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CCPC



Foreign and Commonwealth Office

London SW1A 2AH

15 August 1990

Dear Amin

IRAN/IRAQ: PEACE AGREEMENT

You asked for a preliminary assessment of the implications of the announcement today by President Saddam Hussein that Iraq has agreed on the terms of a peace settlement with Iran. I attach Baghdad telno 803 which summarises Saddam's broadcast.

The agreement effectively addresses all the main problems outstanding between Iran and Iraq, ie Iraqi occupation of Iranian territory, sovereignty over the Shatt al Arab and repatriation of prisoners of war. Saddam has conceded on all three points. Eight years of conflict with Iran have produced no net benefit for Iraq.

One issue not covered in Saddam's public announcement was non-interference in each other's internal affairs. This was an important part of the 1975 Algiers Agreement. Iranian violation of it was used by Saddam as the principal pretext by Iraq for the 1980 invasion. It no doubt forms part of the agreement. It has no doubt been dealt with in the agreement.

There has been a noticeable warming of the public atmosphere between Iran and Iraq over the past 3-4 months. Bilateral discussions have been taking place, but we were not aware they had reached their final stages. There have, however, been some indications of Iranian connivance in the Iraqi invasion of Kuwait. It seems possible from today's announcement that the peace agreement was cooked up before the invasion, and that the deal may have involved Iran agreeing to stand aside militarily in return for Iraq accepting a peace settlement wholly on Iran's terms.

The main question is whether Iran will agree to allow goods to be imported for Iraq through Iranian ports

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in breach of SCR 661. We have no evidence either way on this point. As far as we know, the Iranians have said nothing publicly about sanctions. The temptations will be considerable, despite Iran's wish to exploit the present situation to mend its fences with the West. Sanctions-busting would have clear implications for UK/Iran relations (on which we shall be commenting separately). We can expect the Americans to be exploring the potential in this changed situation for moving closer to Iran. Iran is likely to remain wary of the Soviet Union. A peace settlement - broadly meeting the objectives of SCR 598 - is likely to remove any remaining inhibitions on arms sales to Iran by eg France and Italy.

It is difficult to see how Saddam Hussein could now climb down over Kuwait in a way which would meet SCR 660. It is the only international "success" he can point to at home. He will be more determined than ever to sit it out. As mentioned above, sanctions leakage through Iran could prove crucial. Meanwhile Saddam Hussein is at least likely to enjoy rhetorical support from Iran over both Israel and the presence of foreign forces in the Gulf.

The Secretary-General will no doubt report in due course to the Security Council on the extent to which SCR 598 has been implemented.

*Yours sincerely
Dominic Asquith*

Dominic Asquith
PS/Mr Waldegrave

Dominic Morris Esq
No.10 Downing Street

LNMDAN 7908 BAHPAN 3912
RESTRICTED
Z2.FCO N
FM BAGHD TO FCOLN
150903Z AUG
GRS 524

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RESTRICTED
FM BAGHDAD
TO FLASH FCO
TELNO 803
OF 150903Z AUGUST 90
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IRAN/IRAQ: PEACE AGREEMENT

SUMMARY

1. IRAQ AND IRAN AGREE TO A SETTLEMENT BASED ON THE 1975 ALGIERS AGREEMENT, INCLUDING A COMPLETE EXCHANGE OF POWS AND A WITHDRAWAL OF FORCES FROM THE IRAN/IRZQ BORDER STARTING FROM 17 AUGUST.

DETAIL

2. IRAQ RADIO BROADCAST AT 1100 LOCAL ON 15 AUGUST THE TEXT OF A LETTER FROM SADDAM HUSSEIN TO PRESIDENT RAFSANJANI DATED 14 AUGUST IN WHICH HE SAID (AS HEARD BY US) THAT, FOLLOWING DIRECT CONTACTS BETWEEN IRAQ AND IRAN AND THE EXCHANGE OF LETTERS BEGINNING WITH THAT OF 24 APRIL FROM SADDAM TO RAFSANJANI, IRAQ NOW WISHED TO REMOVE ALL OBSTACLES TO A COMPREHENSIVE PEACE BETWEEN THE TWO COUNTRIES. THIS WOULD ALSO ALLOW IRAQ TO CONFRONT PROVOCATIONS IN THE REGION AND TO FACE FOREIGN AGGRESSION.

3. SADDAM THEN MADE THE FOLLOWING POINTS:

(A) IRAQ AGREED TO THE PROPOSALS CONTAINED IN A LETTER OF 8 AUGUST SENT FROM RAFSANJANI VIA THE IRANIAN AND IRAQI PERMANENT REPRESENTATIVES IN GENEVA TO SADDAM. THESE CALLED FOR A SETTLEMENT ON THE CONDITION THAT THE SHATT AL-ARAB WOULD BE DIVIDED ON THE BASIS OF THE 1975 ALGIERS AGREEMENT. PARTICULAR ATTENTION WOULD ALSO BE DEVOTED TO ARTICLES (DELAING WITH RESPONSIBILITY FOR THE WAR AND POST-WAR RECONSTRUCTION RESPECTIVELY) 6 AND 7 OF UNSCR 598 .

(B) DELEGATIONS FROM EACH SIDE WOULD VISIT TEHRAN AND BAGHDAD IN THE NEAR FUTURE TO SIGN AN AGREEMENT ON THE BASIS OF (A) ABOVE AND ON THE CONTENTS OF A LETTER SADDAM HAD SENT TO RAFSANJANI ON 30 JULY (NO FURTHER DETAILS GIVEN).

(C) IRAQI TROOPS WOULD BEGIN TO WITHDRAW FROM IRANIAN TERRITORY ON 17 AUGUST LEAVING ONLY A 'SYMBOLIC' NUMBER OF TROOPS AND BORDER GUARDS IN PLACE.

(D) THERE WOULD BE AN IMMEDIATE AND COMPREHENSIVE EXCHANGE OF PRISONERS OF WAR IN IRAQ AND IRAN. IRAQ WOULD REPATRIATE THE FIRST BATCH OF IRANIAN POWS ON 17 AUGUST.

4. SADDAM CONCLUDED BY SAYING THAT IRAQ HAD AGREED TO EVERYTHING RAFSANJANI HAD WANTED SO AS TO ALLOW IRAQ TO CONFRONT THE FOREIGN PRESENCE IN THE REGION WITHOUT HINDRANCE.

COMMENT

5. ONCE IRAQ HAD SEIZED KUWAIT, THE SHATT AL-ARAB BECAME OF MINOR STRATEGIC IMPORTANCE TO IRAQ. AND ONCE SADDAM WAS FACED WITH A SERIOUS CHALLENGE ON ACCOUNT OF THE SEIZURE, HIS PRAGMATISM MADE AGREEMENT WITH IRAN ONE COULD EASILY SEE HIM GOING FOR. HOWEVER SADDAM COULD STILL, GIVEN HIS EARLIER POSITION ON THE ALGIERS AGREEMENT, AND THE SYMBOLIC IMPORTANCE RECOVERY HAS SINCE ACQUIRED FACE DIFFICULTIES DOMESTICALLY OVER THIS VOLTE-FACE. SADDAM'S LETTER IS ALSO FURTHER CONFIRMATION THAT HE INTENDS NO WITHDRAWAL FROM KUWAIT: INDEED, FOR IRAQ TO WITHDRAW NOW WOULD LEAVE IT A NET LOSER. ✓

6. AS SADDAM MAKES REFERENCE TO A LETTER OF 30 JULY TO RAFSANJANI, THE IRANIANS MAY CONCEIVABLY HAVE BEEN MADE AWARE OF IRAQI PLANS BEFORE THE INVASION.

7. NO SPECIFIC MENTION WAS MADE IN THE LETTER OF THE FUTURE INVOLVEMENT OF THE UN SECRETARY-GENERAL OR OF THE SECURITY-COUNCIL IN THE PEACE PROCESS.

8. THE IMMEDIATE CONSEQUENCE OF THE AGREEMENT FOR US IS THAT ENFORCING SANCTIONS WILL PROBABLY BE CONSIDERABLY MORE DIFFICULT.

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PS/PUS 1

MR TOMKYS 1

MR GORE-BOOTH 1

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HD/SEC (O) (C) MODUK 1

MR LS SMITH BANK ENGLAND 1

RESIDENT CLERK 1

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