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United States Department of State
Office of FOI, Privacy, & Classification Review
Review Authority: MORIN, LAURENT
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AMEMBASSY BONN PRIORITY

C O N F I D E N T I A L STATE 053009

E.O. 12065: GDS 2/27/88 (CONSTABLE, PETER)

TAGS:PINS, EENT, PMMC, SOPN, IZ

SUBJECT: DE-DESIGNATION OF IRAQ AS SUPPORTER OF INTERNATIONAL TERRORISM

1. (U) ADDRESSEES WILL NO DOUBT HAVE SEEN MEDIA REPORTS THAT IRAQ IS NOT RPT NOT INCLUDED ON THE CURRENT LIST OF COUNTRIES REPEATEDLY SUPPORTING INTERNATIONAL-TERRORISM WHICH THE ADMINISTRATION IS SUBMITTING TO CONGRESS. THIS DECISION IS THE RESULT OF THE ANNUAL REVIEW UNDER THE TERMS OF THE EXPORT ADMINISTRATION ACT (FENWICK -AMENDMENT) AND IS INCLUDED IN A PACKAGE OF CHANGES IN EXPORT CONTROLS UNDERTAKEN BY THE ADMINISTRATION. FOLLOWING IS PRESS GUIDANCE PREPARED FEBRUARY 26 DEALING WITH QUESTION OF IRAQ ONLY.

2. (U) BEGIN PRESS GUIDANCE:

Q: WE UNDERSTAND THAT THE DEPARTMENT OF COMMERCE HAS INFORMED THE CONGRESS THAT IRAQ IS NO LONGER DESIGNATED A "SUPPORTER OF INTERNATIONAL TERRORISM" UNDER THE EXPORT ADMINISTRATION ACT (FENWICK AMENDMENT). WHAT DOES THIS MEAN?

A: AS IS REQUIRED BY LAW, AND IN ORDER TO ADMINISTER THE REQUIREMENTS OF THE EXPORT ADMINISTRATION ACT OF 1979,
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THE SECRETARIES OF STATE AND COMMERCE ANNUALLY REVIEW WHICH FOREIGN COUNTRIES REPEATEDLY PROVIDE SUPPORT FOR INTERNATIONAL TERRORISM. THE MOST RECENT REVIEW DETERMINED THAT IRAQ'S RECORD SINCE THE LAST LIST OF COUNTRIES WAS ISSUED IN DECEMBER 1980 DID NOT WARRANT ITS CONTINUED INCLUSION ON THE LIST.

Q: WHAT COUNTRIES HAVE BEEN DESIGNATED AS SUPPORTERS OF TERRORISM?

A: THE COUNTRIES SO DESIGNATED ARE: SYRIA, PEOPLE'S
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DEMOCRATIC REPUBLIC OF YEMEN (SOUTH YEMEN), LIBYA, AND CUBA.

Q: DOES IRAQ'S DE-DESIGNATION MEAN THAT WE WILL NOW BE ABLE TO EXPORT SUCH ITEMS AS GENERAL ELECTRIC ENGINES FOR IRAQ'S ITALIAN-BUILT FRIGATES?

A: WE HAVE NO PLANS TO ESTABLISH A MILITARY SUPPLY RELATIONSHIP WITH IRAQ. IT HAS BEEN OUR POLICY SINCE THE BEGINNING OF THE IRAQ-IRAN CONFLICT NOT TO SUPPLY MILITARY EQUIPMENT TO EITHER SIDE. EXPORT LICENSE APPLICATIONS FOR ITEMS SUBJECT TO NATIONAL SECURITY CONTROLS WILL CONTINUE TO BE REVIEWED CONSISTENT WITH OUR PRACTICE THROUGHOUT THE IRAQ-IRAN CONFLICT. IT HAS BEEN OUR PRACTICE TO BLOCK THE EXPORT OF DUAL-USE ITEMS, SUCH AS MARINE ENGINES INTENDED FOR THE IRAQI NAVY, WHICH WOULD CONTRIBUTE TO THE WAR-MAKING POTENTIAL OF EITHER SIDE. THESE ENGINES ARE CLEARLY IN THIS CATEGORY.

Q: WHAT SALES SUBJECT TO THE LICENSING PROCEDURE SET FORTH IN THE FENWICK AMENDMENT ARE CURRENTLY PENDING FOR IRAQ?

A: IT WOULD BE INAPPROPRIATE TO COMMENT ON ANY SPECIFIC SALES THAT ARE CURRENTLY PENDING. HOWEVER, ALL APPLICATIONS FOR LICENSES UNDER NATIONAL SECURITY CONTROLS WILL CONTINUE TO BE REVIEWED ON A CASE-BY-CASE BASIS IN THE LIGHT OF OUR POLICY OF NOT SUPPLYING MILITARY EQUIPMENT TO EITHER PARTY IN THE IRAQ-IRAN CONFLICT. BEFORE APPROVING ANY SHIPMENT OF ITEMS UNDER NATIONAL SECURITY CONTROLS, WE WOULD REQUIRE FIRM ASSURANCES THAT THESE ITEMS WOULD BE USED FOR CIVILIAN PURPOSES ONLY OR WOULD HAVE TO SATISFY OURSELVES THAT THEY WOULD NOT MAKE A SIGNIFICANT CONTRIBUTION TO IRAQ'S WAR-MAKING POTENTIAL.

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Q: DOES THE MOVE TO DE-DESIGNATE IRAQ HAVE ANY IMPLICATIONS FOR U.S. POLICY TOWARD THE IRAQ-IRAN CONFLICT?

A: NO, THIS DECISION FALLS STRICTLY WITHIN THE REQUIREMENTS OF THE EXPORT ADMINISTRATION ACT. U.S. POLICY ON THE IRAQ-IRAN CONFLICT IS TO ENCOURAGE AN EARLY END TO THE FIGHTING AND A PEACEFUL RESOLUTION TO THE DISPUTE.

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WE HAVE SOUGHT TO LIMIT THE SCOPE OF THE CONFLICT AND PREVENT A SPILLOVER OF FIGHTING INTO NEIGHBORING COUNTRIES. IT HAS BEEN OUR POLICY NOT TO SELL MILITARY EQUIPMENT TO EITHER IRAQ OR IRAN. IRAQ'S DE-DESIGNATION WILL NOT AFFECT THESE POLICIES, AND WE WILL CONTINUE TO REVIEW APPLICATIONS FOR THE EXPORT OF ITEMS SUBJECT TO NATIONAL SECURITY CONTROLS TO IRAQ TO PRECLUDE THE SHIPMENT OF ITEMS WHICH WOULD SIGNIFICANTLY ENHANCE ITS MILITARY CAPABILITY.

END PRESS GUIDANCE.

3. (C) BAGHDAD FOR EAGLETON: DECISION TO REMOVE IRAQ FROM LIST IS. AT THIS POINT, FOR THIRTY DAY PERIOD ONLY. WE RECOGNIZE THAT THERE WILL BE QUESTIONING AND SOME DISAGREEMENT IN THE CONGRESS WITH WHICH WE WILL HAVE
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TO DEAL. AT THE SAME TIME, WE REALIZE THE DIFFICULTIES THAT WOULD ENSUE, INCLUDING IN PURSUIT OF OUR OBJECTIVE OF ENCOURAGING FURTHER IMPROVEMENT IN IRAQ'S PERFORMANCE IN THE IMPORTANT QUESTION OF TERRORISM, SHOULD IRAQ BE RESTORED TO THE LIST AT THE END OF THIRTY DAYS. WE WILL BE WORKING TO AVOID THIS DEVELOPMENT. UNTIL INSTRUCTED FURTHER, YOU SHOULD GO NO FURTHER IN ANY DISCUSSION THAT MAY ARISE WITH IRAQIS THAN TO RESTATE OUR STRONG OPPOSITION TO ACTS OF OR SUPPORT FOR TERRORISM AND DRAW, AS APPROPRIATE, ON ABOVE PRESS GUIDANCE IN RESPONDING TO QUESTIONS ABOUT THIS ACTION AND ITS IMPLICATIONS.

4. FOR BERN: EMBASSY SHOULD ASK MFA TO PASS FOREGOING TO SPP TEHRAN FOR ITS INFORMATION AND USE WITH IRANIAN AUTHORITIES AS APPROPRIATE. HAIG

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