next meeting on 18 May. Preliminary and discreet inquiry leads me to believe it would be acted on favorably.

Agree __________ Disagree __________