

Confidential File

Visit by the Iraqi Minister of Trade

IRAQ

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April 1981

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
<del>28-4-81</del>							
<del>28-6-81</del>							
<del>24-1-83</del>							
<del>19-11-85</del>							
<del>20-11-85</del>							
<del>28-11-85</del>							
<del>24-11-85</del>							

PREM 19/15/83

Subject  
Cmister

CONFIDENTIAL

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cf file

## 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

SKW

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.

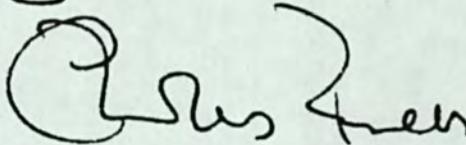
#### Smith and Hagger

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)

Matthew Cocks, Esq.,  
Department of Trade and Industry.

PRIME MINISTER

MEETING WITH IRAQI MINISTER OF TRADE

You are seeing Mr. Hassan Ali briefly tomorrow. He will be accompanied by the Iraqi Ambassador. Mr. Channon will also be present.

Mr. Hassan Ali last called on you in October 1983. He is here this time for a meeting of the UK/Iraq Joint Commission.

You will want to ask Mr. Channon to report on the Joint Commission, and make some general remarks of encouragement about UK/Iraq trade (which is well up).

You will want to mention the Iran/Iraq war and repeat assurances that we are not supplying any arms to Iran.

It is very important that you mention the cases of Smith and Hagger. We must take every opportunity to press Iraq on them.

You are seeing the Iraqi Foreign Minister next week.

CPD

CHARLES POWELL  
28 November 1985

EL3AST



10 DOWNING STREET

Miss Marr  
will have to  
remain in  
the Westing  
House

COP

told J Quirk

Meeting with Iraqi Minister of Trade  
0930 Friday 29 November

John Quirk from British  
Overseas Board of Trade  
(212 3346) rang with the  
details of the party coming  
tomorrow morning. It will  
consist of:

His Excellency Hassan Ali  
British Overseas Board of Trade  
Representative: Miss Jean Marr

Iraqi Ambassador: Dr Waheh

Interpreter: Miss Clair Kahlan

I have informed the Front  
Door of car details.

Annals 28.11

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cc PC  
B/OP



From the Minister for Trade

DEPARTMENT OF TRADE AND INDUSTRY  
1-19 VICTORIA STREET  
LONDON SW1H 0ET  
Telephone (Direct dialling) 01-215) 5144  
GTN 215) .....  
(Switchboard) 215 7877

Charles Powell Esq  
Private Secretary to the  
Prime Minister  
10 Downing Street  
LONDON  
SW1

28 November 1985

CO 25/12

Dear Charles

CALL ON PRIME MINISTER BY IRAQI MINISTER OF TRADE, MR HASSAN ALI:  
29 NOVEMBER 1985

Following my letter of 18 November, I attach a brief and personality note for the Prime Minister's meeting with Mr Hassan Ali on 29 November 1985. Mr Channon is most grateful to the Prime Minister for her agreement to this meeting.

As I have confirmed to your diary secretary, Mr Channon will attend the meeting. Mr Hassan Ali understands some English but speaks very little, and he will therefore need to be accompanied by his interpreter, Miss M C Kahtan. The Iraqi Ambassador will also attend.

I am copying this letter and enclosure to Peter Ricketts (FCO).

Yours sincerely

Matthew Cocks

MATTHEW COCKS  
Private Secretary to the  
Minister for Trade (Paul Channon)

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CALL ON PRIME MINISTER BY IRAQI MINISTER OF TRADE, MR HASSAN ALI,  
29 NOVEMBER 1985

OBJECTIVES

UK/Iraq Trade

To underline HMG's commitment to good trade relations with Iraq and support for British firms' efforts in Iraqi market.

Smith and Hagger

To impress on the Minister that relations with Iraq will continue to be hampered until the British prisoners (Smith and Hagger) are released.

POINTS TO MAKE

UK/Iraq Trade

Note with satisfaction good trade relations and 44 per cent increase in trade over last year. Hope Minister's visit and Joint Commission will reinforce them.

British firms have benefited from credits; hope these are also helping Iraq.

Despite conflict with Iran, note Iraq's continued economic development. What are priorities for coming year, how can UK firms play a part?

Smith and Hagger

Excellent progress in economic and political matters (especially Iraq's conflict with Iran) but British public and parliamentarians will continue to focus on this humanitarian issue. Sentences harsh. Hagger, an old (68) and foolish man; if not released he will die in Iraqi prison. Smith's sentence very much longer than

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would be given in UK for same offence. Has now served six years; this should be enough.

## DEFENSIVE POINTS

Smith and Hagger

(If Mr Hassan Ali seeks to draw parallel with case of Iraqi terrorist Salem Hassan and to secure his release.) No parallel, Salem Hassan a terrorist; Iraqi policy same as ours; no support for international terrorism. Every Iraqi Minister and diplomat knows of the need to stand firm against political terrorism. No deal.

## BACKGROUND

Prime Minister last met Mr Hassan Ali when he called on her in October 1983 with Mr Ramadhan, the First Deputy Prime Minister.

Trade

UK exports to Iraq £337m in Jan-Sept 1985; 44 per cent above last year. Trade relations are good. Strengthened by two tranches of ECGD medium term credit given in 1983 and 1984 and certain cash contracts switched to credit.

Aim in current Joint Commission is to delay offer of further new credit until more of 1984 allocation is taken up. Mr Channon will report outcome of Joint Commission.

Lord Jellicoe gained favourable impression of Iraq's ability to cope with war constraints when he visited Iraq recently and met Mr Ramadhan, Mr Hassan Ali and other Ministers.

Smith and Hagger

Prime Minister aware of general background of Smith and Hagger.

Recently Smith and Hagger cases have been re-examined in the light of the arrest in this country of three Iraqis who now await trial on charge of criminal arson. Possibility put to Home Office of Home Secretary exercising powers to deport Iraqis as lever to secure Smith and Hagger's release. Home Office are considering implications.

*to Ray  
read  
the conclusion  
nothing can be  
done.*

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Iraqi Deputy Prime Minister and Minister of Foreign Office (Tariq Aziz) calling on Prime Minister of 4 December. Smith/Hagger issue will be major topic of discussion.

Mr Channon's meeting with Mr Hassan Ali

Mr Hassan Ali raised two main substantive points during his meeting with Mr Channon on Wednesday 27 November:

- (a) his Government's desire that the UK should buy more Iraqi crude oil, to improve the trade balance in their favour;
- (b) their desire that the UK should increase the availability of ECGD credit, in particular for medical goods.

Mr Channon replied that the UK was of course a substantial oil exporter, but that officials would examine both these points.

DTI  
27 November 1985

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HASSAN 'ALI (NASSAR AL 'AMIRI)

Minister of Trade.

Member of RCC and Regional Leadership. Reconfirmed in both jobs at the ABSP 9th Regional Congress. 27 June 1982.

Born 1938 Baghdad. Shi'a. Graduate of Baghdad University (Political Economics) 1960. Diploma from Institute of Economic Development in Rome 1962. Imprisoned with Saddam Hussain (qv) under the 'Arif regime. Chairman of State Establishment for Spinning and Textile Industries 1971. Secretary-General of Federation of Arab Economists 1972. Member of National Front Secretariat 1972. Under-Secretary Ministry of Municipalities 1973. Head of Popular Organisations Bureau 1974. Member of Regional Leadership January 1974. Minister of Home Trade May 1976; member of tribunal that condemned 8 detainees to death after Shi'a riots, February 1977; Minister of Trade (on amalgamation of Home and Foreign Trade Ministries) March 1977; member of RCC September 1977. Vice-Chairman of Higher Agricultural Council and a member of the "Follow-up" Committee until their abolition in August 1979. Member of the Trade Regulations Board (since 1976). Member of the Special Tribunal set up after the conspiracy in July 1979. Secretary of the ABSP(I) Central Labour Office.

Received his present portfolio as a reward for his willingness to sit in judgement on his fellow Shi'a after the riots of February 1977, and appears to be a pliable henchman of Saddam Hussain. Occasionally brusque and dismissive in manner he is capable of coarse good humour. He has recently curbed, but not suppressed his predilection to political rhetoric in private conversation. His personal loyalty to Saddam Hussain is thought to be very great (they have been together since the 1950s, both in Cairo, and in prison under 'Anf), though some see him as a possible successor.

At one stage thought not to be well disposed towards Britain (partly because we refused him a visa in 1974). He made this evident to Lord George Brown in September 1979 but thereafter the matter seems to have been forgotten and he now appears well disposed towards the UK. He is an attentive and affable host (to Minister and Secretary of State for Trade in October and November 1979, again to Mr Biffen in October 1981 and to Mr Channon in November 1984). Paid a successful visit to the UK in June 1981. Visited London again in October 1983, for the UK/Iraq Joint Commission meeting, and to accompany Taha Yasin Ramadhan (qv). Tough, unpolished and hard-working. Hassan Ali is increasingly a figure of influence.

Understands some English but speaks very little and prefers to use an interpreter.

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CEPC



Chancellor of the Duchy of Lancaster

CABINET OFFICE,  
WHITEHALL, LONDON SW1A 2AS

Tel No: 233 3299  
7471

20 November 1985

Matthew Cocks Esq  
Private Secretary to the Minister  
for Trade  
Department of Trade and Industry  
1-19 Victoria Street  
LONDON  
SW1H 0ET

CO  
20/11

Dear Matthew,

VISIT OF HASSAN ALI, IRAQI TRADE MINISTER, WEEK BEGINNING  
25 NOVEMBER

Thank you for the copy of your letter of 18 November to Charles Powell.

The Chancellor of the Duchy is content to receive Mr Hassan Ali for a short courtesy call on the afternoon of 28 November. Our diary secretary will be in touch to arrange details. I should be grateful if you could let me have briefing for the Chancellor for this engagement, to be with this office on Tuesday 26 November.

I am copying this letter to Charles Powell (No 10), Peter Ricketts (FCO) and David Morris (Lord Privy Seal's Office).

Yours etc,

ANDREW LANSLEY  
Private Secretary

Visit by Iraqi Minister of Trade

IR AQ April '81.



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cc: PC

10 DOWNING STREET

*From the Private Secretary*

19 November, 1985

**VISIT OF HASSAN ALI**

Thank you for your letter of 18 November about the visit of Hassan Ali.

The Prime Minister agrees to see Mr. Hassan Ali for fifteen minutes at 0930 hrs on 29 November. This is the only time available in her diary and we can offer no alternative. You should be aware that the Prime Minister will use the meeting to raise the cases of Mr. Smith and Mr. Hagger, and you will wish to ensure that this is fully covered in the briefing, which should reach us by 1600 hrs on 28 November.

BC

I am copying this letter to Peter Ricketts (Foreign and Commonwealth Office).

(C.D. Powell)

M. Cocks, Esq.,  
Department of Trade and Industry.

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JB

9.30/29

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From the Minister for Trade

DEPARTMENT OF TRADE AND INDUSTRY  
1-19 VICTORIA STREET  
LONDON SW1H 0ET

Telephone (Direct dialling) 01-215 5144  
GTN 215  
(Switchboard) 215 7877

Prime Minister

This is a bore.  
But quite a lot of trade  
could hang on it: and you  
could raise Smith  
& Hagger.

9.30 -  
9.45  
Feb 29 Nov

Charles Powell Esq  
Private Secretary to the  
Prime Minister  
10 Downing Street  
LONDON  
SW1

18 November 1985

Agree to find  
him 15 minutes?

CDP 10/7/ki

Dear Charles

VISIT OF HASSAN ALI, IRAQI TRADE MINISTER, WEEK BEGINNING 25 NOVEMBER

Mr Hassan Ali, the Iraqi Trade Minister, is visiting London as co-chairman of the UK/Iraq Joint Commission and has asked for calls on the Prime Minister, Sir Geoffrey Howe, Mr Biffen and Mr Tebbit as well as Mr Brittan (Mr Channon as UK co-chairman will be his host).

Mr Hassan Ali has met the Prime Minister twice before on visits to London, in June 1981 when he came to sign the UK Agreement on Economic and Technical Cooperation, and again in 1983 when he called on her with Mr Ramadhan, the First Deputy Prime Minister. Mr Hassan Ali has met Sir Geoffrey Howe in the UK previously, and knows Mr Biffen, who signed the Agreement establishing the Joint Commission and was the first UK co-chairman with Mr Hassan Ali. He would like to meet Mr Tebbit because he did not have the opportunity to do so when he was Secretary of State for Trade and Industry (he is aware that Mr Tebbit is Chairman of the Conservative Party).

As a member of the Revolutionary Command Council, Hassan Ali is a leading figure in the Iraqi Government. Like all senior Iraqis he sets great store by the level at which he is received on overseas visits. During Lord Jellicoe's recent call on him in Baghdad he underlined the importance which he personally attaches to renewing his acquaintance with the Prime Minister during his forthcoming visit and hinted that disappointment would not help bilateral commercial relations - which have improved over the past two years following the provision of successive tranches in medium term credit. Our Ambassador in Baghdad recommends in favour of a brief courtesy call; Lord Jellicoe strongly supports that recommendation.

Mr Brittan is aware that the Prime Minister has agreed to see Tariq Assiz, the Iraqi Foreign Minister, on 4 December and recognises that she might be reluctant to spare time to receive a call from a more junior Iraqi Minister a few days earlier. He feels, however,

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Charles Powell Esq

November 1985

that Hassan Ali, by virtue of his office as Minister of Trade and role of co-chairman of the Joint Commission, could if disappointed use his influence to the disadvantage of British exporters. UK exports to Iraq, most of them to the public sector, are running at an annual rate of £450m and are up 45% in the first nine months of 1985 - well above the trend for the Middle East and worldwide. Mr Brittan is most anxious to encourage this favourable trend and not to jeopardise the good bilateral relations painstakingly built up in the past four years. He would, therefore, be extremely grateful if the Prime Minister could find time to receive a brief courtesy call from Hassan Ali lasting no more than 15 minutes, which would give him much personal satisfaction and protect our important and growing commercial interests in Iraq. The substance of the discussion could be confined to economic matters and need not anticipate the subsequent discussion with the Foreign Minister on wider political questions. The main purpose would be to welcome progress in trade relations, to underline the importance of payments being made on time, and to indicate our general willingness to provide further credit without making any specific commitment.

Mr Brittan would also be grateful if the Foreign Secretary, the Chancellor of the Duchy of Lancaster and the Lord Privy Seal could spare a few minutes to receive brief courtesy calls from Hassan Ali, which would help to maintain the good relations from which UK exporters could continue to benefit.

Mr Hassan Ali is, at present, expected to arrive in the UK about midday on Tuesday 26 November and to leave on Friday 29 November. He would be available to call on Ministers on the morning of 27 November and at any time other than late morning on 28 November. If the Prime Minister and the other Ministers concerned are willing to receive him, perhaps you and their Private Offices would suggest convenient times so that we may finalise a programme.

I am copying this letter to the Private Secretaries to the Foreign Secretary, the Chancellor of the Duchy of Lancaster and the Lord Privy Seal.

*Yours*

*Matthew Cocks*

MATTHEW COCKS  
Private Secretary to the  
Minister for Trade (Paul Channon)

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postponed  
indefinitely

1. MR COLES *A.S.C. 2/2*
2. CONFIDENTIAL FILING

OR # 113

VISIT TO LONDON BY THE  
IRAQI TRADE MINISTER  
MR. HASSAN ALI  
WEDNESDAY 2 MARCH

The visit has been postponed. But he may come with the Deputy Prime Minister the following week.

*e.j.*

21 February 1983

Iraqi

Iraq

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See

10 DOWNING STREET

*From the Private Secretary*

24 January 1983

VISITS OF IRAQI MINISTERS

Thank you for your letter of 20 January about the visit by the Iraqi Trade Minister. The Prime Minister would be glad to see Mr. Hassan Ali at 0930 hours on 2 March (for 30 minutes).

I am copying this letter to John Holmes (Foreign and Commonwealth Office), Richard Mottram (Ministry of Defence), David Edmonds (Department of the Environment) and David Heyhoe (Lord President's Office).

A. J. COLES

John Rhodes, Esq.,  
Department of Trade

①

(9.30 on 2 Rail)

Prime Minister

Can we try to find 30 minutes  
for the Iraqi Trade Minister in  
the first few days of March?

From the Secretary of State

CONFIDENTIAL

A J Coles Esq  
Private Secretary to the Prime Minister  
10 Downing Street  
London  
SW1

A. J. C. 24.

20 January 1983

Dear John,

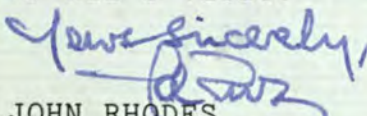
## VISITS OF IRAQI MINISTERS

The Secretary of State very much welcomed the Prime Minister's agreement to meet and host a lunch for the Iraqi First Deputy Prime Minister, Mr Ramadhan, when he visits this country in the second half of February.

Our exports to Iraq are likely to total about £800 million last year. It is a country where the award of any contracts of significance are very strongly influenced by political considerations. The Prime Minister's hospitality will be of great assistance in sustaining and improving our export effort.

A similar, if smaller, problem applies to the visit of the Iraqi Trade Minister, Hassan Ali, (shortly after Mr Ramadhan's own visit) for the new Anglo-Iraqi Joint Economic Commission scheduled for the week of 28 February. Mr Ali ranks highly in the Revolutionary Command Council, and was received by the Prime Minister when he last visited Britain to sign the agreement which established the Commission in June 1981. The businessmen who form our Department's Area Advisory Group - COMET - have frequently expressed the view that the rapid growth in our exports to Iraq over the past 18 months owes much to the success of Mr Ali's 1981 visit. The call on the Prime Minister then had clear substantial impact. A similar short courtesy call this year is very strongly advised. It is unfortunate that this would follow so shortly after Mr Ramadhan's own visit. But whether we like it or not, the Iraqis are extremely protocol conscious. If Mr Ali were disappointed, it would act to undermine the very favourable impression created by the hospitality for Mr Ramadhan. Mr Ali will be in London from 1 March to midday 4 March.

I am copying this to John Holmes (FCO), Richard Mottram (Ministry of Defence), David Edmonds (Environment), and to David Hayhoe (Lord President's office), to whom I am writing separately suggesting that their Ministers might also be involved in Mr Ali's visit.

Yours sincerely,  
  
 JOHN RHODES  
 Private Secretary

20 JAN 1983

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4 5 6 7 8 9



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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.

CONFIDENTIAL



CONFIDENTIAL



MINISTRY OF DEFENCE  
MAIN BUILDING WHITEHALL LONDON SW1  
Telephone 01-930-7622 ~~XXXXXX~~ 218 2111/3

MO 26/9/22

22nd June 1981

Don Michael,

VISIT OF MR HASSAN ALI

My Secretary of State has asked me to write to you to let you know, in advance of the Prime Minister's meeting with Mr Hassan Ali tomorrow, of a number of points which arose at his meeting this afternoon.

Mr Hassan Ali, in a *tete-a-tete* discussion, first said that Iraq wished to purchase, as soon as possible, 200 tanks and 500 FH 70 155 mm Howitzers. He was not clear about the standard of tank required, but asked for our "very latest". This request is no surprise to us, and is a repeat of one given to Defence Sales and IMS representatives last month. It does, however, pre-empt an OD paper, currently in draft, which is being prepared to bring Ministers up to date on the position on defence sales to Iraq, and to seek their agreement to start negotiations on tanks and FH 70, on the condition that supply would not take place until after the war with Iran had ended.

My Secretary of State considered it vital to respond positively to the Iraqi Minister's request and confirmed that we would be prepared to supply but subject to the ending of the hostilities by the time of delivery. In the case of the tanks, this would be in any case, no earlier than two years from order (for a standard Chieftain) and three years for a more advanced version; for the FH 70 delivery time could be no earlier than 2½ years. Mr Nott also mentioned, in connection with the FH 70, the difficulty at present of obtaining the endorsement of the sale to the Federal Republic of Germany.

The Prime Minister should be aware that there would probably be serious security difficulties over selling to the Iraqis even the standard of Khalid tank which we are supplying to the Jordanians; and there could be problems over production capacity on both the tank, and also the FH 70. Nevertheless, my Secretary of State considers it essential in terms of our developing relations with Iraq to respond encouragingly to a further Iraqi request, to indicate that we are willing to

M O'D B Alexander Esq

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CONFIDENTIAL



co-operate with Iraq as far as possible given the constraints of the current hostilities (which President Saddam Hussein agreed with Sir Ron Ellis) and also of delivery schedules. In responding to further Iraqi interest, the Prime Minister may wish:-

- a. to recall the visit of Sir Ron Ellis in March 1981, and his very worthwhile discussions with President Saddam Hussein and the Minister of Defence (Air Chief Marshal Adnan);
- b. refer to the developing relationship between the two countries, in both civil and potential defence trade;
- c. mention the current visit by IMS to Baghdad to inspect and categorise the 130 Chieftain tanks captured from Iran, and the arrangements to re-furbish them through Jordan. (I understand that this mission is making good progress.) This, together with the supply of armoured recovery vehicles are positive examples of a pragmatic relationship that we wish to foster, with full understanding on both sides.

Mr Hassan Ali also referred to certain electronic equipment about which he was unclear, although details will be forwarded to us. There could well be security constraints if these are electronic warfare equipments but clearly we shall have to wait to hear more. The Secretary of State referred to potential for the Hawk and the P110 but Mr Hassan Ali was not briefed on these and made no substantive response.

I am copying this letter to Francis Richards (FCO), Nicholas McInnes (DOT) and David Wright (Cabinet Office).

*Yours sincerely*  
*Jonathan Dawson*

(J D S DAWSON)

CONFIDENTIAL



Foreign and Commonwealth Office

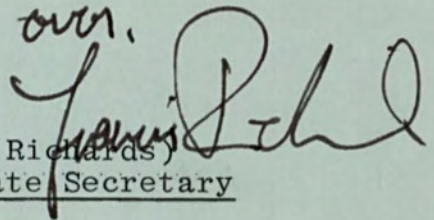
London SW1A 2AH

22 June 1981

Dear Michael,

Visit of the Iraqi Trade Minister

In my letter of 19 June I promised a supplementary brief on the Israeli raid on Iraq when the UN vote had been taken. This I now enclose.

Yours ever,  
  
(F N Richards)  
Private Secretary

M O'D B Alexander Esq  
No 10 Downing Street  
London SW1

IRAQI TRADE MINISTER'S CALL ON THE PRIME MINISTER

Points to Make

Israeli Raid on Iraq

1. We condemned the raid unequivocally. Congratulate Iraq for achieving consensus vote in the Security Council. Clearly right to avoid sanctions. US support for resolutions will have real impact in Israel.
2. Recognise problems which raid creates for search for comprehensive peace. But case for such a peace is not weakened by the raid but strengthened.

Essential Facts

1. The Text of the Security Council Resolution which was adopted unanimously on 19 June is attached. It was negotiated directly between the Iraqi Foreign Minister, Sa'adun Hammadi, and Mrs Kirkpatrick, US Ambassador to the UN. On 18 June Hammadi had, in order to achieve US support, agreed to drop the call for mandatory sanctions against Israel.
  
2. The original Iraqi draft resolution, reflecting the call for mandatory sanctions from the meeting of the Arab League in Baghdad on 11 June, had included a paragraph requiring, in Chapter 7 language, all states 'to refrain from furnishing Israel with any military, economic or technical assistance which might encourage it to pursue its policy of expansion and aggression'.
  
3. The Americans for their part had been prepared to accept a formulation which recommended UN members to 'refrain from military and technical assistance and sales to Israel and all nations in the region which would increase the likelihood of aggression or contribute to the development of nuclear arms'. The sticking point with the Iraqis was the inclusion of the reference to 'all states in the region'. We had been prepared to press the US to delete this, but the Iraqi agreement to remove all reference to sanctions made this unnecessary.
  
4. The Iraqis have spoken appreciatively in Baghdad of Sir A Parson's role in the debate, particularly in bringing Hammadi and Mrs Kirkpatrick together.

Near East and North Africa Department

22 June 1981

UNCLASSIFIED  
DESKBY 190830Z  
FM UKMIS NEW YORK 182130Z JUNE 81  
TO IMMEDIATE FCO  
TELEGRAM NUMBER 546 OF 18 JUNE.  
INFO PRIORITY WASHINGTON, MIDDLE EAST POSTS, EC POSTS, VIENNA (FOR  
RES REP IAEA).

MIPT: ISRAEL/IRAQ IN THE SECURITY COUNCIL.

1. FOLLOWING IS AGREED TEXT OF DRAFT RESOLUTION.

BEGINS

THE SECURITY COUNCIL,  
HAVING CONSIDERED THE AGENDA CONTAINED IN DOCUMENT  
HAVING NOTED THE CONTENTS OF THE TELEGRAMME DATED 8 JUNE 1981 FROM  
THE FOREIGN MINISTER OF IRAQ  
HAVING HEARD THE STATEMENTS MADE TO THE COUNCIL ON THE SUBJECT AT  
MEETINGS....  
TAKING NOTE OF THE STATEMENT MADE BY THE DIRECTOR GENERAL OF I.A.E.A.  
TO THE AGENCY'S BOARD OF GOVERNORS ON THE SUBJECT ON 9 JUNE 1981,  
(AND THE STATEMENT MADE TO THE COUNCIL BY THE AGENCY'S REPRESENTATIVE  
ON .....  
FURTHER TAKING NOTE OF THE RESOLUTION ADOPTED BY THE BOARD OF  
GOVERNORS OF THE I.A.E.A. ON 12 JUNE 1981 ON THE QUOTE MILITARY  
ATTACK ON THE IRAQ NUCLEAR RESEARCH CENTRE AND ITS IMPLICATIONS  
FOR THE AGENCY UNQUOTE,  
FULLY AWARE OF THE FACT THAT IRAQ HAS BEEN A PARTY TO THE NON-  
PROLIFERATION TREATY SINCE IT CAME INTO FORCE IN 1970 THAT IN  
ACCORDANCE WITH THAT TREATY IRAQ HAS ACCEPTED I.A.E.A. SAFEGUARDS  
ON ALL ITS NUCLEAR ACTIVITIES, AND THAT THE AGENCY HAS TESTIFIED  
THAT THESE SAFEGUARDS HAVE BEEN SATISFACTORILY APPLIED TO DATE,  
NOTING FURTHERMORE THAT ISRAEL HAS NOT ADHERED TO THE N.P.T.,  
DEEPLY CONCERNED ABOUT THE DANGER TO INTERNATIONAL PEACE AND SECURITY  
CREATED BY THE PREMEDITATED ISRAELI AIR ATTACK ON IRAQI NUCLEAR  
INSTALLATIONS ON 7 JUNE 1981, WHICH COULD AT ANY TIME EXPLODE THE  
SITUATION IN THE AREA WITH GRAVE CONSEQUENCES FOR THE VITAL INTER-  
ESTS OF ALL STATES:  
CONSIDERING THAT, UNDER THE TERMS OF ARTICLE 2, PARAGRAPH 4 OF THE  
UNITED NATIONS CHARTER: QUOTE ALL MEMBERS SHALL REFRAIN IN THEIR  
INTERNATIONAL RELATIONS FROM THE THREAT OR USE OF FORCE AGAINST THE  
TERRITORIAL INTEGRITY OR POLITICAL INDEPENDENCE OF ANY STATE, OR IN  
ANY OTHER MANNER INCONSISTENT WITH THE PURPOSES OF THE UNITED  
NATIONS UNQUOTE,

1. STRONGLY CONDEMNS THE MILITARY ATTACK BY ISRAEL IN CLEAR  
VIOLATION OF THE UNITED NATIONS CHARTER AND THE NORMS OF  
INTERNATIONAL CONDUCT:
2. CALLS UPON ISRAEL TO REFRAIN IN THE FUTURE FROM ANY SUCH  
ACTS OR THREATS THEREOF:

3. FURTHER CONSIDERS THAT THE SAID ATTACK CONSTITUTES A SERIOUS THREAT TO THE ENTIRE I.A.E.A. SAFEGUARDS REGIME WHICH IS THE FOUNDATION OF THE N.P.T.
4. FULLY RECOGNIZES THE INALIENABLE SOVEREIGN RIGHT OF IRAQ, AND ALL OTHER STATES ESPECIALLY THE DEVELOPING COUNTRIES TO ESTABLISH PROGRAMMES OF TECHNOLOGICAL AND NUCLEAR DEVELOPMENT TO DEVELOP THEIR ECONOMY AND INDUSTRY FOR PEACEFUL PURPOSES IN ACCORDANCE WITH THEIR PRESENT AND FUTURE NEEDS AND CONSISTENT WITH THE INTERNATIONALLY ACCEPTED OBJECTIVES OF PREVENTING NUCLEAR WEAPONS PROLIFERATION:
5. CALLS UPON ISRAEL URGENTLY TO PLACE ITS NUCLEAR FACILITIES UNDER I.A.E.A. SAFEGUARDS:
6. CONSIDERS THAT IRAQ IS ENTITLED TO APPROPRIATE REDRESS FOR THE DESTRUCTION IT HAS SUFFERED, RESPONSIBILITY FOR WHICH HAS BEEN ACKNOWLEDGED BY ISRAEL.
7. REQUESTS THE SECRETARY-GENERAL TO KEEP THE SECURITY COUNCIL REGULARLY INFORMED OF THE IMPLEMENTATION OF THIS RESOLUTION.

ENDS

PARSONS

MIDDLE EAST STANDARD

NENAD	MAED
MED	ES & SD
NAD	ERD
UND	ESID
EESD	CONS DEPT
ECD	CONS EM UNIT
WED	CABINET OFFICE
RID	

ADDITIONAL DISTRIBUTION

ARAB/ISRAEL DISPUTE

Repetition to SANA'A  
 referred for departmental decision,  
 repeated as requested to other posts.

2.



Foreign and Commonwealth Office

London SW1A 2AH

June 1981

*Dear Michael,*

Visit of the Iraqi Trade Minister

The Prime Minister has agreed to see Mr Hassan Ali on 23 June at 9.30 am. I understand that the Department of Trade are sending separate briefing on trade matters. I enclose a brief covering Anglo/Iraqi relations and Middle East issues, except the Israeli attack on the Iraqi nuclear station. A brief on this subject will follow as soon as the UN debate and vote are over.

I enclose a personality note on Mr Hassan Ali. As you will see, he was refused a visa in 1974 to enter this country, because he was identified as a member of the Iraqi intelligence service (our policy is to exclude all identified intelligence officers; exceptions are only made in special circumstances). The refusal rankles.

Mr Hassan Ali is a member of the Revolutionary Command Council, the cabinet of the ruling Ba'ath regime in Iraq. He has the ear of the Iraqi President, Mr Saddam Hussein. He is considered politically more influential than the Iraqi Foreign Minister, whom the Prime Minister saw in March. (Mr Hassan Ali cancelled his visit last year in the wake of Mr Hammadi's decision not to come). Like Hammadi, he has not a reputation as an easy interlocutor. His visit is nevertheless important and comes at a time when our trade with Iraq is increasing.

During his call on the Prime Minister, Mr Hassan Ali may seek to steer the conversation to a discussion of political issues. The Iraqis will still be smarting at the Israeli attack on their nuclear station. He will no doubt deliver a diatribe against Israel. He may also seek to justify the continuing conflict with Iran.

There will clearly be insufficient time for detailed discussions, but the Prime Minister may wish to reassure Mr Hassan Ali of our wish to see our bilateral relations deepen and improve across the board. On the subject of the Israeli raid, she may wish to reiterate her condemnation. If the question of Gulf security is raised, the Prime Minister might repeat our now well known stance on the Rapid Deployment Force and our attitude to the recently formed Gulf Security Council.

*Yours ever,*

(F N Richards)  
Private Secretary

M O'D B Alexander Esq  
 10 Downing Street



IRAQI TRADE MINISTER'S CALL ON THE PRIME MINISTER :

23 JUNE 1981

POINTS TO MAKE :

UK/Iraq relations

1. Encouraged that our relations are developing. Want to see them improve across the board. Trade links important. Pleased to note award of major contracts to British companies this year.

---

Iran/Iraq war

2. Concerned to see conflict end and to see both sides settle differences by peaceful means. Hope efforts at mediation will bring about early negotiated settlement. Instability in area threat to peace, not only of region but of world.

Arms supplies to Iraq

3. We want in principle to reply positively to Iraqi requests. Prospects for long-term future co-operation are good. In short-term, certain constraints imposed by Iran/Iraq war. We welcome Saddam Hussein's assurance that he would not expect delivery of lethal items (ie arms and ammunition) while hostilities continue at present level. But no objection, of course, to discussion now of lethal items for long-term delivery.

/Arms

Arms Supplies to Iran (Defensive)

4. We have supplied no military equipment to Iran since November 1979. Ban on supply of lethal equipment during war naturally applies also to Iran. We shall at some stage have to start discussing with Iran the confused position arising from cancelled /suspended contracts. We may release the Kharg (but it could not be used in war and no decision has been taken). We shall observe the undertaking given to Hammadi (Iraqi Foreign Minister) to inform Iraqis if we release the Kharg.

Gulf Security (Defensive)

5. We welcome Gulf Co-operation Council. Though the Russians have called in a 'creation of NATO', we both know it was an independent initiative by the Gulf states.  
[The Iraqis are not in fact very keen on it.]

UK policy/Rapid Deployment Force

6. Valuable series of ministerial visits in recent months, especially mine in April. Gulf states fully understand we would give what help we could if they asked us - eg over training and equipment. Talk of Western or US intention of establishing military bases quite unrealistic.

/Arab

Arab/Israel

7. Dutch have completed their consultations and are reporting to the European Council. Much work remains to be done. UK considering next steps, but no easy answers. Basis of European approach will remain Venice principles. Hope that Iraq will see merit of these balance principles.

8. US role vital for realistic hopes of settlement. Important to influence US attitudes towards Palestinian rights. Clear signal of conditional PLO willingness to live in peace with Israel would have most impact.

Lebanon

9. Very concerned at continuing crisis, particularly Syrian/Israeli tensions. Fully support Habib's efforts. Grave risks if he fails.

10. Watching efforts of Arab League Follow-Up Committee with interest. Progress towards reconciliation on the ground in Lebanon could help defuse present crisis : in longer term provide means of forestalling Israeli interference.

11. Accept the internal affairs of Lebanon are Arab affair. Do not want to interfere. We see our role as supporting legitimate Government there.

## ESSENTIAL FACTS

### UK/Iraq Relations

1. Relations have had their ups and downs since Ba'ath regime came to power in 1968. Signs that Iraqis for reasons of self-interest, ready to develop closer ties. Relations have improved. Trade has increased. Discussions and negotiations on supply of wide range of defence equipment could result in sales in excess of £1,000 million. Foreign Minister's visit in March a success. Successful visit by Trade Minister could lead to further deepening of bilateral relations.

### Iran/Iraq War

2. Now in its tenth month. Both sides may hope that internal pressures on other will work to their advantage. Both belligerents ready to negotiate if face saving formula for negotiated settlement can be found. Mediation committees - Non Aligned Movement, Islamic Conference and Olaf Palme - continue their efforts but early breakthrough unlikely. Fighting could continue at present low level of activity for months.

### Arms Supplies to Iraq and Iran

3. We explained to Hammadi in March our obligations of neutrality. They know that we are not prepared to supply 'lethal' items while hostilities continue and are prepared to discuss the purchase of such items with long-term delivery dates. While they understand that we must treat both sides evenhanded, they may react adversely, despite forewarning, to the supply of equipment to Iran. The Iranians have, however, postponed plans to send a military delegation to London to discuss blocked supplies and suspended/cancelled contracts. The day may be some way off before final decisions need to be taken.

/Gulf Security

### Gulf Security

4. Iraq probably resents its exclusion from the Gulf Cooperation Council, despite its welcoming words. The leadership of the GCC undoubtedly belongs to Saudi Arabia; Iraq would rather have it. Iraq - and conceivably even Jordan - might wish to join.

### Arab/Israel

5. The Iraqis are not central to the Arab/Israel conflict despite the lead they frequently take in attacks on Israel, Egypt, the US, etc. Their views are hardline: they have never accepted 242 and their aim remains the dissolution of Israel. However, they know that Israel cannot be militarily defeated in the near future, and to promote their aim of Arab leadership, they have not since Camp David pressed their opposition to any form of negotiated settlement. They have concentrated their hostility on Camp David. Their recent close relationship with Jordan has reinforced this policy. They support the PLO but their relationship with it is uneasy and they are only too ready, if it suits their purposes, to drop Fatah and support one or other of the extremists groups. Arafat's efforts to mediate in the Iran/Iraq war has earned him few friends in Baghdad.

6. The Iraqi attitude to European efforts is politely sceptical. They welcome the Venice Declaration as a step in the right direction, but see it as falling far short of Arab minimum requirements. They do not believe we have any real influence on the US or Israel.

### Lebanon

7. Iraqi position. The Iraqis have expressed their support for Syria in the missile crisis with Israel. On 14 May Hammadi, the Foreign Minister, said in an interview that notwithstanding Iraq's relations with the Syrian regime Iraq would fight beside Syria. Iraq also supports Arab League activity to promote a settlement within Lebanon.

8. Lebanon Internal. The League's so-called 'Follow-up Committee' for Lebanon (Saudi Arabia, Kuwait, Lebanon and Syria) met near Beirut on 7-8 June. It reached agreement on a ceasefire (which appears to be holding), but has not made much progress towards solving the fundamental differences between the parties within Lebanon. It is to meet again on 4 July with a preparatory meeting on 23 June.

9. The UK has expressed firm support for the Committee's activities, and for the authority of the central Government as the basis for national reconciliation.

10. Israel/Syria. The second stage of Habib's mission has moved at a slow pace, having been overshadowed by the aftermath of the Israeli attack on Iraq. Although Begin has again said publicly (on 14 June) that Israel will attack the missiles if their removal cannot be negotiated, he may be less inclined, with the domestic success of the attack on Iraq under his belt, to risk this before the Israeli elections on 30 June. The missiles are well defended and quite minor casualties would be damaging electorally.

11. The Presidency made a demarche, urging restraint, to the Israelis and Syrians on behalf of the Ten soon after the missile crisis began.

12. South Lebanon has been relatively quiet. UNIFIL, under its new (Irish) commander, General Callaghan, has recently achieved some small improvements in its position. Quiet deployment of the Lebanese Army with UNIFIL has continued while attention has been attracted elsewhere. The UNIFIL mandate was due for renewal by the Security Council on 19 June.

30 HASSAN 'ALI (NASSIR AL 'AMIRI)

Minister of Trade.

Member of RCC and Regional Leadership.

Born 1938 Baghdad. Shi'a. Graduate of Baghdad University (Political Economics) 1960. Diploma from Institute of Economic Development in Rome 1962. Imprisoned with Saddam Hussain (qv) under the 'Arif regime. Chairman of State Establishment for Spinning and Textile Industries 1971. Secretary-General of Federation of Arab Economists 1972. Member of National Front Secretariat 1972. Under-Secretary Ministry of Municipalities 1973. Head of Popular Organisations Bureau 1974. Member of Regional Leadership January 1974. Minister of Home Trade May 1976; member of tribunal that condemned 8 detainees to death after Shi'a riots, February 1977; Minister of Trade (on amalgamation of Home and Foreign Trade Ministries) March 1977; member of RCC September 1977. Vice-Chairman of Higher Agricultural Council and a member of the "Follow-up" Committee until their abolition in August 1979. Member of the Trade Regulations Board (since 1976). Member of the Special Tribunal set up after the conspiracy in July 1979.

Received his present portfolio as a reward for his willingness to sit in judgement on his fellow Shi'a after the riots of February 1977 and he appears to be a pliable henchman of Saddam Hussain. He can be uncouth in manner and often seems sullen but he is capable of coarse good humour. He has recently curbed, but not suppressed his predilection to political rhetoric in private conversation. One of the most active and conscientious Iraqi Ministers, constantly travelling or receiving visitors.

Not well disposed towards Britain (partly because we refused him a visa in 1974). He made this evident to Lord George Brown in September 1979, but he was an attentive and affable host to the Minister and Secretary of State for Trade in October and November 1979.

Some English, but normally uses an interpreter.



From the Secretary of State

*p/w F.C.O. briefing*

Michael Alexander Esq  
Private Secretary  
10 Downing Street  
London, SW1

*Amul*  
18 June 1981

*Dear Michael*

COURTESY CALL BY IRAQI MINISTER FOR TRADE

The Prime Minister has agreed to meet Mr Hassan Ali, the Iraqi Minister for Trade, for a courtesy call at 9.30, Tuesday 23 June. Mr Hassan Ali will be accompanied by his Ambassador, Dr Al-Shawi, and by a senior Trade official, Mr Farouq Obaidi, who will interpret for the Minister.

I enclose:

- ... (i) Background note on trade and speaking notes;
- ... (ii) Defence Sales brief;
- ... (iii) Personality notes.

Lord Carrington's Office will forward further briefing direct.

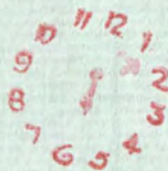
Hassan Ali belongs to the ruling elite as a member of the Revolutionary Command Council. He may well seek to broaden discussion over political relations.

*Yours sincerely*  
*Catherine Capon*

CATHERINE CAPON  
Private Secretary



18 JUN 1981





## PRIME MINISTER'S MEETING WITH IRAQI TRADE MINISTER

### POINTS TO MAKE

- 1 Glad to note increased volume of trade last year (UK exports £322m, + 60%).
- 2 Hope new agreement on economic and technical cooperation you are signing with John Biffen tomorrow (24 June) will produce further stimulus to trade.
- 3 Pleased that British firms are now winning sizeable contracts (eg John Laing £66m roads scheme in Baghdad; Patterson Candy International £54m water treatment plant; Baghdad metro consultancy £34m). But believe we can do even better.
- 4 British industry very keen to participate in Iraq's economic development and to help restore industrial installations damaged in war with Iran.

### BACKGROUND

<u>Trade</u>	<u>£m</u>			
			Jan-Feb	
	1979	1980	1980	1981
UK exports	201.2	321.9 (+60%)	42.1	81.4 (+93%)

UK exports: mainly machinery (34.9%), chemicals (8.9%), vehicles (5.8%). Imports: oil (98.9%). UK imports: (1980, £533m) are 99% oil, and reflect crude price increases.

- 2 Iraq fastest growing Middle East market (+44% in 1980). UK market share increased to 7.5%. The market is fiercely competitive, and the Iraqis are difficult customers.
- 3 As a result of UK Ministerial effort trade relations improved dramatically in last two years. Economic and Technical Cooperation agreement to be signed during visit. Prospects bright. Businessmen's enthusiasm not damped by Gulf War. So far, this year, major contracts over £250m awarded to UK.

DEFENCE SALES BRIEF FOR THE PRIME MINISTER'S MEETING WITH  
IRAQI TRADE MINISTER

LINE TO TAKE

Keen to assist in meeting Iraq's requirements for Defence equipment. UK has done business in excess of £100m in recent months. Neutrality obligations mean that we cannot supply lethal equipment while war with Iran continues, but happy to open discussions on major items for supply in the future.

BACKGROUND

Iraq is keen to move away from its military dependence on the Soviet Union. Main European supplier has hitherto been France, but improvement in UK/Iraqi relations means that Iraq is now one of our most important potential customers with current prospects for sales in excess of £3,000m, including Hawk aircraft, Main Battle Tanks and FH70 artillery. Lethal items cannot be supplied until Iraq/Iran war has finished, but discussions are being opened with a view to supply at a later date.



## PERSONALITY NOTE

HASSAN 'ALI (NASSIR AL 'AMIRI)  
Minister of Trade.

Member of RCC and Regional Leadership.

Born 1938 Baghdad, Shi'a. Graduate of Baghdad University (Political Economics) 1960. Diploma from Institute of Economic Development in Rome 1962. Imprisoned with Saddam Hussain (qv) under the 'Arif regime. Chairman of State Establishment for Spinning and Textile Industries 1971. Secretary-General of Federation of Arab Economists 1972. Member of National Front Secretariat 1972. Under-Secretary Ministry of Municipalities 1973. Head of Popular Organisations Bureau 1974. Member of Regional Leadership January 1974. Minister of Home Trade May 1976; member of tribunal that condemned 8 detainees to death after Shi'a riots, February 1977; Minister of Trade (on amalgamation of Home and Foreign Trade Ministries) March 1977; member of RCC September 1977. Vice-Chairman of Higher Agricultural Council and a member of the "Follow-up" Committee until their abolition in August 1979. Member of the Trade Regulations Board (since 1976). Member of the Special Tribunal set up after the conspiracy in July 1979.

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Not well disposed towards Britain (partly because we refused him a visa in 1974); made this evident to Lord George Brown during their meeting in September 1979.

Some English, but normally uses an interpreter.



Mr. Hishan Al Shawi

35 HISHAM IBRAHIM (AL SHAWI) (DR)

Ambassador to London.

Born Baghdad, 1931. Educated at Baghdad, American University, Beirut (BA Political Sciences, 1952), and St Antony's Oxford (BA International Relations, 1956). Assistant Professor and Head of Political Department, Baghdad and Mustansariya Universities, 1958-70. Dean, College of Law and Politics, Al Mustansariya University, 1970; Ambassador at MFA, February 1972; Permanent Delegate to UN, Geneva, March 1972; Minister of Higher Education and Scientific Research, May 1972; Minister of State, November 1974; Ambassador at the MFA May 1976; named as Permanent Representative at UN, New York in 1977; but before taking up appointment was instead made Director of the President's Office, which post he held until March 1978. Ambassador to London August 1978.

Brother of Mundhir Ibrahim (al Shawi) (qv) and Sultan Abdul Qadir (al Shawi) (qv). Political theorist and originally a Nasserite, he had the foresight to keep in the Ba'ath during the 1960s. Imprisoned by the Qasim regime. Many present Ba'ath leaders studied under him. Perhaps still regarded as politically not quite reliable, but widely respected for his mind. Appears well-disposed to the West.

A very snappy dresser; vain. A keen shot.

Exceptionally good English with an exaggerated accent.



File No  
Iraq

10 DOWNING STREET

*From the Private Secretary*

28 April 1981

VISIT BY THE IRAQI MINISTER OF TRADE

The Prime Minister has seen your letter to Mike Pattison of 24 April about the visit to this country of the Iraqi Minister of Trade. She has agreed to receive Mr. Hassan Ali for a short courtesy call at 0930 on Tuesday, 23 June.

I am sending copies of this letter to Francis Richards (Foreign and Commonwealth Office) and Jonathan Dawson (Ministry of Defence).

M. O'D. B. ALEXANDER

John Rhodes, Esq.,  
Department of Trade.

A



From the Secretary of State

Mike Pattison Esq  
Private Secretary  
10 Downing Street  
London, SW1

*Handwritten notes:*  
 (1) Alexander  
 (2) Prime Minister  
 wd you be  
 happy to see the  
 Iraqi Minister of Trade  
 I cd fit him in for a  
 2 hour time 25/4

*Handwritten notes:*  
 Yes  
 24 April 1981  
 mt

*Dear Mike,*

VISIT TO LONDON OF THE IRAQI MINISTER OF TRADE

The Iraqi Minister of Trade has accepted my Secretary of State's invitation to make a 3 day visit to London beginning on 22 June.

Our main objective is to further cultivate our relations with Iraq. At present, and in part because of the stresses from the war with Iran, the Iraqi regime is looking for an improvement in its standing with this country and with other EC countries. The Iraqi Foreign Minister came to London in March this year, the first Iraqi Ministerial visit since the Government took office. The proposed visit by the Trade Minister, Hassan Ali, is another step forward. As a member of the Revolutionary Command Council he is more important in the Iraqi hierarchy than the Foreign Minister and is certainly closer to President Hussain. He is, in short, a key member of the Iraqi regime and we need to treat him accordingly.

The political importance of the visit is certainly greater than its benefit to trade. But in terms of trade too Iraq is a market in which our exporters have made considerable progress recently. United Kingdom exports in 1980 rose by 60% to over £320m, and in the first two months of 1981 were twice that of the corresponding period last year. For the first time United Kingdom companies are winning large projects - 4 worth over £40m each since the start of the year - a clear sign of our political favour. It is also intended that a centrepiece of the visit will be the signing of an Economic Co-operation Agreement. If we can maintain or improve our relations with Iraq it is a market that offers greater scope than most for future growth.

The Ministry of Defence also have a keen interest in the visit, and we are approaching Mr Nott's office for an appointment.

Hassan Ali knows that his politically junior colleague (the Foreign Minister) called on the Prime Minister in March. In Belgium and Italy on recent visits Hassan Ali has been received by both Prime and Foreign Ministers. Both my Secretary of State and Lord Carrington have agreed to see Hassan Ali, and strongly recommend that he is also received by the Prime Minister. Even a short courtesy call



*From the Secretary of State*

would have a big impact. If the Prime Minister agrees I would be grateful if you could let me know when she would be free.

I am sending a copy of this letter to Francis Richards (FCO) and Jonathan Dawson (Ministry of Defence).

*Yours sincerely,*  
*JR*

JOHN RHODES  
Private Secretary



