



Foreign and Commonwealth Office

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Prime Minister

*Yes - and we might discuss it in 2-3 weeks time.*

*would you like to see a formal SIC assessment of the Iraq/Iran situation?*

*A.S.C. 2/5*

*Dear*

*John*

IRAN/IRAQ WAR

The Prime Minister recently mentioned to Mr Hurd her concern about the course the Iran/Iraq war is taking and the implications for stability in the area.

2. The Iranians have now expelled Iraqi troops from virtually all of their southern province of Khuzestan and are preparing to assault Khorramshahr, which has symbolic importance because of the long and bloody Iranian defence of it in the early part of the war. The Iraqis have a corresponding interest in preventing its capture and have fortified it with a strong garrison.

3. Both sides have been talking of peace - the Iraqis because of the increasingly debilitating effort of the war, and the Iranians on terms which the Iraqis could not possibly accept. The Iranians are believed to be bent on overthrow of Saddam Hussein (as well as obtaining reparations). Even if they do not capture Khorramshahr soon, which would be a further serious blow to Saddam Hussein's chances of survival, the Iranians may be tempted to turn the screw on him by invading Iraq. They are only a few miles from Basra. The Iranians might try to stimulate an invitation to intervene from the Shi'ite majority in Iraq, which is concentrated in the south.

4. The moderate Arabs are gravely perturbed by the prospect of Saddam Hussein being overthrown. The Jordanians, Egyptians, Omanis and (we believe) the Saudis are particularly concerned. The smaller Gulf States are also worried: but because of their need to find some accommodation with their powerful neighbour, they will be reluctant to join in any action too obviously directed against Iran.



5. The Gulf Arabs have helped Iraq with money and the Egyptians have supplied ammunition and weapons. But there is little more they can do in practice - Iraq's problem is not lack of money and materials but lack of morale and motivation and bad military staff work.

6. There is little that the West can do to stop the war at present. The Americans have expressed their anxiety. But they have no clear idea of what ought to be done. We ourselves have no leverage over the Iranians. We could urge the Arabs to press the Iraqis to sue for peace more directly than they are at present in order to avert defeat. But any such suggestion by us could be deeply resented by our Arab friends. We cannot risk the potential damage to our interests. We think it best therefore to wait until there is more equilibrium in the situation - either as a result of the Iranians occupying Iraqi territory in the south to counter-balance Iranian territory still held by Iraq in the north, or else as a result of a bloody and debilitating stand-off for both sides in the battle for Khorramshahr. At that moment, it might be useful, or at least realistic for the Ten or the West as a whole to call for a cessation of hostilities. We are discussing the draft of a possible declaration in the Political Cooperation machinery of the Ten for use at an opportune moment.

7. Nor do we think that the situation would be helped by the West, or the United States, adopting a more explicit posture on the region's security. This could encourage a tendency towards polarisation and confrontation between Iran and the moderate Arabs across the Gulf. This would be highly undesirable. It may come but we should do nothing to encourage it. In particular, if the Americans assumed explicit responsibilities for security on the Arab side, this could have the effect of tempting the Soviet Union to offer similar help to the Iranians.

8. This danger of polarisation between moderate Arabs and a militant Iran supported by extremist Arabs such as Syria and Libya, and by the Soviet Union, suggests that the West should not react too precipitately in the present situation. Although the Syrians are at present cooperating with Iran to bring about the downfall of Saddam Hussein, their motives are primarily anti-Saddam Hussein, not pro-Iran. Moreover, they have not yet taken any military action themselves against Iraq and they would probably not welcome a Shi'a Islamic republic on the Khomeini model in Iraq (they would hope for a pro-Syria Ba'ath regime). Also it is to be doubted whether the Syrians would consider it in their interests to be more fully implicated with Iran in confronting the moderate Arabs after the defeat of Iraq, since this could be damagingly presented as joining Iran in an anti-Arab front. We should therefore do nothing to push Syria in a direction in which it would probably otherwise not wish to go.



*I would expect it to go for Iran (i.e. to through Syrian influence which is becoming greater in Iran.)*

3 9. Moreover, the Soviet Union seems at present to be in even more of a dilemma than the West. It would wish to avoid making the choice if at all possible between Iraq and Iran. Relations between Iran and the Soviet Union are not good. The Soviet Union's economic involvement in Iran remains significant. About 1500 technicians are working in steel, power and transport projects. But the regime in Tehran is stronger than a year ago and its policy and philosophy remains hostile to the Soviet Union and to the West. There are few signs that the Soviet Union has been able successfully to woo the Iranians or that the pro-Moscow Tudeh (communist) Party has so far gained any strength or influence. An Iranian victory over Iraq would be unlikely to give the Soviet Union any additional opportunities for mischief-making or extending its influence in Iran.

*Field*

10. Mediation efforts by the United Nations (Mr Olaf Palme), the Non-Aligned Movement, and the Islamic Conference are in abeyance. We know that the latter have proposed mutual withdrawal followed by a ceasefire (rather than the more usual course of a ceasefire first) and that Iran would then be allowed to reoccupy her own territory up to the international border. The question of reparations etc would be dealt with under negotiating machinery to be established by the Islamic Conference. With Iran determined to overthrow Saddam Hussein and believing she has the means to do so, this proposal, however elegant, is unlikely to prove acceptable.

11. King Hussein's letter to President Reagan, of which he has sent a copy to the Prime Minister (Baghdad telegrams Nos 206-8) addresses many of the questions considered above. It would be wise to discuss this with the Americans before replying. FCO officials will be discussing the Middle East with their American counterparts on Monday, and King Hussein's letter will of course be included in the talks. We shall accordingly submit a draft reply for the PM to send to King Hussein as early as possible next week.

*Yours ever*  
*S M J Lamport*  
S M J Lamport  
Private Secretary to Mr Hurd

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