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STATE *Box 2 Iraq*

REF: Tehran 6586; Beirut 10233

SUBJ: Journalists' Views on Iraq

1. SUMMARY. We inclined to agree with Embassy Tehran that much of what Lebanese journalist Edward Saab reports on Iraq is overdrawn. In particular we question assumptions that (a) Iraq's influence in area is rapidly growing; (b) Iraq in midst of economic boom; and (c) Iraqi Government's hands no longer tied by Kurdish threat. Our reasons for questioning these assumptions, as well as comments on Saab's other points, discussed below. We would acknowledge that Soviet influence in Iraq appears to be growing, particularly in oil sphere.

(12)

END SUMMARY

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2. Iraqi influence in Area: We note Iraqi emissaries have recently made the rounds to various Arab capitals with personal messages from President Bakr to respective heads of state. This move no doubt represents Iraqi attempt to break out of its isolation, as does recent conciliatory statement by Saddam Hussein re Kuwaiti border dispute and Iraqi decision to reopen border with Jordan to commercial traffic. However, there is little evidence that Iraqis have yet won acceptance in other Arab capitals. Although Iraqis pushing hard in ^{Persian} ~~Persian~~ Gulf and obviously concerned with future role of Iran vis-a-vis Gulf states, we unable discern any appreciable upswing of Iraqi influence in this area. Given traditional animosity between Iraqi regime and Governments of Syria and Egypt, plus improvement of Saudi-Egyptian relations, we see little likelihood that Iraq will be able to expand its influence very much in Arab world.

3. Iraqi Economic Situation: Although Iraq is country having great potential for economic development, Central

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Government has never been known for its brilliance in economic planning. Oil company source who follows Iraqi economy reports Iraqi leaders spend little time in RCC and in Bath National Council discussing economic problems. Apparent concern of these leaders is essentially with appearances of improvement, emphasizing economic philosophies which meet with general public approval. Although GOI has greatly increased its revenue as result of OPEC agreements, we continue to receive reports that GOI strapped for cash and has requested sizable loans from IPC over past six months. In addition, this has reportedly been bad year for grain crops in North and GOI may seek to import large amounts of grain to feed population. Development of North Rumalia oil fields is proceeding with large-scale Russian and East European technical assistance but has not yet resulted in payoff. Finally, we note large Iraqi debt to USSR for previous arms and economic assistance. According to various reports, difficulty of GOI in meeting these debts has

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been source of friction in GOI-USSR relations. All in all, we skeptical that economic situation in Iraq will see ^{improvement,} dramatic ~~approach~~, given GOI propensity for haphazard economic planning and high expenditures for defense.

4. Kurdish-GOI Situation: It seems to us that relations between Kurds and Central Government best characterized by mutual distrust and suspicion. Barzani, as well as other spokesmen for Kurdish Democratic Party (KPD), have consistently taken GOI to task for not fulfilling its obligations under March 11, 1970, agreement which ended civil war between Kurds and GOI. While it difficult to assess Barzani's capability to resume conflict with GOI, we have received continuing reports that Barzani's representatives are looking for outside assistance for such an eventuality. Events such as recent assassination attempt against Barzani and his belief that Central Government behind this attempt obviously deepen distrust and suspicion between two sides. In this respect, we note recent report carried Beirut's An-Nahar newspaper.

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ACTION: that Barzani has threatened to revise his attitude toward peace agreement with Central Government unless Kurds are given more say in running state affairs. Although Kurds presently hold portfolios in Iraqi cabinet, they continue to be excluded from councils of power, especially RCC.

5. Relations with Soviet Union and Position of Iraqi Communist Party: Soviet influence over Iraq as result of Russian military and economic assistance is undoubtedly considerable. ~~Strong~~ Iraqi dependence on Soviet arms supply continues, and Soviets are establishing important foothold in oil complex. Soviets no doubt are pleased that they are evidently making more headway in Iraq than in Syria and Egypt, but Soviets can hardly envisage making Iraq counterweight to Egypt. Iraq's continued opposition to peaceful settlement of Arab-Israeli conflict represents at least one difference with Soviets; it pleases Peking, however, and latter has shown closer interest in ~~xxxxx~~ ties with Iraq. With regard to Iraqi

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ACTION:

Communist Party, up until now it has been severely repressed by GOI. This has also been source of friction between GOI and USSR. If indeed Saddam decides to bring Communists into Government, this will represent important shift although Saab indicates only possibility of Communist participation ⁱⁿ ~~in~~ consultative rather than executive body. Regardless of whatever temporary arrangements are made for Communist participation in Government, it is unlikely that these arrangements will stand up over time.

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