



Foreign and Commonwealth Office

London SW1A 2AH

2 November 1983

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Prime Minister.

A.J.C. $\frac{3}{u}$.

Dear John,

Iran/Iraq: Sale of Arms

You will recall that during the briefing meeting for President Mitterrand's recent visit, the Prime Minister asked how it was that international rules of neutrality apparently prevented us from delivering the Kharg to Iran, while the French were able to get away with the delivery of Super Etendards to Iraq. The Foreign Secretary asked officials to produce a detailed analysis of our policy in this area. The following is a summary of the conclusions.

At the beginning of the Iran/Iraq war, the FCO Legal Adviser was asked for an opinion on the obligations imposed by our policy of neutrality in this conflict. His conclusion was that, if a government wishes to maintain a strictly neutral posture, it should refrain from authorising an export licence in respect of the export of arms, munitions of war or war material of any kind to one belligerent if it is not prepared to offer the same facilities to the other belligerent. Subsequently, at the OD meeting on 29 January 1981 ((OD(81)1st Meeting), Ministers decided that items of defence equipment (including the Kharg) should not be released to Iran unless and until the British subjects then in detention there were freed. They also agreed that a narrowly-defined range of lethal weapons such as ammunition should not be sold to either side while the Iran-Iraq war lasted. However, they agreed that every opportunity should be taken to exploit Iraq's potential at that time as a promising market for the sale of defence equipment; and that to this end "lethal items" should be interpreted in the narrowest possible sense where supply to Iraq was concerned, and the obligations of neutrality should be interpreted as flexibly as possible.

/The end



The end to the problem of our detainees in Iran, and the US Embassy hostages, has permitted us to bring our policy towards both belligerents more closely into balance. On receipt of oral assurances that the Kharg would not be used in pursuit of the war with Iraq, Ministers agreed in September that we should tell the Iranians that we were prepared to issue an export licence for the Kharg. This we have done, and we are therefore no longer obstructing its delivery at a time when the vessel may be of more use to Iran than a year ago. The Iranians are making arrangements to sail the vessel away, but these will take some weeks or months to complete.

French policy differs from our own in that they have chosen, despite protestations of neutrality, to ignore their international obligations in order to protect their very substantial commercial interests in Iraq. No doubt the French believe this to be in their overall interest, although the bomb explosions in Beirut, whether Syrian or Iranian-inspired, show that an overtly pro-Iraqi policy carries its own risks. Nevertheless, Sir Geoffrey believes that for the sake of our commercial interests in both countries, and especially in the medium term in Iran, it would be wrong to depart from the broadly even-handed policy endorsed by Ministers hitherto.

I am sending a copy of this letter to Richard Mottram at the Ministry of Defence.

Yours ever,

Peter Ricketts

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Private Secretary

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Middle East: Arms Sales

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