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ACTION EUR-12

INFO OCT-01 NEA-06 ISO-00 PM-03 NSC-05 SP-02 SS-15 RSC-01

CIAE-00 DODE-00 INR-05 NSA-00 PA-01 USIA-06 PRS-01

L-02 IO-10 AID-05 EB-07 COME-00 OMB-01 CIEP-01 TRSE-00

FEA-01 INT-05 OES-03 AGR-05 /098 W

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R 101830Z DEC 74
FM AMEMBASSY PARIS
TO SECSTATE WASHDC 5028
INFO AMEMBASSY ABU DHABI
USINT ALGIERS
AMEMBASSY AMMAN
AMEMBASSY BEIRUT
AMEMBASSY CAIRO
AMEMBASSY DAMASCUS
AMEMBASSY JIDDA
AMEMBASSY KUWAIT
AMEMBASSY LONDON
AMEMBASSY MOSCOW
AMEMBASSY RABAT
AMEMBASSY ROME
AMEMBASSY TEHRAN
AMEMBASSY TEL AVIV
AMEMBASSY TUNIS

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BEIRUT PASS BAGHDAD

E.O. 11652: GDS
TAGS: PFOR, IZ, FR
SUBJECT: PRIME MINISTER CHIRAC’S VISIT TO IRAQ

REF: BAGHDAD 863

SUMMARY: THE FRENCH THINK CHIRAC’S VISIT TO IRAQ WAS A
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SIGNIFICANT SUCCESS. THEY BELIEVE IT REINFORCED THE
WESTERN ALTERNATIVE TO THE SOVIETS WHICH THE IRAQIS SEEK. BILATERALLY, THE VISIT IS CREDITED WITH REINFORCING THE IMAGE OF THE FRENCH AS THE ARABS LEADING WESTERN FRIEND AND RESULTED IN SUBSTANTIAL ALTHOUGH NOT SPECTACULAR ECONOMIC SALES AGREEMENTS FOR FRANCE. THE FRENCH WERE GRATIFIED WITH IRAQI ENDORSEMENT OF GISCARD'S TRIPARTITE ENERGY CONFERENCE AND OF THE EURO-ARAB DIALOGUE AND IMPRESSED BY IRAQI CONCERN ABOUT IRAN.

END SUMMARY

1. THE REACTIONS OF QUAI OFFICIALS AND THE FRENCH PRESS TO PRIME MINISTER CHIRAC'S NOVEMBER 30 - DECEMBER 2 VISIT TO IRAQ HAVE BEEN SIMILAR TO THOSE REPORTED IN REFTEL EXCEPT THAT THE PRESS HAS PLAYED UP THE HUGE ECONOMIC GAINS ALLEGEDLY FLOWING FROM THE TRIP. QUAI DEPUTY DIRECTOR FOR THE LEVANT ROUILLON AND MARCEL GUILLEMANT OF THE QUAI'S ECONOMIC DIVISION HAVE CONFIRMED TO US THE SENSE OF FRENCH GOVERNMENT SATISFACTION OVER THE RESULTS OF CHIRAC'S BAGHDAD TRIP.

2. ROUILLON STRESSED THE IMPORTANCE FOR THE WEST OF FRANCE'S CONTINUING TO HOLD AN IMPORTANT BILATERAL RELATIONSHIP WITH IRAQ AS A COUNTERWEIGHT TO SOVIET INFLUENCE. HE SAID CHIRAC AND HIS PARTY WERE IMPRESSED WITH THE IRAQI REGIME'S REAL DESIRE TO STRENGTHEN BILATERAL RELATIONS AND BY IRAQI'S INSISTENCE ON "NATIONAL INDEPENDENCE AND NON-INTERFERENCE", THEMES DEAR ALSO TO THE FRENCH. THE FRENCH FOUND POPULAR ENTHUSIASM FOR CHIRAC TO BE AT LEAST PARTIALLY SPONTANEOUS, ROUILLON SAID. HE COMMENTED THAT HE WAS AWARE OF NO CRITICAL REMARK ABOUT THE U.S. MADE BY IRAQIS DURING THE VISIT BUT THAT THE REGIME'S GENERAL ATTITUDE TO WESTERN COUNTRIES SEEMED TOUGHER THAN IN THE PAST. HE ATTRIBUTED THIS TO "WESTERN" (AS CONTRASTED WITH FRENCH) POSITIONS ON ENERGY, THE UN PALESTINE DEBATE AND THE EURO-ARAB DIALOGUE.

3. ROUILLON INDICATED THAT THE FRENCH ARE GRATIFIED BY IRAQI ENDORSEMENT OF GISCARD'S PROPOSAL FOR A PRODUCER-DC-LDC CONFERENCE AND OF THE EURO-ARAB DIALOGUE. HE CONFIDENTIAL

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ADMITTED THAT THERE HAD BEEN SOME DIFFICULTY IN DRAFTING THE PARAGRAPH OF THE FINAL COMMUNIQUE CONCERNING THE PROPOSED PETROLEUM CONFERENCE BUT ADDED THAT THE IRAQIS ARE MUCH LESS WEDDED TO A DISCUSSION OF OTHER RAW MATERIALS AT SUCH A CONFERENCE THAN ARE THE ALGERIANS. ONE SOURCE HAS TOLD US THAT CHIRAC MAY ALSO HAVE ALLOWED THE IRAQIS TO BELIEVE THAT THEY WOULD BE INVITED TO A PREPARATORY MEETING FOR GISCARD'S ENERGY CONFERENCE.
4. ON THE MIDDLE EAST, ROUILLON SAID THE IRAQIS WERE RELATIVELY "MODERATE" ALTHOUGH THEY DID REPEAT (WITHOUT MUCH CONVICTION, HOWEVER) THE BAATHIST LITANY IN WHICH THERE IS NO PLACE FOR ISRAEL. THE COMMUNIQUE'S REFERENCE TO IRAQ'S "CONCERN FOR THE SITUATION IN THE GULF" REFLECTS WHAT THE FRENCH FOUND TO BE IRAQ'S PRIMARY WORRY -- IRAN AND ITS SUPPORT FOR THE KURDS. ROUILLON SAID THE FRENCH, WHO WISH TO STAY OUT OF IRAN-IRAQ DISPUTE, REFUSED THE IRAQI REQUEST "TO TAKE NOTE" OF THIS CONCERN IN THE COMMUNIQUE. IF IRAN WISHES IT, ROUILLON SAID, THE FRENCH WOULD BE PREPARED TO HAVE

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R 101830Z DEC 74
FM AMEMBASSY PARIS
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INFO AMEMBASSY ABU DHABI
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IRAN MAKE A SIMILAR REFERENCE TO ITS CONCERNS IN THE REGION IN THE COMMUNIQUE FOLLOWING CHIRAC'S PROJECTED DECEMBER 20 TO 22 VISIT TO TEHRAN.

5. THE MAJOR ECONOMIC BREAKTHROUGH FOR CHIRAC WAS IRAQ'S SIGNATURE TO AN AGREEMENT FOR THE PURCHASE OF THE FRENCH SECAM COLOR TV SYSTEM, INCLUDING EQUIPMENT SALES, TRAINING AND POSSIBLY SOME IN-COUNTRY MANUFACTURING AT A LATER DATE. (THE FRENCH HAD APPARENTLY ALMOST CONCEDED THE TV SALE TO THE GERMAN PAL SYSTEM.) CONTRACTS FOR THE 750 MILLION DOLLAR BASRA ETHYLENE-BASE PETROCHEMICAL PLANT (TO BE BUILT BY CREUSOT-LOIRE) AND A 20 MILLION DOLLAR, 1600 BED MILITARY HOSPITAL AT BAGHDAD ARE VIRTUALLY ASSURED, ACCORDING TO FOREIGN MINISTRY SOURCES, AND SHOULD BE SIGNED DURING OR BEFORE THE EXPECTED FEBRUARY FOLLOW-UP VISIT OF STATE SECRETARY FOR FOREIGN TRADE SEGARD AND A DELEGATION OF FRENCH BUSINESSMEN. OTHER PROJECTS WHICH WERE DISCUSSED AND REPORTEDLY ARE WELL ON THE WAY TO COMPLETION ARE A 400 HECTARE KIRKUK AREA AGRICULTURAL PROJECT, AN ALUMINUM PLANT, AND THE SALE OF TELEPHONE EQUIPMENT AND COAXIAL CABLES. AT AN EARLIER STAGE OF DISCUSSION (BUT NONETHELESS MENTIONED IN THE COMMUNIQUE) ARE CIVIL AVIATION PROJECTS, BUILDING OF A SHIPYARD, COMPUTER SALES, PHARMACEUTICAL, TRUCK AND AUTO PLANTS, MANPOWER TRAINING, AND "PEACEFUL ATOMIC ENERGY" PROJECTS. ACCORDING TO THE QUAI, THE LAST ELEMENT WAS INCLUDED AT IRAQI INSISTENCE; THERE IS AS YET NO SPECIFIC PROJECT UNDER CONSIDERATION ALTHOUGH OUR SOURCES SAY THAT WHATSOEVER EVENTUALLY EMERGES WILL BE CONSIDERABLY LESS IMPORTANT THAN NUCLEAR SALES TO IRAN. ROUILLON TOLD US WRYLY THAT FRENCH INDUSTRY IS SIMPLY INCAPABLE OF FULFILLING THE INDUSTRIAL PROMISES WHICH ARE MENTIONED IN RECENT COMMUNIQUES INVOLVING IRAN, IRAQ AND ALGERIA AND LAUGHED AT FRENCH PRESS SPECULATION THAT 15 BILLION FRANCS OF SALES WILL RESULT FROM CHIRAC'S VISIT TO IRAQ.

6. FRENCH EXPECTATIONS FOR A $250 MILLION (ONE BILLION FRANC) ADVANCE OR LOAN FROM THE IRAQI GOVERNMENT WERE APPARENTLY DISAPPOINTED, AND THE PROPOSAL IS NO LONGER
UNDER DISCUSSION. ACCORDING TO THE QUAI. ALSO ACCORDING
TO THE FOREIGN MINISTRY, THE IRAQIS WERE VERY DIFFICULT
DURING NEGOTIATIONS IN INSISTING ON FIXED PRICE QUOTA-
TIONS; SOME FRENCH INDUSTRIALS ARE APPARENTLY
PREPARED TO CONSIDER OFFERING FIRM PRICES ON EQUIPMENT
EXPORTS THOUGH NOT ON IN-COUNTRY EXPENSES.

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7. OIL SUPPLIES WERE, ACCORDING TO OUR REPORTS, NOT
DISCUSSED BY THE CHIRAC DELEGATION; THEY DO NOT FIGURE
IN COMMUNIQUE. BOTH ELF/ERAP AND CFP HAVE RECENTLY HAD
DELEGATIONS IN IRAQ -- THE FORMER TO NEGOTIATE DETAILS
OF FIELD DEVELOPMENT PLANS, THE LATTER TO RENEGOTIATE
EASTERN MEDITERRANEAN LIFTING PRICES (REPORTEDLY
SUCCESSFULLY).

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