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PAGE 01 STATE 353821
ORIGIN NODS-00

INFO OCT-00 ADS-00 (AS-01 NSCE-00)/000 R

DRAFTED BY NEA/ARN:FRICCIARDONE
P:LEAGLEBURGER
NEA/ARN:DLMACK
NEA:RWMURPHY
NEA:DTSCHNEIDER
PM/P:RCLARKE
NEA/IRN:JMEALUM
P:RRAPHEL (DRAFT)
EB/ERP:EAWENDT
NEA:JAPLACKE
S/P:GBOVIS
S/S:CHILL
S/S-O:TRANDALL

RELEASED IN FULL

-----312527 142238Z /61

O 140349Z DEC 83 ZFF6
FM SECSTATE WASHDC
TO USINT BAGHDAD IMMEDIATE
AMEMBASSY AMMAN IMMEDIATE
INFO AMEMBASSY ABU DHABI MEDIATE
AMEMBASSY DOHA IMMEDIATE
AMEMBASSY MANAMA IMMEDIATE
AMEMBASSY MUSCAT IMMEDIATE
AMEMBASSY NEW DELHI IMMEDIATE
AMEMBASSY ISLAMABAD IMMEDIATE
AMEMBASSY TOKYO IMMEDIATE
AMEMBASSY LONDON IMMEDIATE
USMISSION USNATO IMMEDIATE
USCENTCOM IMMEDIATE
AMEMBASSY MOSCOW IMMEDIATE
USMISSION USUN NEW YORK IMMEDIATE
AMEMBASSY ROME IMMEDIATE
AMEMBASSY TEL AVIV IMMEDIATE
AMCONSUL DHAHRAN IMMEDIATE
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S E C R E T STATE 353821
DECAPTIONED

NODIS
AMMAN FOR RUMSFELD ONLY FROM UNDER SECRETARY EAGLEBURGER

C O R R E C T E D C O P Y (TEXTUAL ERRORS)

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E.O. 12356 DECL: OADR
TAGS: PREL, MOPS, US, IZ
SUBJECT: CLARIFYING US AND IRAQI INTERESTS IN THE GULF

REF: STATE 343831 (NOTAL)

1. SECRET ENTIRE TEXT.

2. PRESENT INSTRUCTIONS WERE ORIGINALLY PREPARED FOR USINT CHIEF EAGLETON'S PRESENTATION TO IRAQI FOREIGN MINISTER TARIQ AZIZ. AMBASSADOR RUMSFELD: PLEASE DETERMINE WHETHER YOU CAN INCLUDE ALL OR SOME OF THE POINTS IN PARA 10 IN YOUR CONVERSATIONS WITH TARIQ AZIZ OR SADDAM HUSSEIN. WE WILL RELY ON YOU AND BILL EAGLETON TO WORK OUT THE MOST EFFECTIVE AND APPROPRIATE MEANS OF PRESENTATION.

3. SUCCESSFUL IRAQI DISRUPTION OF IRANIAN OIL EXPORTS COULD PROMPT IRAN TO TAKE REPRISALS AGAINST THIRD COUNTRIES OR SHIPPING IN THE STRAIT OF HORMUZ, CONTINGENCIES WITH WHICH WE ARE PREPARING TO BUT WHICH WE WOULD FAR PREFER NOT TO HAVE TO FACE. BEFORE EVENTS IN THE GULF DEVELOP FURTHER TOWARD A CRISIS INVOLVING NON-BELLIGERENTS, IT IS IMPORTANT FOR IRAQ AND THE U.S. TO UNDERSTAND AS PRECISELY AS POSSIBLE HOW EACH

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SIDE VIEWS ITS INTERESTS IN THE SITUATION.

4. REFTTEL REPORTED IRAQI DEMARCHE OF DECEMBER 2, WHICH PROMINENTLY ALLEGED THE FAILURE ("AS FAR AS THE GOI KNOWS") OF THE U.S. AND ITS ALLIES TO KEEP PROMISES TO PRESS IRAN FOR A CEASEFIRE IN THE GULF. IRAQ IMPLIED THAT THIS INACTIVITY LEAVES IT NO CHOICE BUT TO PRESS IRAN MILITARILY, THE ONLY MEANS AVAILABLE TO IRAQ. OBJECTIVES OF PRESENT RESPONSE ARE: (1) TO POINT OUT TO IRAQ THAT WE HAVE TAKEN SOME STEPS, AND ARE CONSIDERING OTHERS, TO BUILD PRESSURE ON IRAN TO ACCEPT A CEASEFIRE, AND THAT THESE STEPS REQUIRE MORE TIME AND CONTINUED IRAQI RESTRAINT; AND (2) TO ASSURE THAT IRAQ CLEARLY UNDERSTANDS OUR POSITION.

5. FOLLOWING YOUR REPORTS OF YOUR CONVERSATIONS IN BAGHDAD, WE PLAN TO ASK FRIENDLY AND ALLIED COUNTRIES TO COOPERATE IN CUTTING OR REDUCING THE FLOW OF WESTERN MILITARY EQUIPMENT TO IRAN. WE ARE TALKING WITH OIL INDUSTRY REPRESENTATIVES ABOUT THEIR PLANS FOR CONSTRUCTION OF NEW ALTERNATIVE FACILITIES FOR IRAQ'S OIL

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EXPORTS. WE RECENTLY PROVIDED \$400 MILLION IN AGRICULTURAL EXPORT GUARANTEES, IN PART AS A GESTURE OF ECONOMIC SUPPORT, AND ARE WORKING TO OVERCOME OBSTACLES TO EXIM FINANCING. OTHER POSSIBILITIES ARE ALSO UNDER CONSIDERATION. WE ALSO PLAN TO ASK OTHER COUNTRIES WITH ACCESS IN TEHRAN TO URGE RESTRAINT ON IRAN. WE WILL COORDINATE DIPLOMATIC ACTIVITY CLOSELY WITH OTHER INTERESTED PARTIES, PARTICULARLY THE JAPANESE.

6. WE ARE WILLING TO TAKE MORE SYMBOLIC STEPS IN BILATERAL AREAS, IF IRAQ BELIEVES THESE CAN GIVE ANY MORALE BOOST TO WAR EFFORT OR IMPETUS TO ITS DIPLOMATIC EFFORTS. AMBASSADOR RUMSFELD'S VISIT COULD BE SEEN IN THIS CON AND OF COURSE, WE REMAIN READY TO EXCHANGE AMBASSADORS WITH IRAQ WITHOUT PRECONDITIONS. YOU SHOULD
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MENTION SYMBOLIC BILATERAL MOVES IN THE CONTEXT OF THE WAR ONLY IF YOU SENSE THAT THE ATMOSPHERE IS CORRECT. FROM HERE, WE ARE ALERT TO THE DANGER THAT RAISING SUCH MOVES IN A DISCUSSION OF U.S. SUPPORT FOR IRAQ COULD APPEAR EITHER COERCIVE OR NAIVE.

7. YOU SHOULD INFORM THE GOI OF OUR INCREASED EFFORTS, WITHOUT EXAGGERATING THEIR PRACTICAL VALUE, AS AN INCENTIVE FOR IRAQ TO GIVE DIPLOMACY ADDITIONAL TIME. SINCE WE HAVE ALREADY TAKEN A NUMBER OF THESE STEPS, IT SHOULD BE CLEAR THAT WE ARE NOT MAKING INCREASED U.S. SUPPORT FOR IRAQ CONTINGENT UPON IRAQI BEHAVIOR IN THE GULF. NONETHELESS, IT ALSO SHOULD BE CLEAR TO IRAQ THAT ITS RESTRAINT IN THE GULF IS NECESSARY FOR THE SUCCESS OF THESE EFFORTS AND OTHER DIPLOMATIC POSSIBILITIES.

8. SINCE THE BEGINNING OF THIS WAR THE USG HAS EXPRESSED A COMMITMENT TO THE FREEDOM OF NAVIGATION OF NON-BELLIGERENT SHIPPING IN INTERNATIONAL WATERS. WE DO NOT WANT IRAQ TO PROVIDE IRAN THE OPPORTUNITY TO HOLD IRAQ RESPONSIBLE FOR VIOLATION OF THIS PRINCIPLE. FURTHER, WE WANT IRAQ TO UNDERSTAND THAT AN ESCALATORY STRATEGY DESIGNED TO BRING ABOUT AN END TO THE WAR BY PROVOKING U.S. INTERVENTION -- IF INDEED THIS IS PART OF IRAQ'S STRATEGY -- WOULD BE CONTRARY TO U.S. INTERESTS AND WOULD NOT SUCCEED. WE MUST MAKE CLEAR THAT IRAQI ACTS, WHICH WE DO NOT NOW WISH TO SPECIFY, IN ACCORDANCE WITH SUCH A STRATEGY OR CONTRARY TO FREEDOM OF NAVIGATION ON THE HIGH SEAS, COULD BE USED TO CREATE A MAJOR CONFLICT BETWEEN U.S. AND IRAQI INTERESTS. WE WANT VERY MUCH TO AVOID SUCH A CONFLICT AND WE BELIEVE IT IS AVOIDABLE.

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9. PLEASE PRESENT THE FOLLOWING POINTS TO EITHER SADDAM
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HUSSEIN OR TARIQ AZIZ AS OUR RESPONSE TO IRAQINT CHIEF
HAMDOUN'S DEMARCHE. W CONSIDERING A PARALLEL
DEMARCHE THROUGH IRAQINT CHIEF HAMDOUN, BUT PREFER TO
RESPOND FIRST IN BAGHDAD.

10. BEGIN TALKING POINTS:

--- AS UNDER SECRETARY EAGLEBURGER TOLD AMBASSADOR
KITTANI ON SEPTEMBER 7, A DEFEAT FOR IRAQ WOULD BE A
STRATEGIC DEFEAT FOR THE U.S. THE IRAN-IRAQ WAR IS
THEREFORE OF PRIORITY INTEREST TO THE U.S. WE WELCOME
THE ABILITY TO EXCHANGE VIEWS ON THIS ISSUE, AND HAVE
STUDIED VERY CLOSELY MR HAMDOUN'S DEMARCHE OF DECEMBER 2,
AND PRESIDENT HUSSEIN'S RECENT STATEMENT TO AL-AHRAM.

-- WE UNDERSTAND IRAQ'S CONCERNS AND THE PRESSURES
DRIVING IT TO STEP UP ATTACKS AGAINST IRAN. WE WANT TO
INFORM YOU OF THE SUBSTANTIAL WAYS IN WHICH WE ARE TRYING
TO RELIEVE THOSE PRESSURES. AT THE SAME TIME, WE WANT TO
STATE OUR OWN CONCERNS CLEARLY.

--- WE WANT TO ASSIST IRAQ IN NON-MILITARY OPTIONS TO
BUILD THE PRESSURE ON IRAN TO END THE WAR, AND HAVE
ALREADY TAKEN THE FOLLOWING STEPS:

----- WE ARE URGING ADDITIONAL FRIENDS TO STOP ALL
MILITARY SALES TO IRAN, OFFICIAL OR UNOFFICIAL, FROM
THEIR TERRITORIES OR BY THEIR CITIZENS ABROAD.
PREVIOUSLY, WE HAD MADE HIGH LEVEL DEMARCHES ON THIS
POINT ONLY TO ISRAEL, SOUTH KOREA, AND SPAIN.

----- WE ARE ALSO URGING THOSE WITH ACCESS IN TEHRAN TO
EXPRESS TO IRAN THEIR DIRECT AND STRONG NATIONAL
INTERESTS IN AN END TO THE WAR AS WELL AS THEIR
OPPOSITION TO ESCALATION OF THE WAR IN THE GULF.

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----- WE ARE CONSIDERING STEPS TO PROHIBIT U.S. EXPORTS
TO IRAN OF CERTAIN CIVILIAN ITEMS WHICH CAN CONTRIBUTE TO
IRAN'S ABILITY TO SUPPORT TERRORISM OR MILITARY
ADVENTURES.

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----- WE INTENDED THE AGRICULTURAL EXPORT CREDITS PARTLY AS A GESTURE OF STRATEGIC ECONOMIC SUPPORT. WE ARE SEARCHING FOR OTHER WAYS TO INCREASE INTERNATIONAL CONFIDENCE IN IRAQ'S FINANCIAL AND ECONOMIC FUTURE.

----- WE SHARE IRAQ'S INTEREST IN THE RAPID DEVELOPMENT OF SECURE ALTERN ROUTES FOR THE EXPORT OF ITS OIL AND HAVE TALKED TO THE OIL INDUSTRY ITS PLANS FOR VARIOUS ALTERNATIVES. IRAQ'S SECURITY AND ECONOMIC INTERESTS ON THIS POINT ARE IN COMPLETE HARMONY WITH THE INTERNATIONAL INTEREST IN IMPROVING THE SECURITY OF OIL SUPPLIES.

----- (DISCRETIONARY) IF IRAQ BELIEVES GESTURES OF IMPROVED RELATIONS WITH THE U.S. WOULD BENEFIT ITS SECURITY OR DIPLOMATIC INTERESTS, WE WILL NOT HESITATE TO COOPERATE, E.G. BY MEANS OF HIGH LEVEL VISITS OR EVEN AN EXCHANGE OF AMBASSADORS. BUT WE DO NOT MEAN TO PUSH THE PROGRESS OF OUR FORMAL DIPLOMATIC RELATIONS IF IRAQ DOES NOT SEE THIS AS HELPFUL TO ITS NEEDS, AND WE ARE IMPOSING NO CONDITIONS FOR SUCH PROGRESS.

--- WE HAVE ALREADY BEGUN THE FOREGOING STEPS BECAUSE OF OUR CONCERN THAT IRAQ NOT FACE DEFEAT. ONLY IRAQ'S OWN RESOURCES ULTIMATELY CAN GUARANTEE IRAQ'S SECURITY, BUT WE HOPE SUCH STEPS AS THE ABOVE WILL HELP.

--- HOWEVER, WE REMAIN DEEPLY CONCERNED BY THE PROSPECT THAT HOSTILITIES IN THE GULF MAY ESCALATE TO THE POINT
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THAT THEY WILL INTERFERE WITH THE FREEDOM OF NAVIGATION OF NON-BELLIGERENT SHIPPING OR THREATEN OIL FACILITIES OF NEUTRAL NATIONS.

--- WE HAVE NO INTENTION OF ACCEDING TO IRANIAN BLACKMAIL OVER THE STRAIT OF HORMUZ. HOWEVER, ACTS BY IRAQ THAT FORM THE PRETEXTS FOR SUCH THREATS POSE US A SEVERE DILEMMA. WE HAVE AN INTEREST IN IRAQ'S SURVIVAL AS A STRONG AND INDEPENDENT STATE THAT CAN PROMOTE THE STABLE DEVELOPMENT OF ITS REGION. YET WE ARE CONCERNED THAT IRAN MAY BE ENABLED TO CHALLENGE THE FREEDOM OF NON-BELLIGERENT SHIPPING ON THE HIGH SEAS ON THE GROUNDS OF PROVOCATION BY IRAQI ATTACKS ON SHIPPING IN INTERNATIONAL WATERS BOUND TO OR FROM IRAN.

-- IN ORDER TO MEET THE US COMMITMENT TO KEEP OPEN THE SEA LANES IN THE GULF, THE USG IS NOW DISCUSSING WITH

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FRIENDLY NEUTRAL GULF NATIONS AND WITH ITS ALLIES ACTIONS WHICH THEY ANMIGHT TAKE TOGETHER TO PROTECT NEUTRAL SHIPPING AND OIL FACILITIES.

--- HENCE, BECAUSE OF OUR FIRM COMMITMENT TO THIS PRINCIPLE, AND OUR DESIRE NOT TO PROVIDE IRAN AN ISSUE TO PUT U.S. AND IRAQI INTERESTS INTO DIRECT CONFLICT, WE URGE YOU IN THE VERY STRONGEST TERMS NOT TO IMPEDE OR ATTACK NON-BELLIGERENT SHIPPING IN INTERNATIONAL WATERS.

--- BEYOND THIS, WE WISH TO STATE OUR VIEW OF THE DANGERS AND DISADVANTAGES TO BOTH IRAQI AND U.S. INTERESTS INHERENT IN OTHER IRAQI ACTIONS IN THE GULF THAT COULD RESULT IN A WIDENING OF THE WAR THERE.

--- FIRST, IRAQI ATTACKS IN THE GULF COULD LEAD TO IRANIAN RETALIATION EVEN IF THE ATTACKS DO NOT ULTIMATELY DISRUPT IRAN'S OIL EXPORTS, AND COULD FURTHER DELAY THE POSSIBILITY OF IRAQ RESUMING ITS EXPORTS THROUGH THE GULF.

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--- SECOND, AS WE BELIEVE YOU ARE AWARE, U.S. OR OTHER OUTSIDE INTERVENTION TO PREVENT THE CLOSURE OF THE STRAITS OF HORMUZ WOULD HAVE NEITHER THE PURPOSE NOR THE EFFECT OF IMPOSING AN END TO THE WAR. ACTIONS WHICH THE U.S. MIGHT TAKE IN DEFENSE OF NEUTRAL GULF SHIPPING AND OIL FACILITIES WOULD BE LIMITED TO THOSE OBJECTIVES AND WOULD NOT HAVE ANY FUNDAMENTAL EFFECT ON THE GROUND WAR OR OVERALL STRENGTH OF THE BELLIGERENTS. AN CONCEPT THAT A SETTLEMENT OF THE WAR CAN ARISE FROM EXTERNAL INTERVENTION IN THE GULF IS GREATLY IN ERROR.

--- THIRD, BY CEASING FIRE IN THE GULF FOLLOWING IRAN'S REJECTION OF UNSC 540, IRAQ COULD RECOVER THE MORAL AND POLITTICAL HIGH GROUND NECESSARY FOR INTERNATIONAL SUPPORT. THIS MORAL EDGE IS ESSENTIAL TO OUR INCREASED EFFORTS TO SECURE OUR ALLIES' COOPERATION IN TAKING MORE ACTIVE STEPS TO DISCOURAGE IRAN FROM CONTINUING THE WAR.

--- WE WOULD THEREFORE HOPE THAT IRAQ WILL JUDGE THAT THE STRATEGIC DIPLOMATIC SUPPORT OF THE U.S. AND WORLD COMMUNITY OUTWEIGHS THE TACTICAL VALUE, WHICH WE STRONGLY QUESTION, OF MILITARY ACTIONS IN ULF WHICH ULTIMATELY COULD TRIGGER OUTSIDE INTERVENTION. SHULTZ

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