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## 10 DOWNING STREET

*From the Private Secretary*

29 November 1985

*Dear Matthew,*

### PRIME MINISTER'S MEETING WITH THE IRAQI MINISTER OF TRADE

The Prime Minister received the Iraqi Minister of Trade for a meeting this morning. Mr. Hassan Ali was accompanied by the Iraqi Ambassador. Mr. Channon was also present.

The Prime Minister recalled with pleasure her earlier meeting with Mr. Hassan Ali which she remembered (according to the brief) as being in 1983. Mr. Hassan Ali was firm that it had been in 1981. He conveyed to the Prime Minister greetings from Saddam Hussein and from Deputy Prime Minister Ramadhan.

#### Trade Relations

Mr. Hassan Ali said that the Iraqi Government was well satisfied with the development of trade and economic relations between Iraq and the United Kingdom. These had expanded greatly in recent years. He was particularly grateful for the credit facilities which had been extended to Iraq. His Government wished to see British companies more active in Iraq.

The Prime Minister enquired how the recent meeting of the Joint Commission had gone. Mr. Hassan Ali said that he and Mr. Channon had yesterday signed the agreed minutes. The British side had been very co-operative and good results had been achieved which would further expand the volume of commercial and economic relations. These relations were now satisfactory for both sides. He hoped that political relations could be raised to the same level.

#### Iran/Iraq

The Prime Minister said that the United Kingdom was distressed by the continuing conflict between Iran and Iraq. We were not supplying equipment to Iran which would be any help in its war effort. Mr. Hassan Ali said that he did not need to explain Iraq's position in detail. Iraq was working hard for a peaceful settlement through the United Nations and other international organisations and had found increasing understanding for its position from the United

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States and the Soviet Union. He believed that this tacit understanding could help in ending the war. He would like to see Europe have a better appreciation of the war situation and give more positive support to Iraq's position. This would help the peace prospects.

Mr. Hassan Ali continued that he was frequently told that many countries were not exporting weapons to Iran but this was not borne out by the facts. He acknowledged that Iran might in some cases be obtaining weapons from companies without the knowledge of Governments. But he felt that if Governments issued appropriate directions the supply of weapons would dry up. The Prime Minister said that the United Kingdom had exercised an extremely tight control and cited a recent example where we had prohibited the supply of equipment to Iran because it might have a military use. We were very well aware of Iraq's point of view on this matter. Mr. Hassan Ali said that there was abundant evidence that Iran was preparing for a new offensive. Iraq was confident of its ability to repel this. An end to the war would benefit other countries including Britain because it would lead to greatly expanded trade. So he must repeat his hope that Britain and Europe would support Iraq's efforts to secure peace.

#### Arab/Israel

Mr. Hassan Ali said that Iraq supported the PLO as the legitimate representatives of the Palestinian people. The PLO had to be involved in any discussions about a peace settlement. There could never be a reasonable solution of the Palestinian problem if the PLO were excluded. For this reason, Iraq had supported the February 11 Agreement between King Hussein and the PLO. He recognised that a number of PLO splinter groups and individuals had committed acts of terrorism. This was not desirable and could lead to conflict. Iraq welcomed the recent statement by Mr. Arafat in Cairo condemning terrorism.

The Prime Minister gave an account of the background to her offer to see a joint Jordanian/Palestinian delegation and the reasons why this had unfortunately foundered. The current wave of terrorist violence was a set back to efforts to open peace negotiations. We recognised that King Hussein must have an international framework for such negotiations. We were working with the United States and friendly Arab Governments to achieve such a framework.

#### Smith and Hagger

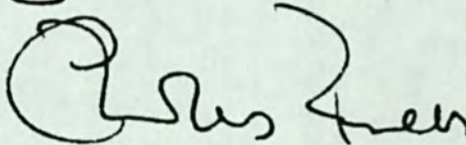
The Prime Minister raised the cases of Mr. Smith and Mr. Hagger. They had been found guilty by Iraqi courts and had already served substantial sentences. But they had not been guilty of terrorism or violence. She hoped that in view of the length of sentence they had already served, the Iraqi Government would exercise clemency. People in the United Kingdom found it hard to understand that such long sentences had been imposed for non-violent offences. It would do a great deal of good for relations between Britain



and Iraq if we were able to point to the release of the two men. She would be raising the question with the Iraqi Minister of External Relations the following week.

Mr. Hassan Ali said that Mr. Smith and Mr. Hagger had originally been sentenced to death and commutation to imprisonment was already a gesture by the Iraqi Government. Iraq had sought to discuss a possible exchange of Mr. Smith and Mr. Hagger for Iraqi prisoners in British gaols. But Iraq had been told that the judiciary were responsible for sentencing and that the British Government could not interfere in the course of justice. He would have to say that the same considerations applied in Iraq. If, however, it could be agreed that a joint solution should be found, Iraq was ready for discussions. The Prime Minister said that there was no equivalence whatsoever between murder and the technical offences for which Mr. Smith and Mr. Hagger had been convicted and there was no possible scope for the sort of bargain proposed by Mr. Hassan Ali. She found his response deeply disappointing.

I am copying this letter to Peter Ricketts (Foreign and Commonwealth Office) and Richard Mottram (Ministry of Defence).

Yours sincerely,  


(Charles Powell)

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Department of Trade and Industry.