

# U.K. financial warfare against the Iraqis

by Judith Wyer

The City of London is waging a financial-warfare campaign against Iraq. According to one Arab source, "Britain has been whispering in the ears of the wealthy Arab regimes of the Persian Gulf to cut off all financial backing of Iraq's war against Khomeini since [Iraq's President] Saddam Hussein is a loser."

Britain may be having some success. Iraq's recent request for a \$500 million Eurodollar loan, its first bid for a foreign credit since 1978, and recent Iraqi requests to reschedule \$5 billion worth of foreign-held debt are good indications Iraq is having cash-flow problems. The Arab-French bank UBAF is reported to be syndicating the loan for Iraq. But the City of London has already put out the word in the international banking community that Iraq is a "bad risk."

After a bitter diplomatic flap with Britain shortly after he came to power in 1978, Saddam Hussein began a policy course based on strengthening economic links with the United States as the basis of Iraq's development. London has never tolerated that policy and is determined to return Iraq to its own sphere of influence as it was under the anglophilic Hashemite dynasty. Working through various conduits, including Carter's National Security Adviser Zbigniew Brzezinski, Britain played on Saddam Hussein's "macho" profile to manipulate him into the war with Iran, calculating that a meat-grinder of attrition would finish off both the President, and Iraq as a developing economy. At the same time, Barclays Bank is apparently involved in destabilizing the domestic situation through its affiliate the Allied Arab Bank, whose board includes Saad Jabar. Jabar is a sponsor of the Movement for the Liberation of Iraq, which aims at overthrowing Hussein and fragmenting the nation ethnically.

Since Iraq's unilateral withdrawal from Iranian territory in June, Hussein has sought a way out of the war, which is costing \$1 billion a month.

## Britain builds up Iran

While Iraq attempts to make do with an oil income only one fifth of pre-war levels, Khomeini's theocratic police state, with strong British support, is said to be undergoing an "economic recovery." Iran is selling over 2 million barrels of oil a day of oil at prices far below its Arab neighbors, stealing their markets. Wealthy countries like Saudi Arabia and Kuwait which have seen their oil output drop by nearly half, are no longer able to maintain previous levels of financial support

for Iraq's war effort, which last year was estimated at about \$20 billion.

It is no secret in the oil industry that British Petroleum and its sister Royal Dutch Shell are backing Khomeini's so-called economic recovery by marketing its cheap oil. Earlier this year these two companies signed agreements with Iran re-establishing their pre-revolutionary links. British Petroleum finalized an agreement with the National Iranian Oil Company (NIOC) to sell two oil tankers, enabling Iran to shuttle its crude to buyers outside the war zone and keep its oil sales climbing.

Iran this year will bring in an estimated \$24 billion in oil earnings and Iraq only \$10 billion. Iran is estimated to have rebuilt its reserves to \$12 billion, the level just before the outbreak of war in September 1980.

*New York Times* reporter R. W. Apple, a British national, reports from Teheran that Britain is playing an increasing role in Iran economically. British-Iranian trade topped \$600 million last year. Last month the *New York Times* and the *Wall Street Journal* suddenly took note of the fact that many Iranian projects that existed before the British puppet Khomeini took power are now being reconstituted. One example cited is the 20-acre Paykan car factory which assembles cars produced by Talbot in Britain.

Just at the point when Iran is reported to be making an economic comeback, it is also expanding the war against Iraq. Iran's new three-pronged war drive, which covers 600 miles of the Iran-Iraq border, is reportedly following a blueprint which originates with British Parliamentarian Julian Amery, the right-hand man to Lord Carrington, and a faction of Israeli intelligence around Foreign Ministry official David Kimche. Iran's latest offensives followed by one week a secret visit to Israel by Amery for talks with the Mossad.

Iran's repeated incursions into Iraq, according to Teheran reports, are aimed at cutting the highways linking Baghdad with Iraq's only port town, Basra, to soften the city for occupation. According to Amery's scheme, Basra must be severed from Iraq and become a Khomeini-allied Shi'ite "Muslim Republic." Without Basra, Iraq becomes a landlocked nation, dependent upon its neighbors for the movement of all its trade, including its vital oil exports.

The *Washington Post* is acting on behalf of London to break the nascent U.S.-Iraqi link. On Nov. 9 the *Post* recirculated a story that recently appeared in the London *Economist* which portrays Saddam Hussein as the protector of Palestinian terrorist Abu Nidal.

The *Post* story was run simply to give the British-allied U.S. State Department ammunition to request that the White House reverse its decision last year to take Iraq off a list of so-called terrorist-supporting nations. That decision was critical to strengthening the U.S.-Iraqi relationship by removing constraints on the growing trade between the two countries. The day after the *Washington Post* story the State Department announced that it was indeed following London's script and was studying whether Iraq should be reclassified.