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DRAFTED BY NEA/ARN: FJRICCIARDONE
APPROVED BY NEA: JAPLACKE
NEA/ARN: DLMACK
S/S-O: NRPEARSON

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EXDIS, FOR RUMSFELD PARTY

DECAPTIONED

E.O. 12356: DECL: OADR
TAGS: PREL, US, IZ
SUBJECT: BRIEFING NOTES FOR RUMSFELD VISIT TO BAGHDAD

1. S - ENTIRE TEXT.

2. SETTING: TWO EVENTS HAVE WORSENERED THE ATMOSPHERE IN BAGHDAD SINCE YOUR LAST STOP THERE IN DECEMBER: (1) IRAQ HAS ONLY PARTLY REPULSED THE INITIL THRUST OF A MASSIVE IRANIAN INVASION, LOSING THE STRATEGICALLY SIGNIFICANT MAJNUN 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

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SURVIVAL. IF SADDAM OR TARIQ AZIZ RECEIVES YOU AGAINST

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IS/FPC/CDR/Dep Date: 11/14/96

MR Cases Only: EO Citations

TS authority to: () S or () C

CLASSIFY as

DEPARTMENT OF STATE

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FOIA Exemptions: (A) Non-Responsive Info

PA: Exemptions

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CONSIDER, AND TO REJECT, A PENDING APPLICATION FROM WESTINGHOUSE TO PARTICIPATE IN A \$160 MILLION 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

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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 PURSUING OUR STATED OBJECTIVES IN THE REGION, WHETHER IN COMBATTING KHOMEINI, 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

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OBJECTIVES. AS WITH OUR CW 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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