

ADVANCE COPY

RESTRICTED
FM BAGHDAD
TO IMMEDIATE FCO
TELNO 897
OF 211200Z AUGUST 90
INFO PRIORITY UKDEL OECD, MODUK, DTIOT4, CANBERRA, MANILA, AMMAN

SIC I9M

MY TELNO 817 : ECONOMIC SANCTIONS

SUMMARY

1. IRAQIS BEGIN TO INSTITUTE RATIONING. PROBLEMS OVER SUPPLY OF FOOD POSSIBLY GREATER THAN WE HAD EARLIER THOUGHT.

DETAIL

2. WE HAVE LEARNT FROM IRAQI CONTACTS THAT A FORM OF RATIONING HAS BEEN INSTITUTED IN BAGHDAD (AND WE ASSUME THE REST OF IRAQ) OVER THE LAST FEW DAYS. THE ROOD STUFFS TRADING COMPANY, AN OFF-SHOOT OF THE MINISTRY OF TRADE WITH RESPONSIBILITY FOR THE DISTRIBUTION OF FOOD TO RETAIL OUTLETS HAS ORDERED THAT THE CITY BE DIVIDED INTO A NUMBER OF ADMINISTRATIVE AREAS. EACH DAY, THE COMPANY DELIVERS A SET AMOUNT OF TEA, FLOUR, SUGAR AND RICE TO EACH AREA. THE POLICE HAVE ALSO DISTRIBUTED TO SHOPKEEPERS LISTS OF ALL THOSE REGISTERED AS LIVING IN THE AREA, AND GIVEN INSTRUCTIONS THAT THEY SHOULD SELL ONLY A SET AMOUNT PER DAY OF THE FOUR COMMODITIES LISTED ABOVE TO THOSE ON THE LIST.

3. THE SYSTEM IS SOMEWHAT HAPHAZARD AND IS CLEARLY OPEN TO ABUSE, PARTICULARLY BY SHOPKEEPERS. IT ALSO MAKES NO PROVISION FOR FOREIGNERS, WHO ARE NOT REQUIRED TO REGISTER IN THE SAME WAY AS IRAQIS AND WHO, SO FAR AS WE CAN ESTABLISH, ARE NOT INCLUDED ON THE LISTS. AT PRESENT, FROM OUR EXPERIENCE, THE SYSTEM IS NOT BEING RIGIDLY IMPOSED, BUT PRESUMABLY, IF THE ECONOMIC SITUATION GETS WORSE, WE CAN EXPECT A MORE ORGANISED FORM OF RATIONING, PROBABLY LEAVING IT OPEN TO FOREIGNERS TO PURCHASE WHATEVER THEY CAN FIND AT THE BEST PRICE THEY CAN GET.

4. ALTHOUGH IN THE TUR WE REPORTED THAT FROM OFFICIAL STATISTICS

IRAQ HAD ENOUGH WHEAT TO CONTINUE FEEDING ITS POPULATION FOR 240 DAYS, THIS INCREASINGLY APPEARS TO BE AN OVER-ESTIMATE. AN OFFICIAL WITH THE AUSTRALIAN WHEAT BOARD CURRENTLY TRAPPED IN BAGHDAD TOLD US THAT ALTHOUGH HE HAD NO RELIABLE FIGURES ON THE STATE OF IRAQI AGRICULTURE HE BELIEVED THAT IRAQ'S TOATL WHEAT CONSUMPTION WAS IN THE REGION OF FOUR MILLION TONNES PER YEAR. ITS HOME PRODUCTION COULD PROVIDE NO MORE THAN A QUARTER OF THIS.

5. IN ADDITION, SO FAR AS THE OFFICIAL WAS AWARE, IRAQ'S GRAIN STORAGE CAPACITY WAS BETWEEN 500,000 AND 800,000 TONNES. (HE DID NOT, HOWEVER, RULE OUT THE POSSIBILITY THAT THERE WERE STRATEGIC RESERVES ABOUT WHICH HE HAD NOT BEEN INFORMED. THIS MEANT THAT IRAQ MIGHT BEGIN TO RUN OUT OF WHEAT WITHIN THREE MONTHS.

6. THE OFFICIAL ALSO SAID THAT HE HAD HEARD THAT TWO SHIPS CARRYING APPROXIMATELY 50,000 TONNES OF WHEAT EACH HAD DOCKED AT AQABA AND KUWAIT JUST BEFORE 2 AUGUST. HE ASSUMED THAT THEIR CARGOES HAD BEEN TRANSPORTED TO IRAQ. HOWEVER, THIS WOULD MAKE ONLY A SLIGHT DIFFERENCE TO IRAQ'S POSTION.

7. WE HAVE HEARD THAT THE PHILLIPINES EMBASSY WERE ASKED BY THE IRAQIS WHETHER THEIR GOVERNMENT WOULD BE PREPARED TO DELIVER 50,000 TONNES OF RICE AND 10,000 TONNES OF COOKING OIL TO BANDAR ABBAS IN RETURN FOR AN (UNSPECIFIED) QUANTITY OF OIL, TO BE SHIPPED OUT OF AQABA. NO INDICATION OF HOW THE RICE AND COOKING OIL WERE TO BE TRANSPORTED TO IRAQ WAS GIVEN BUT THE IMPLICATION IS OBVIOUS. THE EMBASSY CLAIM THAT THE OFFER WAS REJECTED OUT OF HAND: FOR ONE THING, THEY APPARENTLY DOUBTED THAT SUCH A SHIPMENT COULD BE ARRANGED.

WALKER

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