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MIPT (NOTAL): IRAQ/KUWAIT: SOVIET POLICY *mt*

SUMMARY

1. OMANI MINISTER REVEALS THAT RUSSIANS HAVE BEEN BOUGHT OFF BY SAUDIS AND OTHERS. OMAN HAS PROVIDED A LOAN TOO.

DETAIL

2. DURING MY CALL ON THE OMANI MINISTER OF STATE FOR FOREIGN AFFAIRS LAST NIGHT, I BEGAN TO PROBE ALAWI ON PRIMAKOV'S TOUR (MOSCOW TEL 2073 TO YOU) AND ITS APPARENT FAILURE, WHEN HE CUT ME SHORT BY SAYING THAT THE RUSSIANS WOULD CAUSE NO MORE PROBLEMS: THEY HAD BEEN BOUGHT OFF BY THE SAUDIS AND OTHERS FROM THE GULF. THEY HAD BEEN GIVEN 4 BN US DOLLARS REPAYABLE OVER 30 YEARS WITH NO INTEREST AND A GRACE PERIOD OF 10 YEARS. OF COURSE, THE RUSSIANS WERE CONCERNED TO KEEP IN WITH THE IRAQIS, BECAUSE THEY HAD INVESTED HEAVILY IN THE COUNTRY AND STILL HAD MANY "HOSTAGES" THERE. BUT THERE WOULD BE NO MORE PEACE INITIATIVES.

3. I ASKED WHETHER OMAN HAD CONTRIBUTED TO THIS GENEROUS LOAN. ALAWI SAID OMAN HAD INDEED PRE-EMPTED IT BY OFFERING THE RUSSIANS A 200M US DOLLAR SOFT LOAN OVER 15 YEARS.

COMMENT

4. THE LATTER ADMISSION IS THE FIRST CONFIRMATION OF INFORMATION SEEN ON OTHER CHANNELS THAT SUCH A LOAN WAS UNDER CONSIDERATION. IT WAS ALMOST CERTAINLY FIRMED UP DURING QAIS ZAWAWI'S VISIT TO MOSCOW ON 4-6 OCTOBER.

5. PL SEE MIFT.

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