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TO IMMEDIATE FCO

TELNO 2342 OF 2 AUG

INFO PRIORITY BAGHDAD, TEHRAN, ROUTINE AMMAN, CAIRO, GULF POSTS.

YOUR TELNO 1380: RELEASE OF MILITARY SPARES TO IRAN.

SUMMARY.

1. ARMACOST THOUGHT OUR DECISION TO RELEASE THESE SPARES UNFORTUNATE BUT DID NOT SEEK SERIOUSLY TO CRITICISE OR TO CHALLENGE IT.
STATE DEPARTMENT WILL DO ALL THEY CAN TO AVOID LEAKS. AGREEMENT THAT DIFFERENCES OVER THIS ISSUE SHOULD NOT BE ALLOWED TO AFFECT OUR CLOSE BILATERAL CONSULTATION ON THE GULF.

DETAIL

2. I SPOKE AS INSTRUCTED TO ARMACOST TODAY, STRESSING OUR DESIRE TO AVOID PUBLICITY FOR MINISTERS' DECISION. I MADE CLEAR THAT THE ITEMS INVOLVED WERE NON-LETHAL SPARES, ALREADY OWNED AND PAID FOR BY THE IRANIANS UNDER LONG STANDING CONTRACTS, AND THAT THEIR RELEASE WOULD BE RECONSIDERED IF THE IRANIANS TOOK FURTHER ACTION AGAINST BRITISH INTERESTS.

3. ARMACOST, WHO WAS ACCOMPANIED BY PLACKE AND FAIRBANKS, WAS GRATEFUL TO HAVE BEEN INFORMED OF OUR DECISION. THE AMERICANS WOULD CONTINUE THEIR EFFORTS TO STOP THE SUPPLY OF ARMS AND SPARES TO

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IMMEDIATE

GRATEFUL TO HAVE BEEN INFORMED OF OUR DECISION. THE AMERICANS WOULD CONTINUE THEIR EFFORTS TO STOP THE SUPPLY OF ARMS AND SPARES TO IRAN. THESE MIGHT HAVE CONTRIBUTED TO THE LOGISTIC DIFFICULTIES WHICH WERE HELPING TO DELAY THE PLANNED OFFENSIVE. HE HOPED THAT OUR DECISION WOULD NOT BOOST IRANIAN MORALE. WE WERE WISE TO HAVE INDICATED THAT IT MIGHT BE REVERSED. HE ASKED ABOUT THE TIMING OF OUR DECISION, GIVEN CONTINUING REPORTS OF IRANIAN PLANS FOR AN OFFENSIVE.

4. I EXPLAINED THAT THIS THREAT SEEMED TO HAVE RECEDED AND THAT THE IRAQI DEFENCES WERE NOW STRONGER. THE SUPPLY OF POUNDS STG 4 MILLION OF ARMoured VEHICLE SPARES WAS UNLIKELY TO TIP THE MILITARY BALANCE. IT WAS A GOOD MOMENT TO SOLVE THE OUTSTANDING PROBLEM OF THE IRANIAN MILITARY CONTRACTS, AS THE US HAD RECENTLY DONE IN RESPECT OF RADAR SPARES. ARMACOST SAID THAT THAT RESULTED FROM A DECISION OF THE HAGUE TRIBUNAL. THE US WERE TRYING NOW TO CLOSE LOOPHOLES. IT WAS UNFORTUNATE THAT OUR POLICIES APPEARED TO BE MOVING IN OPPOSITE DIRECTIONS.

5. FAIRBANKS ACKNOWLEDGED THAT WE HAD FULLY DISCHARGED OUR COMMITMENT TO BRIEF THE STATE DEPARTMENT. BUT THE ADMINISTRATION WERE CONCERNED AT ANYTHING WHICH MIGHT ENCOURAGE THE IRANIANS AND THUS FRUSTRATE OUR COMMON AIM TO END THE WAR WITH NO WINNER. I REMINDED HIM THAT THIS RELEASE OF SPARES WAS MILITARILY INSIGNIFICANT: WE HAD SOLD MUCH GREATER QUANTITIES OF NON-LETHAL EQUIPMENT TO IRAQ SINCE THE WAR BEGAN.

6. ARMACOST ASSURED ME THAT THE US HAD NO REASON TO DISCUSS THIS INFORMATION WITH OTHER GOVERNMENTS AND WOULD NOT DO SO. THEY WOULD TRY TO AVOID PRESS LEAKS, THOUGH IT MIGHT BE DIFFICULT TO KEEP THE TRANSACTION SECRET. FAIRBANKS AND PLACKE ADVISED US NOT TO TELL THE PENTAGON (IMPLYING THAT THEY WOULD NOT DO SO).

7. THE AMERICANS DID NOT RAISE THE LETHAL/NON-LETHAL DISTINCTION OR THE YARROW SHIPS. I TOLD ARMACOST THAT THESE WERE LIKELY TO BE DELIVERED IN THREE MONTHS OR SO.

8. PLACKE CONCLUDED THAT WE SHOULD HAVE TO AGREE TO DISAGREE ON THIS ISSUE. BUT WE SHOULD KEEP IT IN PROPORTION AND NOT ALLOW IT TO AFFECT OUR CLOSE AND MUTALLY BENEFICIAL CONSULTATION ON THE GULF. I WARMLY ENDORSED THIS SENTIMENT.

HANNAY

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