

United States Department of State

Washington, D.C. 20520

August 30, 1984

5465

SECRET/SENSITIVE

TO:

NSC - Don Fortier

FROM:

State/HA - Charles H. Fairbanks, Jr.

SUBJECT: Talking Points on Iran

The Present Situation

The future of Iran is vitally important to us, but we have almost no ability to influence the evolution of events there. The stalemate in the war and Khomeini's declining health are likely to lead to changes of policy on the part of the Iranian Government, and may lead to internal instabilities. Iran, facing a situation of almost complete isolation, has sought to open up channels of communication to both the United States and the Soviet Union. Iran clearly signalled, during the visit of their Prime Minister to Japan, a desire to use Japan as a channel of communication with us. In the absence of an opening to the United States, Iran has pursued contacts with the Soviet Union vigorously. While relatively high level visits have not led to an overall warming of relations, they have had effects such as cooperation between the Soviet and Iranian intelligence services in Azerbaidzhan.

Our policy has centered on the Iran-Iraq War. Our actions on arms transfers by friendly countries to Iraq and Iran are probably perceived by Iran as a "tilt toward Iraq." In 1981 the Iran SIG decided not to oppose transfers of non-U.S. origin weapons by friends to Iran. We have since reversed this policy, and given increasing emphasis to stopping arms sales by a wide range of friendly countries to Iran. On the other hand, we have not opposed friendly countries' sales to Iraq, except of chemical warfare materials. We ourselves have recently licensed heavy trucks, a dual-use item to Iraq.

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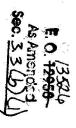
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Possible Items for Work Program

- -- We should consider whether there is now a need for a signal to the Iranian Government that the United States would not be hostile to Iran under all circumstances. To avoid the problems that occurred before the hostage crisis, the approach should probably not consist of direct conversations. We should make it clear that we have not forgotten the hostage crisis, will never deal with officials directly involved in it, and that we are seriously concerned about terrorism.
- -- The most promising approaches are thru Turkey and Japan. The former approach has the advantage of increasing Turkey's role in the region, which we want to see.
- -- A concrete American signal, going beyond a message, can only consist of a change in something we are doing or not doing towards Iran. Our attempt to block arms sales is the major action we have taken towards Iran recently.
- -- This policy now needs to be reviewed in the light of the decreased likelihood of an Iranian victory in the Iran-Iraq War-- the concern that originally provoked the policy. The kinds of arms transfers we have sought to prevent are in most cases (not in the case of mines) small items that would not have greatly or quickly increased Iranian military capability against Iraq, but the policy does cut off potential channels of communication to groups within the Iranian Armed Forces, and increases the relative power of the Pasdaran as compared with the Army (where our contacts used to exist) by putting a premium on religious enthusiasm rather than technology and expertise.
- -- If we do decide to modify our arms transfer policy, we should consider whether our friends could be encouraged to use these arms transfers to develop communication channels, as well as for commercial purposes.
- -- We need at this point to inventory our knowledge about the internal situation within Iran, what the Soviet Union is doing, and our own contingency plans.
- -- We need to review our military plans, especially to see whether they cover the full spectrum of contingency and commitment of U.S. troops.



- -- Do we have a strategy for dealing with a future civil war situation within Iran? If not, a special working group should be convened to devise such a strategy.
- -- Do we have an information strategy toward Iran? That is, are we transmitting the right kind of public messages through official statements and VOA?