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**Report of the Hungarian Embassy in Iraq on the developments of Soviet-Iraqi
relations**

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To Comrade FRIGYES PUJA

Foreign Minister

Budapest

TOP SECRET!

Baghdad, 2 March 1981

Subject: Developments in Soviet-
Iraqi relations

Since the beginning of 1978, several events have taken place contributing to the deterioration of the Iraqi-Soviet political relations.

a/ In the spring of 1978, the Iraqi leadership stood up against the Iraqi Communist Party openly, they started persecuting communists legally, which meant that the Iraqi Progressive and National Front became formal and progressive elements were definitely excluded from power in perspective.

b/ At the beginning of 1980, in connection with the events in Afghanistan, Iraq started heated campaigns against the Soviet Union, during which she compared the Soviet Union to fascist Germany among others.

c/ In February 1980, Iraq proclaimed the National Charter, which called all the states of the region to "keep superpowers away from the region" and to "keep equal distance from the two superpowers". Practically, this programme can be considered a major step in the Iraqi estrangement from the Soviet Union.

d/ From the beginning of the Iraqi-Iranian conflict, based on her neutral position taken in the war, the Soviet Union froze her weapon consignments to Iraq. After the Soviet Union had rejected the Iraqi leadership's repeated initiative to restart transportation, in the Iraqi press and news releases there appeared more and more - anonymous - reports and implied hints characterising the Soviet Union as "an unfaithful ally". At the same time, they gave conspicuously great publicity to Mirage planes, the first group of which arrived in Iraq at last after several postponements.

In the past three years, parallel with the above events, economic and, especially in 1980, also political relations strengthened between Iraq and the developed capitalist countries. A careful opening characterised military relations as well.

Iraq's relations with the progressive countries of the region kindled sometimes /see Syria/, but they remained basically cold and, here and there, even hostile. At the same time an unambiguous process of rapprochement started in the direction of Arab reactionary regimes. This above tendency became more emphatic as a result of the fact that the pace of development of economic relations between the Soviet Union and Iraq slowed down, and the decline in the total volume could be prevented only by increasing the export of special [a code name for: military] Soviet products. By 1980, it had become obvious that the Iraqi leadership called the Soviet Union her "strategic ally" because of the arms consignments, and that they did not sharpen the latent political conflicts because it could be retorted by a decrease in the arms consignments, which served as a basic precondition of Iraq's success and her endeavour to become a superpower in the region.

Recently, in spite of the express and implied Iraqi attacks, the Soviet Union has continued her efforts to expand and deepen bilateral political and economic relations by moving her own interests to the foreground more emphatically - with little success. Seemingly, she tried to maintain normal relations between the two countries.

From the point of view of the future development of bilateral relations, the Iraqi-Iranian war may be considered a negative milestone: with the freezing of Soviet arms supplies, the strongest link between the two countries has been torn.

The Soviet Union's behaviour during the war up to now has given several leaders – being anti-Soviet anyhow -- a trump-card, which they cannot play yet for three reasons:

1/They hope that eventually the Soviet Union will restore her consignments, without which the promised victory can hardly be imagined.

2/They are afraid that in case they poison relations, the numerous Soviet experts remaining in Iraq during the war will not continue their work, which would mean that several economic projects of key importance would become paralyzed in the country.

3/They are aware that an open break-off with the Soviet Union in the present straits would render the country completely defenseless against the intentions of the developed capitalist countries and the USA.

At the same time, it may be taken for granted that the camp of those demanding the break-off of relations with the Soviet Union will play the "trump-card" sooner or later.

The so far implied anti-Soviet nature of the top leadership and their becoming even more pragmatic during the war than before - they take only the arms suppliers into account in the competition taking place in other fields of the economy as well - have encouraged the middle level economic leadership mainly oriented toward the West anyway, and, making use of the favourable opportunity, they try to oust the Soviet companies completely out of the market. Their activities during the war will set back the level of economic relations for the next one or two years. / Soviet economic experts said, "Before the war in quite a few cases it was sure that the Soviet company would win the tender. However, as a result of the "punitive" actions all tenders have been won by other countries."/

In the Soviet Union's Middle-Eastern strategic position a crucial change was caused by her signing an Agreement of Friendship and Co-operation with Syria in the Fall of 1980. This way she achieved that the possible loss of the Iraqi ally, becoming more and more problematical in the region,- the termination of the Agreement of Friendship signed in 1972 - would not result in the complete weakening of her positions. This way, it has become possible to pursue a more self-confident policy concerning Iraq.

In the future it may be hardly expected that the Soviet Union will restore her consignments to Iraq as it could result in the USA's direct arms transportation to Iran, which would contradict the interests of the Soviet Union and the socialist camp. Moreover, the renewal of consignments would effect only temporary positive changes in the Iraqi leadership's relations with the Soviet Union.

Based on the above, we may make the following statements:

1/ Political relations between the Soviet Union and Iraq have continuously been deteriorating since 1978, that is the beginning of the consolidation of the position of the pro-Western, anti-Communist Iraqi leaders represented by Saddam Hussein. The sharpness of the forms of manifestation have depended on the importance of momentary Iraqi interests.

2/ In 1975 Iraq was economically open toward the developed capitalist countries, which, by 1980, has resulted in the Soviet Union and the socialist camp being pushed into the background from an economic point of view.

3/ The termination of Soviet arms consignments constituting the most important link between the Soviet Union and Iraq on the one hand, the consolidation of existing economic and political relations between Iraq and the developed capitalist countries and the tightening of co-operation between Iraq and the reactionary Arab regimes on the other hand, have openly directed Iraq toward the West.

4/ At the end of the war, the present implied hints concerning the Soviet Union are likely to turn into an open attack, the extent and forms of which may be assessed only with difficulty at present.

5/ In the near future it may be expected that Iraq will press the Soviet Union through the socialist camp to restore her indirect arms consignments at least and that Iraq will try to obtain supplies from the other members of the socialist camp.

6/ Tendencies in recent years suggest that the process of fermentation started in the relations between the Soviet Union and Iraq may take a favourable turn only in case of a new, more progressive Iraqi political leadership coming to power.

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