

Department of State

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

EO 12356 DECL: OADR

TAGS: PREL, HOPS, IZ, IR, JA

SUBJ: HEETING WITH TARIO AZIZ: EXPANDING IRAQ'S OIL EXPORT

FACILITIES

REF 83 BAGHDAD 3163

1. S - ENTIRE TEXT

2. DEP PH AND FORNHINISTER AZIZ ASKED TO SEE HE JAN 2 TO FOLLOW UP AND RUNSFELD'S VISIT AND MY LATER CONVERSATION (REFTEL) WITH UNDERSEC SAHHAF. DURING THE FIRST PART OF THE CONVER-SATION, TARIZ AZIZ READ VERBATIH FROM A TYPED TEXT. HE SAID SECRET SECRET

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PRES HUSSEIN WAS PLEASED WITH HIS HEETING WITH AND RUNSFELD

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AND WITH THE POSITIVE ATHOSPHERE CREATED DURING THE VISIT. HE WAS ESPECIALLY HAPPY WITH PRESIDENT REAGAN'S HESSAGE EMPHASIZING 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 HEETINGS 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 DHJ

USG 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 IRAHIAN REACTION. THIS WAS NOT YET POSSIBLE BECAUSE EXPORT. FACILITIES WERE BADLY DAMAGED AND WATERWAYS WERE BLOCKED BY MINES AND OTHER OBJECTS. THE IRAQI GOYT HAD DECIDED THAT THE FIRST STEP SHOULD BE REPAIR AND CLEANING.

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6. 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 FORHALLY AGREE TO SUCH AN UNDERTAKING. SOHE HAD THROUGHT A BETTER APPROACH HIGHT BE TO TEST THE LRANTANS

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STEP BY STEP IN THE HEOPE THAT THEIR ACQUIESENCE HOULD BECOME POLICY EVEN IN THE ABSENCE OF A FORMAL AGREEMENT.

- 7. AZIZ REPLIED THAT IRAQ DID NOT BELIEVE IT WAS WORTHWHILE TO TRY TOKEN SHIPHENTS THAT WOULD NOT PROVIDE SIGNIFICANT EXPORT VOLUME, AND WOULD ALWAYS BE SUBJECT TO IRANIAN INTERDICTION. THEREFORE THE DECISION HAD BEEN HADE THAT THE FIRST STEP SHOULD BE TO REPAIR FACILITIES. IF IRAN DOES NOT AGREE, IRAQ'S FRIENDS SHOULD NOT EXPECT IRAQ TO RENOUNCE OTHER HEANS. AFTER UNSC RES 540 IRAQ WAS ASKED TO BE FLEXIBLE. THIS IS WHAT IRAQ IS NOW DOING IN THE HOPE OF GIVING DIPLOHACY A CHANCE.
- 8. WHEN I REITERATED OUR DESIRE TO AVOID ESCALATION IN THE GULF WHILE HELPING IRAQ INCREASE ITS OIL EXPORTS, TARIQ AZIZ RESTATED THAE IRAQI POSITION AND ADDED THAT BEFORE THE END OF THIS WEEK AN OFFICIAL STATEMENT WILL BE ISSUED REITERATING IRAQ'S RIGHT TO USE ALL OF ITS HILITARY CAPABILITIES IF IRAN FAILS TO RESPECT IRAQ'S RIGHT TO USE THE GULF.

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9. COMMENT: AZIZ HAS INDICATED THAT IRAQ WILL DELAY ESCALATION IN THE GULF AT LEAST A FEW MORE WEEKS TO GIVE	74.40.15
ARRANGE A DEAL IN TEHRAN THAT UTIL PERHIT THE IDENTAGE TO DE	B1,A3,A5
KHOHEINI IN EXCHANGE FOR PERMITTING TRAD TO DO THE SAME.	
WITH ITS OIL EXPORT TERHINALS IN THE GULF. IRAQ WILL BACKUP SECRET	
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this diplohatic effort by warning that failure to satisfy iraq's needs will bring iraqi attacks on iranian shipping in the gulf. Although the prospect of early iranian agreement to the iraqi proposal appears to be remote, the diplo- $B_1A_3A_5$ hatic process in itself will gain some time and permit iran's intentions and possible acquiesence in some kind of a deal to be explored.

HE TO INFORM THE IRACIS THAT WE WILL SUPPORT THE PROPOSAL WE SHOULD ALSO REPLY TO AZIZ'S QUERY FOR US TO BEAS RE SECURITY FOR A PIPELINE THROUGH JORDAN.

11. KUWAIT HINIHIZE CONSIDERED. EAGLETON
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