NATIONAL SECURITY COUNCIL WASHINGTON, D.C. 20508

MEMORANDUM OF CONVERSATION

SUBJECT:

Meeting with Iraqi Foreign Minister

Tariq Aziz

PARTICIPANTS:

Colin Powell, NSC Michael Armacost, State Richard Murphy, State Robert Oakley, NSC Jon Howe, JCS

Peter Burleigh, State William Burns, NSC

Foreign Minister Tariq Aziz MFA Under Secretary Zahawi MFA Under Secretary Hamdoon Ambassador to U.S. al-Anbari

MFA Notetaker

DATE, TIME AND PLACE:

December 6, 1987, 4:05 - 6:35 p.m.

Oakley Residence

<u>Powell</u>: We're at key juncture in UNSC strategy. President will press Gorbachev hard on need to act now to enforce 598. Secretary Shultz was very firm on this in last meeting with Shevardnadze. Amman Summit has increased pressure on Soviets to stop delaying tactics. President will make clear to Gorbachev that we are prepared to move ahead on second resolution without Soviets if necessry. At same time, hope Iraq can push Perez de Cuellar to move more aggressively in wake of Larijani's further demonstration of Iranian inflexibility. Hope also that Iraq can take high ground on 598, and not get bogged down in details of sequencing. The more Iraq can publicly contrast its acceptance of 598 with Iran's refusal to comply, the better chance we have of obtaining a second resolution and isolating Iran.

Aziz: Share your view that Summit is critical opportunity to press Soviets. We've been pushing them privately and publicly--most recently in interview I gave to British journalists few days ago. Some signs of greater flexibility in recent Soviet public statements.

Very concerned that Perez de Cuellar has not yet stated directly and formally what is clear to everyone: SYG has failed to persuade Iranians to comply with 598. Hope U.S. can use its influence with SYG to get him to spell out truth clearly. If he doesn't do that, Soviets will use his procrastination as another pretext for delay.

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 Iraq's acceptance of 598 is based on understanding of correct sequence for implementation—whole point is that ceasefire and withdrawal must occur first. Process can't evolve in any other way.

Powell: Accept that logic, but in tactical terms anything you can do to contrast your full acceptance of resolution with Iranian intransigence removes an excuse for delay. Less you say on sequencing at this point, the better.

Aziz: Iranians have no intention of complying with 598. Key is to get SYG to make that clear. Understand Perez de Cuellar's interest in keeping lines open to Iranians, but must not do that at expense of integrity of 598 and of UNSC as a whole.

Oakley: All the more reason for Iraq, U.S., other SC members to demonstrate that we've gone extra mile with Iran. Put focus on Iran's inflexibility. We've been pushing SYG on need to make clear report on Iranian non-compliance, and will continue to do so.

Armacost: Saw Perez de Cuellar last Wednesday just after Larijani departed. SYG was clearly frustrated, said Larijani brought nothing new. Perez de Cuellar gave every indication that he was ready to recommend that SC move to enforcement resolution.

Aziz: SYG also told Kittani [Iraqi perm rep] he was dissatisfied with Larijani's response--but still not clear that Perez de Cuellar will say this unequivocally to SC. He has consistently sugar-coated Iranian positions in past. (S)

Soviets claimed in recent discussions with us that they want to make sure arms embargo resolution is as effective as possible—want to construct very carefully. Soviets expressed concern about possibility that Western companies, as well as Israel, would find ways to sell arms to Iran even after embargo went into effect. Soviet motives are suspect—may simply want to string out movement toward second resolution—but it is important to make sanctions as effective as possible. Otherwise Iranians will laugh at us and continue war unimpeded.

<u>Powell</u>: Share both your skepticism about Soviet motives and <u>determination</u> to make arms embargo as tight as possible. Administration speaks with one voice on this--will take action against <u>any</u> supplier.

Another subject I want to raise with you in deconfliction. We've made great deal progress in this area since last May, but problems remain. Absolutely essential that we avoid another accident. Admiral Howe can elaborate on our concerns.

Howe: Number of close calls recently, one of which was widely reported in press. Accidental attack on Arabiyah Island also source of concern--U.S. barges and ships in same area. Believe it is very important that our experts sit down, review situation, and see what we can do to improve procedures and protect both our interests.

Aziz: Agree completely on importance of deconfliction. Fully supported Rogers mission after Stark incident. Ready to receive U.S. military team to follow up and improve procedures any time. For our part, Iraqi pilots handicapped by requirement to stay at least 5 miles away from U.S. naval vessels. Increase in number of U.S. warships in northern Gulf makes it very difficult for Iraqi pilots to turn east and carry out their missions. Three-mile limit would provide our pilots with more room for maneuver. Might also look at giving AWACS primary responsibility for communicating with Iraqi pilots and U.S. naval vessels. AWACS picks up Iraqi planes as they're leaving base--can give USN earliest warning. Best way to avoid surprises and accidents. Let me add bit of explanation on Arabiyah Island incident. Pilot intended to attack Iranian island, but became confused after being instructed four times by USN vessel to change course. Bad weather also factor. Pilot made mistake.

Ready receive your mission in Baghdad whenever you wish. Sooner the better.

Howe: Good. We'll put team together this week. (S)

<u>Powell:</u> Three miles sounds little close for approaching Iraqi aircraft. But main thing is that our military teams sit down urgently and talk whole issue through.

Oakley: Have to bear in mind volatility of Congressional opinion. Have made steady progress in building support for our policy in Gulf, but repeat of Stark incident could unravel all our efforts. Have to work together to prevent recurrence.

<u>Powell:</u> With every week that passes without a military incident involving the U.S., confidence in and support for our policy grows in this country.

Aziz: Agree that we need to continue work together. (S)

Powell: What is your assessment of situation in ground war? (S)

Aziz: Iranians clearly preparing for another ground offensive. Unclear where focus of attack would be, when offensive might begin, or even whether it will take place at all. Could be using

preparations as lever to intimidate UNSC. In any event, Iraqi military is well-prepared to repel attack. We're not worried.

Powell: We also see signs of Iranian build-up, but don't have specific judgment to offer on timing.

Murphy: U.S. analysts agree that offensive unlikely begin before January.

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On another subject, what have Soviets been telling you about their interest in a UN naval force in the Gulf? We believe Soviets are pushing this as means of stringing out implementation of 598.

about purpose and functions of such force in my conversations with him. Might make sense as way to monitor ceasefire or

enforce second resolution, but what's point in any other circumstance? Vorontsov hasn't provided very good answers to us, or to Sheikh Sabah, who raised similar questions with Soviets.

Soviets claim that they stressed seriousness of their interest in second resolution during Vorontsov-Armacost talks--and that U.S. was not interested in acting to ensure that arms embargo would be effective. (S)

Armacost: Not true. Made two main points to Soviets: (1) discussion of effective enforcement mechanisms must logically flow from passage of second resolution—Soviet attempts to put cart before horse are simply diversionary tactic and sign of their lack of seriousness; (2) PRC now source of about 60% of Iranian arms imports, and East European countries about 12-15%. Western countries no longer primary suppliers, at least partly because of Operation Staunch. Soviets should pressure Bloc countries, as well as Libyans (who have been supplying SCUDS and mines).

Aziz: To be fair, Soviets told us they did press Libyans to stop supplying Iran. (5)

Oakley: But Libyans apparently still doing it.

Powell: I'm sorry but must excuse myself now--have to attend reception at White House. Leaving you in good hands, Mr. Minister.

Oakley: We pursue reports of arms sales to Iran vigorously. President stressed to PM Shamir last month that any evidence of Israeli sales to Iran would cause serious strain in U.S.-Israeli relations. Ed Derwinski will make same point in Israel next week. Also recently made strong demarches to Spain, Portugal, South Korea. Iraq has plenty of reason for suspicion based on past performance, but situation has changed completely.

Howe: We're especially concerned about recent PRC and North Korean arms flow to Iran. Planned deliveries of A-7 aircraft very troubling--would improve Iran's air interceptor capability.

Armacost: Second resolution not answer to all our problems, but would do two things: (1) isolate Iran politically and broaden international pressure against it; and (2) complicate Iran's ability to obtain arms and mount large-scale ground offensives. Embargo wouldn't be leak-proof, but would serve as very useful lever for inhibiting arms suppliers, especially in West. We're prepared discuss ways to enforce embargo effectively, including possibility of UN force of some sort, but only after resolution is passed.

Aziz: Sensible approach. Think we're closer to second resolution than we've ever been before.

Armacost: Primakov indicated Soviets may be ready to begin discussions of second resolution—but also hinted that they may link this to U.N. naval force.

Aziz: If Soviets see signs that you're looking for way to reduce U.S. military build-up, they may push harder on U.N. force idea as way to accelerate U.S. reduction.

Armacost: We have no immediate plans to reduce presence.

Build-up directly connected to threat that produced it--if threat diminishes, we're prepared to scale down toward normal levels. Soviets are using U.N. force concept as stalking device--not as way to reduce threat, which is core issue.

Oakley: USN has been in Gulf for forty years, and we intend continue our presence there. (%)

Aziz: Iranians are still mining and conducting attacks on neutral shipping. (5)

Howe: We've seen no evidence of mines laid since Iran Ajr incident. Doesn't mean new mining hasn't occurred -- but neither we nor Allies have found any proof.

Aziz: Threat to neutral shipping still exists. U.S. is not protecting all neutral ships--unescorted ships still being attacked by Iran.

Oakley: Interesting question. U.S. can't take responsibility for protecting entire Gulf--very difficult sustain domestic political support for limited mission we're currently undertaking. Protection of shipping has to be shared effort.

Aziz: You had same concerns last summer. But now Allies and GCC states are providing support you wanted--and U.S. still seems to people in region to be reluctant to take bolder action against Iran.

Armacost: What kind of bold acts did you have in mind?

Aziz: Assessment in region is that U.S. reaction to attack on Sea Isle City was relatively mild. Attack on Rostam platform more nominal than real.

Armacost: U.S. response had to take into account number different audiences--Iran, Soviets, Gulf states, Allies, U.S. public and Congress. Measured and proportionate response put us in good position to win Congressional support for stronger action if provoked again.

Aziz: Understand domestic constraints that you must operate under. But fact remains that people in region believed response was mild-especially given all support and facilities you have received to date. (S)

Armacost: Iranians haven't attacked us since action against Rostam--maybe our message was effective.

Oakley: Iranians have employed very clever psychological warfare in meantime--highlighting attacks on U.S.-owned, foreign-flag ships and other vessels not protected by USN. Limits on what U.S. can do unilaterally to protect shipping, but we may be able to do more if we work collectively with Gulf states and Allies. Passage of second resolution would provide important political foundation for broader action.

Armacost: What do you plan to say to Perez de Cuellar about 598 when you see him? (%)

Aziz: Repeat our acceptance of 598. But has to be implemented in right manner—we don't want to get trapped by Iranian gimmickry or efforts to re-order steps in resolution. Larijani's talks last week with SYG were clear demonstration of Iranian intransigence. We're ready to implement 598 fully. Iraq is not afraid of paragraph six—setting up an impartial inquiry into the origins of the war. We said six years ago that we were prepared to do this. But Iran wants a judgment against Iraq—not an objective inquiry.

Armacost: Your position is strongest when it conveys very clearly and directly Iraq's acceptance of 598 in all its parts. Position weakens when you go into detail on sequence of steps in resolution. Immediate objective is to highlight Iran's non-compliance and move on to second resolution.

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Aziz:

he asked SC if one item could be pulled out of resolution and implemented. He was told no--resolution had to be treated as integrated whole. When Khamenei proposed this fall that a "tacit" ceasefire could begin once an inquiry into the origins of the war was launched, Perez de Cuellar again sought guidance from the SC and was again told that 598 had to be handled as an integrated whole.

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Agreeing to action by commission of inquiry before full Iranian withdrawal from Iraqi territory would put Iraq in impossible position. As-I said before, Iranians don't want impartial inquiry; they want judgment against Iraq. If they didn't get judgment they wanted, they'd hold Iraqi land hostage until they did. We'd have no alternative but to recommence hostilities—and we'd then be blamed for starting the fighting again. Only guarantee against this farce is full withdrawal before moving on to the next step in the process.

Zahawi: Iranians could also use Iraqi POWs as hostages to try to get judgment they want.

Aziz: Have to be very careful--we're not dealing with a party that sincerely wants peace. Iran wants to achieve through diplomacy what it has failed to achieve in seven years of war. Has not yet really decided to make peace on reasonable terms. We have to open the eyes of SYG and some other SC members to this fact.

Oakley: Iraq's talks with Italy and Japan on these issues have been helpful. President Reagan has also written to Prime Minister Goria and Prime Minister Takeshita on need for urgent implementation of 598 and dangers of Iranian prevarication. Iraq has used its leverage with FRG well. U.S., Iraq, and other Arabs need work together in exactly this way.

Burleigh: There seems to be gradual shift in opinion occurring among SC members, frustration with Iran increasing. Even Soviets beginning to realize that patience with Iran is running out.

Armacost: Amman Summit had real impact on Soviets--made clear that they can't avoid indefinitely hard choices on 598.

Zahawi: If Iran's game is becoming clear to everyone, why are other states still apparently so reluctant to confront the Iranians?

Oakley: Think you know answer. Iranians have been extremely clever at exploiting individual interests of particular governments. Hostages in Lebanon have provided levers for use with French and Germans; commercial interests and threat of subversion are useful with Turkey and Pakistan; others fear Iranian move into Soviet orbit. We have to be just as skillful in countering Iranian tactics across broad front.

Armacost: In any event, we'll press Soviets hard this week on need for second resolution. Hope to get preliminary report from Perez de Cuellar in time to use in regional talks with Soviets on Wednesday.

Aziz: Do you sense any softening of French position on 598?

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Armacost: Doesn't seem to be any shift on second resolution. French have indicated separately to SYG and to us that they want to move promptly to arms embargo.

Murphy: Doubt we'll see dramatic change in French position in UNSC. But they might relax oil embargo--which began as response to embassy war with Iran.

Oakley: Western pressure just beginning to have effect on Iranian oil reserves. Combination of Iraqi bombing, weak oil market, and boycott by U.S. and France has caused about \$1 billion shortfall for Iranians this year.

Murphy: This might be useful moment for Iraq to try to stiffen French spine a little, especially on oil embargo. If we and French can maintain pressure, and Japanese reduce purchases to at or beneath historical levels, Iran will feel effect. Long-term squeeze only real way to have impact on Iranian behavior. (5)

Aziz: Understand King Fahd talked to French Ambassador in Riyadh about this today.

Armacost: We're also talking to Kuwaitis about blocking Iranian crude shipments via SUMED (in which Kuwaitis have 40% ownership).

Burleigh: As much as 300,000 - 350,000 b/d of Iranian crude passing through SUMED.

Murphy: Oil embargo is at least as important a lever against Iran as arms embargo. Won't get kind of open international cooperation that UNSC arms embargo resolution would produce, but quiet, steady work on oil boycott could have significant long-term effect on Iran.

Armacost: Japanese adjusting purchases of Iranian crude down to yearly average of 240,000 - 270,000 b/d-below historical levels. Will both have to keep pressing GOJ to reduce.

Oakley: Kuwait and Saudi Arabia also working to displace Iranian sales, persuade buyers to deal with Arab suppliers, not Iran.

Aziz: Second UNSC resolution to enforce 598 would create better international climate for building other kinds of pressure on Iran. Political impact would be very positive—also want to make arms embargo as effective as possible in practice.

Hamdoon: What have Israelis been saying to U.S. about Israeli
arms sales to Iran? (S)

Armacost: They've always insisted they don't make sales as government. (S)

Hamdoon: But how do Iranians still manage to keep U.S.-made
equipment in operation? (S)

Murphy: Iranians very skillful at cannibalizing, using black market.

Oakley: Israelis know how seriously we view issue of arms shipments to Iran. If you have specific evidence of any Israeli deals, we'll act on it.

Anbari: Iranians also claim to have acquired STINGERs. (3)

Armacost: They apparently seized about 30 STINGER missiles from Afghan Resistance group which strayed across Afghan-Iranian border last spring.

Aziz: Iranians may have used STINGER against Iraqi plane last week. No firm evidence, but pilot believes STINGER was fired at him. Don't know all details.

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To sum up, U.S. Iraq, and other Arabs need to embark on concerted strategy for keeping pressure on Iran over long term. We will press Soviets hard at Summit on second resolution and also push SYG for unequivocal report to SC. Our domestic political situation sets limits on what we can do on security side--that's large reason why we haven't done as much as we or you might like. Difficulty with Congress over Bahrain STINGER sale is case in point.

Aziz: We're still very worried about SYG's role. Hope you'll use all your influence on him. S

Hamdoon: Have you heard rumors that French used Ghorbanifar and Michael Ledeen in recent dealings with Iran? (S)

Oakley: Nothing would surprise me on that score, although haven't heard any reports involving Ledeen. We've made clear to Iranians that we're prepared for exchange in direct, authoritative channel; we've also indicated that we'd brief Congress if contacts occurred. Iranians not interested. (3)

Aziz: Is there also an Omani channel?

Murphy: My impression is that Omani contacts with Iran have been fairly inactive since last summer. Omanis increasingly discouraged by Iranian behavior.

On a separate issue, has there been any movement since Amman Summit on Syrian-Iraqi relations?

Aziz: None. Don't think Syrians have made up their minds yet. Waiting to see: (1) outcome of next ground offensive; and (2) how much they'll get from Gulf Arabs in return for efforts to reconcile with Iraq. Syrians got general promises of financial asssitance at Amman Summit, but to best of my knowledge they haven't yet received anything concrete. (3)