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EUROPEAN POLITICAL CO-OPERATION: POLITICAL COMMITTEE: PARIS
27-28 FEBRUARY 1979

ITEM 3: MIDDLE EAST

REFERENCES

A. Conclusions of the Middle East Group of Experts meeting on 12 February on the recognition of Dr Bazargan's Government (CPE/MUL/ETR 645).

INTRODUCTION

1. Discussion in the Middle East Working Group on 12 February revealed no sign of a wide divergence of view about Iran between members of the Nine.

members of the Nine.

OBJECTIVE

2. To convince the Nine that sensitive tactics will be required to help support Dr Bazargan's Government, which could prove more moderate than its revolutionary origins suggest.

POINTS TO MAKE

3. Ayatollah Khomeini, the spiritual force behind the Iranian revolution, has continued to make extreme statements, many of which castigate the West. His attention, however, is increasingly turning to the need to return Iran to a semblance of normality, get the economy working and control the extremist armed groups whose allegiance is to Marxism rather than Islam.

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4. In the short term, Iran's new foreign policy is unlikely to show particular favour to the West. Dr Sanjabi, although a moderate, is only strong enough at present to make negative decisions (eg breaking off relations with Israel, stopping oil supplies to South Africa). It will take time for Iranian foreign policy to evolve into a more balanced equilibrium. But Iran's own national interests will in the long run work against more extreme policies.

5. UK impressions from first contacts with Dr Bazargan and his senior Ministers are that they do not wish to turn their back upon the West. They understand the need for Iran to remain in close contact with Europe. They may be wary of too close an association with Russia and seek a place within the non-aligned movement. These attitudes are likely to be influenced by developments in the Arab-Israel question, and by their new links with the PLO.

6. Nevertheless, the Iranian revolution will have effect upon

6. Nevertheless, the Iranian revolution will have effect upon the morale of the traditional Rulers of the Gulf, Saudi Arabia and their confidence in Western ability to support them. Closer co-operation may develop among the Arab States of the area. This makes sense.

7. The Soviet Union needs watching, but will not necessarily be able to take advantage of the new situation in Iran if Dr Bazargan can consolidate his authority. The position over support for the pro-Moscow Tudeh Party is unclear. Certain guerilla groups have Marxist affiliations, eg the Cherika. The way Bazargan is handled will be very important for the political future. The Nine should show themselves willing to understand Iran's new problems yet avoid public comment on the Iranian scene which could be distorted by Dr Bazargan's opponents.

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8. The UK will want to show sensitivity and understanding in discussion with the Iranian authorities about the future of our civil and military contracts with Iran.

9. How do partners regard the trials and executions of members of the former regime. Have any intercessions been made? The UK is considering this.

BACKGROUND

10. Dr Bazargan is making strenuous efforts to assert his control over the revolutionary organisations which sprang up around Khomeini. He is believed to have Khomeini's support in this, but the possibility of a division arising between the two men over issues of practical politics cannot be excluded. Dr Bazargan's most urgent task, apart from the restoration of the economy, is to reconstruct the security forces of the country so that he can, if necessary, meet the threat from the Marxist guerilla group, the Sazmane Cherikhaye Fedaiye Khalqe Iran (Cheriks).

11. It will take months for the economy to start functioning normally. Militancy among the oil workers, apart from technical difficulties, will restrict oil production. The formulation of Iran's new oil policy will provoke a bitter fight within the Government and the oil companies - and particularly the consortium - are uncertain as to the nature of their relationship with the new Iranian Government. A prolonged denial to the world oil market of Iranian supplies will undoubtedly have severe consequences for us all. A shortfall of perhaps 2 million barrels a day could persist and the price effect is likely to be very serious.

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EUROPEAN POLITICAL COOPERATION: MINISTERIAL MEETING, ^{Paris, 14 MARCH 1979}
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2 MIDDLE EAST (ARAB/ISRAEL; IRAN; THE YEMENS)

References

A: UK drafts (not circulated to the Nine) for possible Community statement on an Egypt/Israel Peace Treaty.

B: Contingency draft statement circulated by the FRG Presidency on 24 November 1978, CPE/MUL/ETR 4148.

C: Statement of the Nine of 19 September 1978 on Camp David.

D: European Council Declaration on the Middle East of 29 June 1977.

Additional References

E: Draft DOP paper on Arab/Israel

Introduction

1. Developments in Middle East peace negotiations, the situation in Iran and the PDRY/YAR conflict all have implications for European

1. Developments in Middle East peace negotiations, the situation in Iran and the PDRY/YAR conflict all have implications for European interests which Ministers will wish to discuss. If agreement is reached between Egypt and Israel next week, a statement by the Nine will be needed. Dutch obstruction has prevented preparation of a text in the Nine.

Objective

2. (If appropriate) To agree a draft statement to be made by the Nine on an Egypt/Israel peace treaty.

Points to make

Arab/Israel

3. Other Arab governments will not accept an Egypt/Israel Treaty and may impose sanctions on Egypt. Nine should look for ways to minimise the damage to their interests. This means keeping up the momentum towards a comprehensive settlement and finding ways to bring pressure to bear on Israel for genuine movement on Gaza and the West Bank.

4. If it becomes clear that negotiations between Egypt, Israel and the US on the West Bank and Gaza are getting nowhere, the Nine should keep the option of supporting a return to a multilateral forum.

5. (If an Egypt/Israel Treaty has been signed). The Nine must take a view. Should not seem to spurn US efforts but must make clear that the success of the Treaty will be judged by its contribution to a comprehensive settlement. Should also refer to the need for early progress on the West Bank and a halt to Israeli settlements.

Iran

6. Must allow the Iranian Revolution to run its course. Can offer discreet encouragement to the moderates, and support for Iran's territorial integrity, but detailed public comment on Iranian affairs is likely to rebound on Nine's interests, or their Iranian friends. Commercially, must accept that Iran as a market will not recover for perhaps a year. Nine may need to consider what steps to take to prevent wholesale sequestration without proper compensation of their companies. When a firm government gets to grips with Iran's problems they will need and appreciate Western support. Nine should try to ~~revive their cultural programme when normality returns.~~ they will need and appreciate Western support. Nine should try to revive their cultural programme when normality returns.

PDRY/YAR Conflict

7. Concerned about the fighting and its implications for regional stability. Hope the ceasefire announced by the Arab League on 5 March will prove effective. Have stated UK support for an end to hostilities and concern at the possibility of Soviet or Cuban involvement, but no evidence of the latter at this stage.

8. Stability in the Arabian Peninsula is best handled in a regional context. Direct Western involvement runs the danger of providing the Russians and Cubans with a ready pretext for stepping up their involvement. Should concentrate on condemnation of any external interference by the Soviet bloc in disputes in the area. Arab efforts to stop the fighting, especially by Iraq, Syria, Jordan and Kuwait are welcome. [If the FRG propose a démarche by the Presidency to Jordan, Syria and Iraq].

9. UK considers that if positive action by the Nine seems desirable, a statement would be a more effective way of conveying the Nine's concern. Such action not called for at this stage, however Nine can seek information individually and continue to compare notes on the situation.

BACKGROUND

Arab/Israel

10. General background is at reference E.

11. President Carter is in the Middle East and plans to return to Washington on 12 March. There appear to be the makings of a deal under which Israel would accept a target date for completing negotiations on the West Bank and Gaza within one year, while Egypt would agree to interpretative statements on Article VI of the Treaty which are less explicit on Egypt's continuing obligations to its Arab partners than President Sadat originally sought. President Sadat's views are not explicit on Egypt's continuing obligations to its Arab partners than President Sadat originally sought. President Sadat's views are not yet known.

12. The Secretary of State and Herr Genscher agreed on 28 February that the Nine should work on a contingency draft statement, but at the Foreign Affairs Council on 6 March the Dutch Foreign Minister opposed a meeting of the Middle East Working Group for this purpose, on the grounds that the Nine should first wait and see the outcome of President Carter's visit. But a statement may well be necessary. It will be for the French as Presidency to produce a formal draft, but NENAD have submitted possible drafts for Dr Owen to consider.

Iran

13. Preliminary contacts with the Bazargan government indicate that senior ministers are prepared to cooperate and do not wish to see a break in Iran's links with the West. Unfortunately, the Bazargan Government is still relatively ineffective. The position may become clearer now that Ayatollah Khomeini has moved his headquarters to Qom and if he agrees to the dissolution of the 'Komiteh' which for practical purposes

acts as an alternative Government to Bazargan. Although there are signs that Khomeini is alarmed by the rise of the Marxist guerrillas (Cherikha-ye-Fedayeen-e-Khalq) who fundamentally disagree with his concept of an Islamic state, it is doubtful whether he can crush them militarily. Meanwhile, both guerrilla groups oppose the Government's plan to reconstruct Iran's armed forces along orthodox lines, albeit purged of pro-Shah elements. A referendum on the new Islamic Republic is due to be held on 30 March.

14. British trade with Iran (exports last year were £751 million) is unlikely to recover for some time. UK short term objective is to rescue our commercial interests from workers councils who now dominate Iranian and expatriate management. The termination of contracts and the nationalisation or seizure of assets pose severe problems for all Iran's trading partners, some of whom (eg the West Germans) are more financially exposed than we are. Oil exports resumed on 5 March but it too early to assess whether Iran will make good the world shortfall of approximately 2 million barrels per day.
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YAR/PDRY Hostilities

15. The Arab League announced a ceasefire on 5 March and said that all Armed Forces involved in the conflict would be withdrawn within 10 days. The Arab League has also set up a Mediation Committee to implement the peace agreement and called for a summit meeting between the leaders North and South Yemen in an attempt to restore normal relations between the countries. The ceasefire is likely to put an end to the more serious fighting but it may be an uneasy truce.

16. The FRG may propose that the Presidency make a démarche on behalf of the Nine to the Jordanians, Syrians and Iraqis (who have apparently taken the lead in the Arab League mediation exercise) designed to elicit more information about what is going on. This seems to be a half-baked idea. Until it is known whether the Arab League ceasefire will hold, the Nine cannot judge whether a formal expression of concern is called for.

17. There is evidence to suggest that YAR dissidents of the National Democratic Front (NDF) may be involved with PDRY. The National Democratic Front, which comprises elements in YAR opposed to the government, is supported by PDRY who hope thereby to overthrow President Saleh.

18. The Saudis have appealed to the UK, US and France and other Arab Governments for assistance in resisting the Communist threat. The Americans responded initially by accelerating the delivery of a defensive arms package previously agreed for YAR. Latterly they have taken a much more serious view of the fighting because of alleged Soviet involvement. French intelligence reports from Jibuti apparently indicate that the Russians have replaced PDRY equipment from Ethiopia - and the Americans also claim that the sophisticated deployment by PDRY of Katyusha BM 25 rockets, which have created havoc among the YAR forces, required Soviet or East German involvement. The Americans are making strong representations to the Russians indicating that continued Soviet involvement could have a broader effect on US/Soviet relations.

19. The UK is considering what military assistance can be given to the YAR; but its extent is likely to be limited. There is a need to reassure the Saudis and YAR that Western countries are concerned at the situation and its implications for regional stability. The UK has no evidence to support the American contention of Soviet or Cuban involvement, though both countries help in training PDRY forces. Their involvement would be a serious matter.

Middle East Department/Near East & North Africa Dept

8 March 1979

B raise difficult and embarrassing problems over recognition. The Ambassadors of the Nine have agreed to present a united front and to send a minute to the Presidency suggesting that the Nine:

- (i) refrain from official acts which could prejudice recognition;
- (ii) deal as appropriate on a practical level with those controlling particular sectors;
- (iii) adopt a common approach to any government claiming recognition, based principally on the amount of effective control it exercises.

5. As the question has been remitted to the Presidency in Paris, we shall clearly have to discuss it there. The obvious advantage of involving the Nine is that the exposure of any single country is reduced, even though the need for consultation may delay recognition somewhat.

c (10)

6. Mr Graham has proposed certain guidelines in his telno 275 for us if he is approached over recognition by representatives of Khomeini/Bazargan. These seem acceptable, although we shall if necessary have to make clear that the onus is on a new government to satisfy that it effectively controls the greater part of Iranian territory as well as the obedience of the mass of the population.

RECOMMENDATION

7. I recommend that the attached draft telegrams be despatched:

- (i) to Paris via Coreu agreeing to the meeting on 12 February;
- (ii) to Tehran, briefing Mr Graham and confirming that he should stick to the line proposed in his telno 275.

A G Munro
Middle East Department

9 February 1979

cc Mrs Denza, Legal Advisers

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NENAD