INFORMATION

MEMORANDUM FOR COLIN L. POWELL

FROM: ROBERT B. OAKLEY

SUBJECT: Messages to Iran

Attached are copies of our recent messages to the Iranians. The most recent, at Tab A, is extremely sensitive, and was conveyed by Mike Armacost to the Swiss Charge on May 23 and subsequently delivered to the Iranian Government. There has been no response.

Tab B contains our May 21 warning to Tehran on tightened rules of engagement in the wake of the attack on the Stark. It is identical to the message sent to Baghdad. Tabs C and D contain our March demarches on hostage safety and the SILKWORM, along with Swiss confirmation of delivery.

Attachments

Tab A  May 23 Message to Iran
Tab B  Message on Tightened ROE
Tab C  Demarche on Hostage Safety
Tab D  Demarche on SILKWORM
SECRET

MESSAGE TO IRAN

The U.S. Government takes this opportunity, through the good offices of the Swiss Ambassador in Tehran who has our full confidence, to communicate with the Islamic Republic of Iran. By now the Government of the Islamic Republic is aware of the U.S. Government's decision with regard to the May 4, 1987 order of the Iran-U.S. Claims Tribunal in Case A/15 [1:G]. Pursuant to that Tribunal decision, the U.S. Government has transferred to the Bank of England the sum ordered by the Tribunal. The U.S. Government has taken this decision despite its view that the continuing statements of senior Iranian officials linking the return of Iranian assets to the fate of American citizens held hostage in Lebanon are unacceptable.

The U.S. Government will abide by its international undertakings. It expects that the Islamic Republic will also abide by and support all relevant principles of international law, inter alia, as stated in the U.S. brief of January 15, 1987 before the Tribunal.

We also take this opportunity to communicate certain basic principles of U.S. policy toward the Persian Gulf states -- including Iran -- and would welcome an authoritative Iranian reaction to them.

A. As President Reagan publicly stated in November 1986, the U.S. accepts the Iranian revolution as a fact of history. The people of Iran are the sole legitimate arbiters of the constitutional arrangements in Iran.

B. The U.S. believes that the current estrangement between Iran and the U.S. does not serve the long-term interests of either country. In the short run, it also poses obstacles to cooperation in areas where our interests converge -- as in promoting a withdrawal of Soviet troops from Afghanistan.

C. The U.S. views its relations with and commitments to friendly Arab governments in the Persian Gulf region to be of fundamental importance to U.S. economic, political and strategic interests. We will continue to support them and are committed to their individual and collective self-defense efforts. The position of the USG on this matter is set forth in President Reagan's public statement of February 25, 1987.

D. Because of these commitments, and in consideration of the tremendous human suffering in both Iran and Iraq which the war has caused, the U.S. is determined to use its influence to help bring the war to an end -- with the independence and territorial integrity of both Iran and Iraq intact.

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BY LOS DATE 4/7/87
E. As the Islamic Republic is aware, the U.S. has long been committed to the principle of free navigation and to keeping open the Strait of Hormuz for the free flow of oil. The U.S. Navy has for years operated in the Persian Gulf. Its presence supports the maintainence of these commitments. The U.S. observes neutrality with respect to the Iran-Iraq war and the U.S. will fully respect the rules of neutrality. Ships under U.S. flag or U.S. protection do not carry arms destined for either country. We expect that the Islamic Republic will take no action to interfere with the free passage of U.S. naval vessels or the free passage of other ships under U.S. flag or the protection of U.S. naval vessels. Recent Iranian officials' threats in this regard are unhelpful. If the leaders of the Islamic Republic aspire to future cooperation with the United States, it is important that the current situation in the Gulf be handled prudently and that Iranian forces take no steps which will provoke a U.S. reaction. The U.S. also intends to follow a prudent and careful course.

F. Recent Iranian actions to increase the danger to neutral international shipping in the Persian Gulf and through the Strait of Hormuz, by naval and air attack and by taking steps to install the Silkworm anti-ship missiles, are unhelpful and dangerous. We have communicated to the Islamic Republic the seriousness with which we view these developments.

G. Profound differences exist between Iran and the U.S. with respect to the Gulf war, Iranian support for terrorism and subversion and Iran's failure to use its evident influence over groups in Lebanon which hold American -- and other -- hostages to gain their release. Prompt and decisive action by Iran to (1) effect a ceasefire in the war with Iraq and a withdrawal of troops to international borders; (2) secure the release of our hostages; (3) improve bilateral relationships with Persian Gulf neighbors in order to improve regional stability-- all these would be constructive efforts in their own right and would remove obstacles to normal U.S.-Iran relations.

H. It is our hope that the problems discussed above can be resolved rather than lead to further difficulties. Both our countries would benefit by movement toward better relations.