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10 DOWNING STREET

From the Private Secretary

23 June 1981

SUBJECT

copied to  
Masters.

File. Iraq

Dear Francis,

Visit of the Iraqi Trade Minister

The Iraqi Minister of Trade, Mr. Hassan Ali, called on the Prime Minister this morning. He was accompanied by the Iraqi Ambassador and by Mr. Farouq Obaidi.

The Israeli Attack

After an exchange of courtesies, in the course of which Mr. Hassan Ali conveyed President Saddam Hussein's greetings to the Prime Minister and the Prime Minister reciprocated, Mr. Hassan Ali raised the question of the Israeli attack on the Iraqi nuclear installation near Baghdad. He expressed his Government's gratitude for the constructive attitude taken by the United Kingdom in condemning the Israeli action. The Israelis had committed a flagrant aggression contrary to all international laws and norms of behaviour. The developing countries had the right to develop nuclear technology for peaceful uses. The Israeli action could only be interpreted as meaning that the Israeli Government reserved to itself the right to prevent any effort by the Arabs to construct civil nuclear installations. Iraq had not been fully satisfied with the resolution adopted by the United Nations. The Prime Minister said that HMG regarded the action of Israel as totally wrong and contrary to international law. As such, they had condemned it. She herself had been very anxious, as the Iraqi Ambassador was aware, that the facts about the nuclear installation should come out. Now that they had done so, it was clear that the allegations made by the Israeli Government, e.g. about what President Saddam Hussein had said, were untrue. This had had a considerable effect on the climate of opinion in the United States. Mr. Hassan Ali thanked the Prime Minister for what she had said. He noted that the nuclear installation had been subject to continuing inspection by the IAEA. Even after the Israeli attack, the Iraqi Government had agreed to receive an inspection mission from the Agency. The installation was still being operated, as they had been in the past, for peaceful purposes and for scientific research. The Israeli allegations had been no more than a pretext for the attack.

The Iran/Iraq War

Mr. Hassan Ali said that Iraq had accepted all the international initiatives taken in pursuit of a peaceful solution to

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the Iran/Iraq war, notably those by the United Nations, by the Islamic Conference and by the Non-Aligned Movement. However all had been rejected by Iran. The difficulty was that the chaotic situation in Iran made it difficult for the Iraqi Government to know with whom they were dealing. The Iraqis were increasingly concerned that the situation in Iran might develop in the same way as that in Afghanistan. The Tudeh Party, which was working steadily to implement its policies under the cover of support for Khomeini, was gaining strength. The Soviet Union was, of course, a neighbouring state. There might be many surprises in store. The Prime Minister agreed and said that she too was worried about the threat posed by the Communists in Iran.

### Bilateral Relations

The Prime Minister said that she was pleased with the way bilateral relations between Iraq and the United Kingdom were developing. The trend in bilateral trade was particularly satisfactory. Mr. Hassan Ali agreed that great progress had been made recently in bilateral relations in economic and technological fields. The agreement that he was due to sign with the Secretary of State for Trade tomorrow should be helpful. The Iraqi Government was launching a balanced and "explosive" development which would offer great opportunities to British enterprises. The Iraqi Government would place no "veto" on the activities of firms interested. He had extended an invitation to Mr. Biffen to attend the Baghdad Trade Fair in October together with a delegation of businessmen. He was also looking forward to the forthcoming visit of Mr. King. The outlook for trade relations between the two countries was very healthy. The Prime Minister said she was delighted to hear this. There was a new mood in our exporting industries. They were increasingly determined to fight for orders.

Mr. Hassan referred to his meeting with the Secretary of State for Defence yesterday. He said that he had submitted a list of the Iraqi Government's requirements to Mr. Nott. He hoped the Prime Minister would give the green light for the further development of co-operation in the military field. This would help both countries to expand and diversify their relationship. The Iraqi Government was at this stage seeking no more than approval in principle. They planned to send a technical delegation in the near future to discuss the details of what could be done. They recognised that deliveries could not take place "tomorrow". They would ensure that there was no embarrassment whatever to HMG.

The Prime Minister hoped that military co-operation would develop fruitfully over the next few years, in the course of which period she hoped of course that hostilities between Iraq and Iran would have come to an end. She noted Mr. Hassan Ali's assurance that there would be no embarrassment to HMG: on that basis she was confident that approval in principle would be forthcoming. In the meantime it was clearly important that detailed examination of the possibilities should go ahead.

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I am sending copies of this letter to John Rhodes  
(Department of Trade), David Omand (Ministry of Defence) and  
David Wright (Cabinet Office).

Yours ever

Michael Alexander

Francis Richards, Esq.,  
Foreign and Commonwealth Office.

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