

February 12, 1985

**Report of the Hungarian Embassy in Iraq on the
development of Iraqi-US relations since the
restoration of diplomatic relations in 1985**

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Summary:

This report issued by the Hungarian Embassy in Iraq states that re-establishment of diplomatic relations between Iraq and the US in November 1984 does not affect armament shipments to Iraq by the Eastern Bloc, and maintains that the United States views Iran as an ally.

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Contents:

Translation - English

To comrade Dr. Péter Várkonyi
Minister of Foreign Affairs
Budapest

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For a long time the Iraqi leadership had taken great pains to prepare for the restoration of diplomatic relations with the United States on 26 November 1984. The timing of the renewal of relations coincided with the reelection of President Reagan that according to some views will ensure some continuity in the foreign policy of the United States. Naturally, this policy also includes the Middle Eastern policy of the USA that had ended in repeated failures during the first term of Reagan's presidency in Lebanon and brought the Camp David process to a deadlock.

Therefore the republican government of the United States had to "freeze" its political activities in the Middle East in the year of the election so that it could erase the past of several blunders committed by the Reagan administration in the region. However, from the beginning of 1984 it became clear even in this "state of rest" that American foreign policy showed more "understanding" towards the Iraqi position both officially and through the press. This process eventually led to the restoration of diplomatic relations between the two countries.

The Iraqi leadership was quite content to see that as a result of thorough preliminary arrangements and good timing the renewal of diplomatic relations was received as a "natural course of events" all over the world (with the exception of Iran), including the Soviet Union and other socialist countries. The reactions inside Iraq were also quite moderate and found sympathy in influential economic and political circles.

One thing the Iraqi leadership was hoping for by the restoration of diplomatic relations was that it would promote the resolution of the war conflict with Iran that had been dragging on for almost five years, or at least it would bring political and economic support for Iraq until the war was finished (a wider market for Iraqi oil, loans, investments, etc.). However, they did not consider the possibility that as a result of the "thawing" that had already started in Soviet-American relations and due to some other, burning international issues that had been put on the agenda, issues of the Middle East and the problem of the Iraqi-Iranian war would become peripheral in international policy. True, at the beginning of December the Iraqi leadership ordered to resume air raids on Iranian tankers and trading vessels bound for Iranian ports, thereby ensuring some international propaganda for Iraq, so that the world should not forget about the unresolved conflict.

According to an American diplomat the growing importance of Soviet-American negotiations has pushed the Middle Eastern policy of the USA into the background,

whose conditions are not mature at present anyway. In his view this rules out in advance the possibility that the United States should get involved in the resolution of the conflict in the near future in a way that is expected by Iraq. He does not think that an economic and military embargo demanded by Iraq against Iran is feasible (especially in the case of the allies), all the more so because Iran continues to be one of the most important strategic partners for the USA by its geopolitical location.

In this light the USA strives to maintain normal relations with Iraq "free from supplies of arms", taking into consideration global American interests in the region. The American diplomat did not mention it, but it can be presumed that in the long run Iraq may prove to be a valuable link in establishing an axis friendly to the USA (United Arab Emirates, Jordan, Iraq, Saudi Arabia, the Gulf countries) in the interest of ensuring the American interests in the region.

Due to the rather rigid position of Iran in the issue of the war none of the international mediatory negotiations is expected to bring significant results, and the USA does not wish to take sides with Iraq in an issue that is hopeless in advance and contrary to its interests. However, they are ready to revive bilateral relations with Iraq on a wide scale, as demonstrated by the following events and visits since the restoration of diplomatic relations:

- In December, 1984 a delegation of American journalists visited Iraq (New York Times, UPI, etc.);
- On 20 December 1984 President Saddam Hussein received Christine Moss Helms, a researcher of science policy of the Brookings Institute;
- In December, 1984 an exhibition of historic Iraqi costumes toured in the United States for several weeks;
- On 10-11 January 1985 Joseph Sisco, former deputy secretary of state visited Iraq, presumably to probe into the region before the scheduled visit of foreign secretary Schultz to the Middle East. During his brief stay in Iraq Sisco was received by Tariq Aziz, deputy Prime Minister and minister of foreign affairs, member of the Revolutionary Commanding Council, Hassan Ali, member of the Revolutionary Commanding Council, minister of commerce, Quassim Ahmed Taqi, minister of oil production and Subat Yassin, minister of industry and mineral materials;
- On 15 January, a delegation of experts went to Iraq headed by Richard Smith, adviser of the American ministry of agriculture to discuss how agricultural cooperation could be extended. In addition to the Iraqi partner minister he was also received by Hassan Ali, member of the Revolutionary Commanding Council, minister of commerce. During the visit the two parties signed an agreement for a complementary agricultural loan of 12 million USD;
- On 16 January, Judith Kippers, an American researcher of science policy was received by Dr. Saad Quassim Hammoudi, leader of the Foreign Office of the Baath Party;
- At the end of January the Iraqi airline company (Iraqi Airways) opened several ticket and cargo offices in American cities (New York, Los Angeles, Detroit). This shows that Iraq expects a significant increase in the turnover of goods that can be profitably exported via air (such as electronic goods).

The various bilateral negotiations also make it possible for Iraq to raise its economic and financial claims and for the USA to conduct valuable political consultations (the situation in the Gulf, the issue of the PLO). In the field of economy the expected pace of development is restricted by Iraq's solvency and financing capacity problems at

least until the pipeline leading through Saudi Arabia is completed by the end of this year and another pipeline through Turkey to be completed in 1986 or 1987 is put into service. For the time being American banks show little willingness to take a risk in granting a loan and investing in Iraq, and no change can be expected in this respect until Iraq can pay off its outstanding debts deriving from other relations that have already been deferred once and are due by the summer of 1985. In any case, if the financial situation improves in Iraq, both the political-economic leadership and the increasingly influential Iraqi private sector will be ready to act in order to rapidly develop economic collaboration between Iraq and the United States. However, due to the previously mentioned financial and economic difficulties it cannot be expected that the trade volume between the two countries will exceed USD 1 billion in 1985.

For the Iraqi leadership the resolution of the Iraqi-Iranian conflict as soon as possible is even more important than economic cooperation with the USA. Therefore they use every occasion to keep the issue of the war on the international agenda. As a minimal goal they want to make sure that the issue is put on the agenda of Soviet-American negotiations and that the USA should assist Iraq in keeping it on the agenda in the UN Security Council and at other international forums. In return it is quite possible that Iraq will become more moderate in statements concerning other major issues of world politics (such as Nicaragua, Afghanistan, the PLO, support for Craxi's plan to resolve the situation in the Middle East, etc.).

However, the expectations concerning the renewal of diplomatic relations have not been fulfilled so far. The patience of the Iraqi leadership is tested, among other things, by the fact that the USA still has not appointed its ambassador to Iraq, referring to some procedural reasons of approval, when Iraq was ready to commission Ismat Kittani, a former UN envoy, to head the Iraqi embassy in Washington as early as December last year. The failure to fulfill the Iraqi expectations (American promises) may easily evoke distrust towards the American relations and the true nature of American intentions (this was already echoed in the Iraqi press at the beginning of February) that can in some sense result in a more contradictory relationship between the two countries than before the restoration of diplomatic relations.

In the opinion of the American diplomat the USA is content with the present state of Iraqi-American relations but they are not interested in rushing their development. The American presence in Iraq ensures that in case a political change occurs (a basic precondition of ending the war set by Iran), they will have a chance to "support" pro-American forces within the Baath Party. The resolution of the conflict with American assistance however is not seen as a viable option by the USA under the present circumstances, although they are ready to keep the issue on the agenda when other issues of the Middle East are discussed. According to the American position "time is working for them" and the Reagan administration has plenty of time to deal with the delicate Middle Eastern issue, especially now that the government has just approved of a military and economic aid package to Israel that is greater than ever.

The main goal of the scheduled visit of King Fahd of Saudi Arabia, King Hussein of Jordan and Egyptian President Mubarak is to convince the USA that they should abandon the policy of wait-and-see in the Middle East. Most likely the Reagan administration will consider their arguments and call to do so and will be ready to resume the diplomatic shuttle service at an "Arab request" even this year, if proper "guarantees" can be secured. In this case Iraq would also be involved in the

negotiations under the pretext of examining the ways of resolving the Iraqi-Iranian conflict.

Zoltán Pereszlényi
ambassador