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File Folder IRAN POLICY - SENSITIVE (3 OF 5)

FOIA

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ID	Doc Type	Document Description	No of Pages	Doc Date	Restrictions
127950	PAPER	RE US-IRAN DIALOGUE R 2/17/2006 NLSF96-118/3 #59	1	11/13/1986	B1
127951	DRAFT CABLE	RE US-IRAN PAR 5/13/2003 F96-118/3 #60; R 11/21/2017 M393/1 #127951	9	ND	B1
127952	DRAFT CABLE	RE US-IRAN PAR 5/13/2003 F96-118/3 #61; R 11/21/2017 M393/1 #127952	10	ND	B1

Freedom of Information Act - [5 U.S.C. 552(b)]

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Ronald Reagan Library

Collection: TEICHER, HOWARD R.: Files

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File Folder: Iran Policy - Sensitive (3)
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Date: 2/1/01
Battle/96-118/3

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
1. Paper	US-Iran Dialogue, 1 p. <i>R 2/17/06 F96-118/3#59</i>	11/13/86	B1
2. Draft Cable	re: US-Iran, 9 p. <i>PART 6/13/03 F96-118/3 #60</i>	n.d.	B1
3. Draft Cable	re: US-Iran, 10 p. <i>PART ~ - #61</i>	n.d.	B1

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UNCLASSIFIED

Teicher

THE WHITE HOUSE

WASHINGTON



Situation Room Note

November 12, 1986

Unclassified


Iranian Ambassador to UN's Press Conference

In a press conference today in New York, Iranian Ambassador to the UN, Said Rajaie-Khorassani, flatly denied any deal between the US and Iran involving an arms exchange for the release of US hostages in Lebanon. He stated that the US has made an overture to reestablish relations with Iran, particularly through recent visits of a US delegation of four persons and Mr. McFarlane. However, he reiterated that the key to improved relations lies with a change in policy by the US towards Iran, moslems in Lebanon, support of Israel as well as obligations of past arms agreements. (U)

The ambassador stated that recent purchases of arms by Iran were legitimate hardware purchases from prior contracts and purely coincidental with any release of US hostages. Iran is not against any hostage negotiations, according to Khorassani, if the US is prepared to follow through with Iran's above mentioned requests. (U)

Despite media reports, the ambassador stressed that recent shipments of arms to Iran did not come through, or with the aid of Israel. These reports, he commented, are produced to justify the dispatch of the US delegation to Iran. He added that the visit by McFarlane was unexpected and unannounced to Iranian officials and proved fruitless. Telephone conversations allegedly made by McFarlane to White House officials in Washington were recorded and may be released to the public if the Iranian government decides it necessary. (U)

UNCLASSIFIED

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(TEXT)UP028D WHOSTAGES-PERES

WASHINGTON (UPI) -- ISRAELI FOREIGN MINISTER SHIMON PERES, SAYING HE CAN SAY VERY LITTLE ABOUT A U.S.-IRAN DEAL, SAID WEDNESDAY THAT HIS COUNTRY AND THE UNITED STATES ARE USING "INGENUITY" TO FREE HOSTAGES.

"I CAN TELL YOU VERY LITTLE AT ALL," PERES SAID ON THE NBC "TODAY" PROGRAM WHEN ASKED WHAT HE COULD TELL OF ANY ISRAELI INVOLVEMENT IN THE REPORTED U.S.-IRAN DEAL.

"WE ARE FACING THE DANGER OF TERRORISM AND THE SAFETY OF OUR CITIZENS ... AND I ADMIT THAT EVERY DEMOCRACY, WHETHER ITS YOU OR US, ARE HAVING A DILEMMA OF A MORAL NATURE," PERES SAID.

WHILE NOT REVEALING ISRAEL'S ROLE IN THE HOSTAGE RELEASE, PERES INDICATED THAT EVERY STEP MUST BE TAKEN TO FREE INDIVIDUALS HELD BY TERRORISTS.

"I BELIEVE NOBODY WILL FEEL THAT ISRAEL OR THE UNITED STATES ARE SOFT ON TERRORISM. I THINK WE ARE CONFRONTING IT. WE ARE FIGHTING IT. ... BUT, AT THE VERY SAME TIME, A DEMOCRATIC COUNTRY HAS TO TRY ITS VERY BEST TO RELEASE HOSTAGES, TO SECURE THEIR LIVES ... AND WE WERE FACING THIS DILEMMA OVER MANY YEARS UNDER VERY DIFFICULT CONDITIONS. FOR EXAMPLE, WE RELEASED HUNDREDS OF TERRORISTS TO SAVE THE LIVES OF THREE ISRAELIS."

PERES ALSO SAID THAT HE DOES NOT SEE A CONTRADICTION IN ASKING EUROPEAN ALLIES TO BE UNITED AGAINST TERRORISTS WHILE THE UNITED STATES GIVES ARMS TO IRAN.

"NO, SIR, BECAUSE THE PROBLEM WITH OTHER NATIONS, PARTICULARLY IN EUROPE, IS THAT THEY DIDNT TAKE ANY REAL STEPS TO STOP TERRORISM, TO CONFRONT IT," PERES SAID. "THERE ARE RULES AND THERE ARE EXCEPTIONS TO THE RULES, BUT IF YOU DONT RESPECT THE THE RULES, THERE IS NO SENSE TO TALK ABOUT EXCEPTIONS. IM NOT SAYING THAT WAS DONE. I THINK THAT MANY GOVERNMENTS, YOURS AND OURS, ARE USING INGENUITY TO BRING TO SAFETY AND FREEDOM MANY INDIVIDUALS."

ASKED IF DEALING WITH IRAN PRESENT A CREDIBILITY PROBLEM FOR ISRAEL AND THE UNITED STATES, PERES SAID, "NO, SIR. NO, SIR, I DONT THINK SO."

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AM-HOSTAGES-PERES

PERES CRITICIZES EUROPEAN ACTIONS ON TERRORISM
WASHINGTON, NOV 12, REUTER - ISRAELI FOREIGN MINISTER SHIMON PERES SAID TODAY THAT EUROPE'S FAILURE TO TAKE THE PROBLEM OF TERRORISM SERIOUSLY ENOUGH HAD CONTRIBUTED TO THE CONTINUED HOSTAGE PROBLEM IN LEBANON.

"THE PROBLEM WITH OTHER NATIONS, PARTICULARLY IN EUROPE, IS THAT THEY DIDN'T TAKE ANY REAL STEPS TO STOP TERRORISM, TO CONFRONT IT," PERES SAID IN AN INTERVIEW ON NBC-TV'S "TODAY" SHOW.

PERES SAID HE DID NOT BELIEVE EFFORTS TO GAIN THE RELEASE OF HOSTAGES BY THE UNITED STATES OR ISRAEL WOULD DAMAGE THEIR CREDIBILITY IN REFUSING TO NEGOTIATE WITH TERRORISTS.

"I BELIEVE THAT NOBODY WILL FEEL THAT ISRAEL OR THE UNITED STATES ARE SOFT ON TERRORISM," HE SAID.

ASKED ABOUT THE EUROPEAN COMMUNITY'S DECISION THIS WEEK TO IMPOSE LIMITED SANCTIONS ON SYRIA FOR ITS ALLEGED ROLE IN A PLOT TO BOMB AN ISRAELI AIRLINER, PERES SAID HE HAD NOT EXPECTED STRONG SANCTIONS.

"I DIDN'T EXPECT MUCH THAT THE EUROPEANS WILL DO SOMETHING SERIOUS," HE SAID IN AN INTERVIEW FROM NEW YORK.

"WOULD THE EUROPEANS TAKE THE ISSUE, SHORT OF MRS. THATCHER WHICH IS A DIFFERENT STORY, AS SERIOUSLY AS THE UNITED STATES MAYBE WE WOULDN'T HAVE AT ALL THE PROBLEM OF HOSTAGES," PERES SAID.

THE EUROPEAN COMMUNITY THIS WEEK DECIDED ON A PACKAGE OF MILD SANCTIONS AGAINST SYRIA THAT INCLUDED AN ARMS EMBARGO.

ASKED IF ISRAEL WAS INVOLVED IN ALLEGED U.S. DEALINGS WITH IRAN TO WIN FREEDOM FOR THE REMAINING U.S. HOSTAGES, HE REPLIED, "I'M NOT SAYING WHAT WAS DONE."

"I THINK THAT MANY GOVERNMENTS, YOURS AND OURS, ARE USING INGENUITY TO BRING TO SAFETY AND FREEDOM MANY INDIVIDUALS," HE SAID.

PERES DECLINED TO COMMENT ON RUMORS THAT TWO AMERICAN HOSTAGES, TERRY ANDERSON AND THOMAS SUTHERLAND, MIGHT BE RELEASED IN A FEW WEEKS.

AT LEAST 16 HOSTAGES FROM FRANCE, THE UNITED STATES, ITALY, SOUTH KOREA, IRELAND AND BRITAIN ARE THOUGHT TO BE HELD HOSTAGE IN LEBANON, MANY POSSIBLY HELD BY A PRO-IRANIAN GROUP KNOWN AS ISLAMIC HOLY WAR.

IN THE CASE OF IRAN, PERES SAID HE THOUGHT THE COUNTRY WAS BEGINNING A TRANSITION TO A POST-KHOMEINI REGIME. "YES, I FEEL VERY MUCH THERE IS A BEGINNING OF A WAR OF SUCCESSION IN IRAN. THE FUTURE OF IRAN IS IN QUESTION," HE SAID.

AS A PART OF THE SANCTIONS PACKAGE, THE EUROPEAN NATIONS ALSO AGREED TO SUSPEND HIGH LEVEL VISITS TO AND FROM SYRIA, TO CURB SYRIAN DIPLOMATIC ACTIVITIES AND TO HEIGHTEN SECURITY AROUND THE SYRIAN ARAB AIRLINES.

PERES WAS IN THE UNITED STATES TO TALK WITH JEWISH LEADERS ON THE DEVELOPMENT OF THE NEGEV DESERT IN SOUTHERN ISRAEL. SINCE HE WAS LAST HERE IN MID-OCTOBER HE HAS SWITCHED JOBS WITH CURRENT PRIME MINISTER YITZHAK SHAMIR UNDER A 1984 POWER SHARING ARRANGEMENT.

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AM-PERES

PERES DISCUSSES MIDDLE EAST PEACE PROCESS

NEW YORK, NOV 11, REUTER - ISRAELI FOREIGN MINISTER SHIMON PERES MET TODAY WITH ASSISTANT SECRETARY OF STATE RICHARD MURPHY TO DISCUSS PROGRESS IN THE MIDDLE EAST PEACE PROCESS.

PERES, ON A FIVE-DAY TRIP TO THE UNITED STATES, DECLINED TO COMMENT SPECIFICALLY ON HIS TALKS WITH MURPHY, DENYING THAT ANY SPECIFIC NEW PEACE PLANS WERE MENTIONED.

"I CAN'T GIVE YOU ANY DATE WHEN THE PEACE PROCESS WILL BECOME EFFECTIVE," PERES TOLD REPORTERS. "BUT I DO BELIEVE THAT FOR THE PROCESS TO BECOME EFFECTIVE YOU MUST MAINTAIN THE MOMENTUM OF THE PEACE PROCESS."

HE REFUSED TO TALK ABOUT THE CASE OF MORDECHAI VANUNU, THE 31-YEAR-OLD TECHNICIAN NOW IN ISRAELI CUSTODY AFTER TELLING A BRITISH NEWSPAPER THAT ISRAEL WAS PRODUCING NUCLEAR WARHEADS AT A TOP-SECRET REACTOR AT DIMONA. PERES HAD PREVIOUSLY DENIED VANUNU'S ACCOUNT.

PERES ALSO WOULD NOT COMMENT ON A NEWS REPORT THAT THE UNITED STATES USED ISRAEL AS A CHANNEL TO SELL ARMS TO IRAN IN A BID TO WIN FREEDOM FOR U.S. HOSTAGES IN LEBANON.

MURPHY, WHO IS ASSISTANT SECRETARY OF STATE FOR NEAR EASTERN AND SOUTH ASIAN AFFAIRS, ALSO REFUSED TO COMMENT SPECIFICALLY ON TODAY'S DISCUSSIONS.

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PERES

CHICAGO (AP) -- ISRAELI FOREIGN MINISTER SHIMON PERES SAID MONDAY THAT THE IMAGE OF THE UNITED STATES HAS NOT BEEN DIMMED IN THE MIDDLE EAST BY REPORTS OF DEALINGS WITH COUNTRIES WHICH BACK TERRORISTS.

I DO NOT BELIEVE THE UNITED STATES IS LOSING ITS CREDIBILITY, PERES SAID AT A NEWS CONFERENCE AFTER ADDRESSING THE CHICAGO COUNCIL ON FOREIGN RELATIONS. NOT AFTER LIBYA. AND NOT AFTER OTHER POLICIES THAT YOU HAVE TAKEN.

ACCORDING TO REPORTS PUBLISHED LAST WEEK IN THE WASHINGTON POST AND THE LOS ANGELES TIMES, REAGAN ADMINISTRATION OFFICIALS BEGAN WORKING WITH ISRAELI AUTHORITIES 18 MONTHS AGO TO ARRANGE TOP-SECRET DELIVERIES TO IRAN OF U.S. ARMS NEEDED BY IRAN FOR ITS WAR WITH IRAQ.

THE SHIPMENTS LED TO THE RELEASE OF THREE AMERICANS HELD BY LEBANESE SHIITE MOSLEMS WITH TIES TO IRAN, ACCORDING TO THE REPORTS.

REPORTS OF THE ALLEGED DEAL SURFACED AFTER THE SPEAKER OF THE IRANIAN PARLIAMENT, HASHEMI RAFSANJANI, SAID IN A SPEECH THAT FORMER NATIONAL SECURITY ADVISER ROBERT MCFARLANE HAD BEEN EXPELLED AFTER ENTERING THE COUNTRY WITH A MESSAGE FROM PRESIDENT REAGAN.

MCFARLANE HAS CALLED THE REPORTS OF A TRIP TO IRAN FANCIFUL. AND REAGAN SAID LAST WEEK THE REPORT HAD NO FOUNDATION.

PERES REFUSED TO ANSWER REPORTERS QUESTIONS ABOUT THE REPORTS, SAYING THAT ISRAEL DID NOT CUT ANY DEAL WITH IRAN.

BASICALLY, YOU HAVE TO CONFRONT ANY NATION ENGAGED IN TERRORISM, PERES SAID. YET, AS I SAID, YOU SHOULD NEVER LOSE YOUR FEELINGS OF RESPONSIBILITY FOR INDIVIDUAL PERSONS.

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AM-ISRAEL-PERES

ISRAELI FOREIGN MINISTER DENIES NUCLEAR ARMS REPORT

BY MICHAEL CONLON

CHICAGO, NOV 10, REUTER - ISRAELI FOREIGN MINISTER SHIMON

PERES SAID TODAY A TECHNICIAN WHO SAID ISRAEL HAD PRODUCED NUCLEAR WARHEADS HAD LIED AND HIS NATION HAD NOT DEPARTED FROM ITS POLICY OF KEEPING SUCH WEAPONS OUT OF THE MIDDLE EAST.

"ISRAEL STATED VERY CLEARLY THAT WE SHALL NOT BECOME THE FIRST COUNTRY TO INTRODUCE NUCLEAR WEAPONS INTO THE MIDDLE EAST. THIS IS OUR STATED POSITION AND WE DIDN'T DEPART FROM IT," PERES SAID.

"ISRAEL DOES NOT INTEND TO INTRODUCE NUCLEAR WEAPONS INTO THE MIDDLE EAST," HE ADDED.

PERES MADE THE COMMENTS AT A NEWS CONFERENCE IN RESPONSE TO QUESTIONS ABOUT THE ARREST OF NUCLEAR TECHNICIAN MORDECHAI VANUNU, A 31-YEAR-OLD NATIVE OF MOROCCO AND PALESTINIAN SYMPATHIZER.

VANUNU, WHOSE ARREST WAS CONFIRMED BY THE ISRAEL GOVERNMENT THIS WEEKEND, DISAPPEARED SEPTEMBER 30 AFTER TELLING A BRITISH NEWSPAPER THAT ISRAEL HAD BEEN PRODUCING NUCLEAR WARHEADS FOR 20 YEARS AT A TOP-SECRET REACTOR IN DIMONA.

"THIS IS PRETENDED INFORMATION," PERES SAID OF VANUNU'S ALLEGATIONS. AND EVEN THOUGH THE INFORMATION WASN'T TRUE, HE SAID, HE SHOULD STILL BE PROSECUTED BECAUSE "HE DOES NOT HAVE THE RIGHT" TO DISCUSS SUCH MATTERS. VANUNU VIOLATED THE LAW, HE SAID, BY GIVING UP ISSUES "WHICH ARE CONSIDERED STATE SECRETS, OR PRETENDING TO."

PERES REFUSED TO SHED ANY LIGHT ON HOW VANUNU CAME INTO ISRAELI CUSTODY. THE ISRAELI GOVERNMENT HAS DENIED REPORTS THAT HE WAS KIDNAPPED ON BRITISH SOIL AFTER SELLING HIS STORY TO THE SUNDAY TIMES.

"ONE IS BEING DRIVEN CRAZY WITH SPECULATION," PERES SAID OF THE CASE, CITING REPORTS THAT HE TELEPHONED BRITISH PRIME MINISTER MARGARET THATCHER ON THE MATTER.

"I HAVE CALLED MRS. THATCHER, BUT NOT ON THAT ISSUE," HE SAID. PERES HELD THE POST OF PRIME MINISTER AT THE TIME OF VANUNU'S DISAPPEARANCE. HE TRADED JOBS WITH CURRENT PRIME MINISTER YITZHAK SHAMIR LAST MONTH UNDER A 1984 POWER-SHARING AGREEMENT.

PERES FLATLY REFUSED TO DISCUSS THE REPORT THAT THE U.S. GOVERNMENT USED HIS COUNTRY AS A CHANNEL TO SELL ARMS TO IRAN IN A MOVE TO WIN FREEDOM FOR AMERICAN HOSTAGES IN LEBANON.

ASKED ABOUT HIS COMMENT IN A NEW YORK TIMES INTERVIEW WHICH, TO SOME OBSERVERS, SEEMED TO TACITLY CONFIRM THAT SUCH A DEAL HAD OCCURRED, PERES SAID:

"I DIDN'T SEE THE NEW YORK TIMES BUT I REMEMBER WHAT I HAVE SAID. I SAID WHEN IT COMES TO AN ATTEMPT TO SAVE HUMAN LIVES, I WOULD EXPECT EACH OF THE COUNTRIES TO HELP THE OTHER, BUT I DIDN'T REFER TO ANY PARTICULAR EVENT."

HE SAID PRESIDENT REAGAN DID NOT CALL HIM TO EXPRESS THANKS AFTER FORMER HOSTAGE BENJAMIN WEIR WAS RELEASED FROM CAPTIVITY IN LEBANON IN JULY, 1985. THE TIMES HAS QUOTED STATE DEPARTMENT OFFICIALS AS SAYING WEIR WAS RELEASED SHORTLY AFTER FORMER NATIONAL SECURITY ADVISER ROBERT MCFARLANE OPENED A SECRET CHANNEL TO IRAN THAT SAME MONTH.

PERES, WHOSE PRESS CONFERENCE WAS SPONSORED BY THE CHICAGO COUNCIL ON FOREIGN RELATIONS, IS IN THE UNITED STATES FOR TALKS WITH JEWISH LEADERS ON A PROJECT TO DEVELOP THE NEGEV, ISRAEL'S SOUTHERN DESERT.

701 -
November 12, 1986

TALKING POINTS ON IRAN

- Much has been written and said recently on U.S. policy toward Iran. The issue remains sensitive and for the time-being we cannot go much beyond what has already been said.

- On Iran: There can be no doubt that Iran is of extraordinary geo-strategic importance. The Iran-Iraq war poses a real threat to the stability of the Persian Gulf and energy reserves of vital concern to the West. We need to be sure that conditions in the region are not conducive to further Soviet inroads.

- On relations with Iran: It is interesting to note that only four countries do not have diplomatic relations with Iran -- Egypt, Israel, Canada, and the United States -- even the Iraqis continue to have diplomatic relations. Iran lies in the center of a volatile region. They face the Soviets to the north and Soviet-occupied Afghanistan to the west. The Persian Gulf supplies the bulk of the oil to the industrialized nations.

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- On the hostages: As much as I would like to tell you everything we have done with regard to gaining the safe release of all the hostages held in Lebanon, I cannot get into a discussion without fear of jeopardizing the lives and safety of those remaining hostages or compromising the usefulness of various intermediaries who have been helpful.
- On the French hostages: Naturally we are pleased to see the release of the two French hostages. I will not comment or compare our efforts to those of any other country.
- On terrorism policy: We have a firm policy -- in which I strongly believe -- not to capitulate to terrorist demands. Those who hold the Americans have consistently sought the release of convicted murderers being held in Kuwaiti jails. At no time did we nor will we entertain the notion of seeking to exchange these terrorists for innocent hostages.
- On the arms embargo: As long as Iran advocates the use of terrorism the U.S. arms embargo will continue. Moreover, the U.S. position on the Iran-Iraq War remains that the fighting should stop and the two sides should reach a negotiated settlement of this dispute. We favor an outcome wherein there is an honorable peace.

- On the McFarlane trip: I cannot comment on any aspect of the reports that Bud McFarlane travelled to Iran. Let me simply repeat to you what was said on Monday when I met on this subject with my top National Security advisors. There have been no U.S. laws violated nor will there be any laws violated as long as I'm sitting in this office. I can assure you that our intentions have always been honorable and that our policy of not making concessions to terrorists remains intact.
- On legal counsel: Although specifics must remain confidential, I can assure you that the proper channels for legal counsel were used in guiding our decisions in this matter.

~~TOP SECRET~~

~~TOP SECRET~~

November 13, 1986

U.S.-IRAN DIALOGUE:
INFORMATION THAT MUST REMAIN CLASSIFIED

1. The actual items transferred (names, quantities, cost).
2. Circumstances of items transferred (dates, points of origin, destination, mode of transportation).
3. The names of intermediaries and third countries involved (U.S. person, foreign persons, and third country persons)
4. Intelligence support to the operation (collection, analysis, operations, logistics).
5. Contacts with Iran (locations, dates, persons involved).
6. Items/intelligence transferred by Iran to the U.S. (nature of items/ intelligence, dates, locations, persons involved).
7. U.S. organizational structure (agencies and persons involved, coordination details).

DECLASSIFIED

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BY MAI, NARA, DATE 2/17/06

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Iran Initiative and Operation Staunch

- o Since Iraq and Iran went to war six years ago, we have sought consistently to bring about an end to the fighting and a negotiated settlement. As the President made clear in his speech last Thursday, we remain determined to achieve that goal.
- o Since Iran, unlike Iraq, has refused to negotiate an end to the war, we began several years ago to try to staunch the flow of arms to Tehran as a means of convincing the Iranian government that negotiations offered the best prospect for an honorable resolution of the conflict. Our principal objective has been, and will continue to be, to deny weapons to Iran which would enable it to prolong the war or tip the military balance in its favor.
- o The President's initiative to try to build a constructive dialogue with Iran was aimed at several important strategic objectives, among which one of the most important was a peaceful conclusion of the Iran-Iraq war. We sought to establish ourselves as credible arbiters in the conflict--able to exert some influence on both belligerents in an effort to stop a senseless and brutal struggle.
- o Our interest in encouraging an evolution toward normal relations between the United States and Iran required us to take concrete steps to demonstrate support for those within the Iranian leadership who were willing to take the risk of reopening a dialogue with the United States. This included transfers of very limited quantities of defensive armaments and spare parts. As the President indicated in his speech, the sum total of the shipments would fit in one large transport aircraft.
- o We were extremely careful to ensure that what we released to the Iranians--for the limited diplomatic purpose of building credibility with those Iranian leaders who shared our commitment to a more stable U.S.-Iranian relationship and a negotiated settlement of the Iran-Iraq war--did not alter the balance in the conflict or prolong the war. We made this very clear to our Iranian contacts.

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- o Our decision to transfer a miniscule amount of defensive equipment to Iran was fully consistent with the goal of Operation Staunch: to bring about a rapid, honorable end to the war. That decision was not an easy one to make; it involved a minor but undeniable deviation from our public policy of restricting the flow of arms to Iran. But few of the choices that we face in trying to end the war and promote our long-term strategic objectives in the region are easy.

- o We will continue to do all that we can to deny Iran the means to seek a military solution to its war with Iraq. At the same time, we will continue to try to develop the basis for a healthier and more stable relationship with an Iranian government prepared to live at peace with its neighbors. These goals are not contradictory, but complementary.

Reagan Said to Have Signed Order Seeking Rapprochement With Iran

11/31
5

Sources Say CIA and Others Are Carrying Out Policy Issued Earlier This Year

By JOHN WALCOTT

Staff Reporter of THE WALL STREET JOURNAL

WASHINGTON—President Reagan earlier this year signed a secret presidential directive ordering the U.S. government to seek a rapprochement with Iran, according to current and former U.S. officials who helped plan and execute the policy.

The covert U.S. efforts to carry out the directive are being conducted by officials from the Central Intelligence Agency and other U.S. intelligence services, as well as by a small group of White House aides, these officials assert.

Under the policy the president also approved Israeli shipments of American-made arms to Iran, in part to win the release of hostages held by Iranian sympathizers in Lebanon, the officials said. The covert efforts are continuing despite the fact that some of them have been disclosed in the Mideast and the U.S. press, severely embarrassing the U.S. and taking its allies by surprise.

As the secret diplomacy has been disclosed in bits and pieces, it has sometimes appeared to be an ad hoc operation conducted by only a few people. But officials involved claim that the program emerged from a formal, though secret, shift in U.S. foreign policy emanating from the president's desk and carried out by the full intelligence apparatus at his command.

Secret Policy Raises Questions

The secret policy already has damaged the administration, and it raises questions about whether the White House violated U.S. laws by allowing arms to flow to Iran and by failing to inform Congress at the outset of its covert activities. The U.S. has been caught negotiating with and helping to arm a fervently anti-American regime that has been condemned for supporting terrorism and that Washington has been pressing other countries to isolate.

Since the policy was adopted, three American hostages have been released by terrorists loyal to Iran in Lebanon. But new hostages have been seized and the Iranians have reneged on understandings to free other hostages, while taking the American-made military gear. Last May, former national security adviser Robert McFarlane and a current White House aide, Lt. Col. Oliver North, personally accompanied a plane load of military equipment to Tehran but got nothing in return.

Mr. Reagan's secret diplomacy is the most stunning shift in U.S. policy toward a hostile nation since the Nixon administration secretly began pursuing a rapprochement with China in 1969. According to the officials who planned and executed it, the covert policy is intended to free American and other hostages in Lebanon, to begin a

"strategic dialogue" between the U.S. and Iran, and to head off growing Soviet attempts to gain influence in Iran.

"The U.S. purpose from the beginning was to engender a process that might lead to an improvement in relations with Iran in ways that are compatible with our obligations to others in the region," Mr. McFarlane said yesterday. "Such a process could not proceed without the prior release of the U.S. hostages."

But the covert diplomacy violates both the administration's passionately stated policy of refusing to negotiate with terrorists and Washington's efforts to stanch the flow of arms to Iran. It has damaged U.S. relations with some moderate Arab states and with America's European allies and raised embarrassing questions about the policies and practices of Ronald Reagan's National Security Council.

Hearings Planned

One issue is whether the administration violated a 1980 law designed to ensure congressional oversight of covert intelligence operations. Several congressional committees plan hearings on the secret program. Rep. Dave McCurdy (D., Okla.), a member of the House Intelligence Committee, said yesterday that he didn't recall any administration briefing for the intelligence panel on U.S. activities concerning Iran. "The first time I heard of any of the Iran dealings was when I read it in the press," he said.

Yesterday, nearly a week after an Iranian official disclosed Mr. McFarlane's secret visit to Tehran in May, congressional leaders were hastily called to the White House for a two-hour briefing on what an administration official called "recent developments in U.S.-Iran relations." Sen. Robert Dole (R., Kan.), Sen. Robert Byrd (D., W.Va.), Rep. Jim Wright (D., Texas) and Rep. Richard Cheney (R., Wyo.) attended the meeting, which included Mr. Reagan, Vice President George Bush, Secretary of State George Shultz, Secretary of Defense Caspar Weinberger, Attorney General Edwin Meese, CIA director William Casey, National Security Advisor John Poindexter, and White House Chief of Staff Donald Regan. But the congressional leaders wouldn't discuss the meeting. "He's (Mr. Dole) been real tight-lipped about it," said Dole spokeswoman Dale Tate.

After the session, Mr. Byrd, who has been critical of the idea of trading arms for hostages and of the administration for circumventing Congress in the operation, said: "My mind has not been changed."

One participant in the secret program concedes that the administration made "an error in judgment" by trying to negotiate the opening of a U.S.-Iranian political dialogue "concurrently with the release of the hostages."

Mr. McFarlane hoped to advance both causes on his May trip to Tehran. But the Iranians took the military hardware on Mr. McFarlane's plane, refused to let him see top Iranian leaders, and said they

Please Turn to Page 20, Column 1

Reagan Said to Have Ordered U.S. To Seek Rapprochement With Iran

Continued From Page 3

couldn't arrange the release of American hostages, according to sources who were present during the incident. The Iranians then tried to bid up the price of the hostages by hinting that the Americans might be set free if the U.S. persuaded Kuwait to release 17 convicted terrorists and if Israel withdrew completely from southern Lebanon, the sources said.

The Iranian ambassador to the United Nations, Saeed Rajai-Khorasani, said in New York yesterday that Mr. McFarlane's May visit was "an overture to reestablish talks with Iran" and that it had "nothing to do with the hostages." The envoy confirmed that Iran was receiving U.S.-made weapons but said that "we didn't have any arms deal or any other kind of deal with regard to the release of the hostages with the United States or anyone else."

The ambassador said American weapons were reaching Iran either as part of transactions made directly with arms traders or possibly as fulfillment of previously signed contracts between the U.S. and the late Shah of Iran. But he refused to clarify whether these deliveries reflect recent agreements between the two countries. He suggested however, that if the U.S. were to release vast quantities of spare parts and arms paid for by the previous regime, a "favorable atmosphere" may develop that may facilitate the hostages' release.

The secret U.S. contacts with Iran that led to Mr. McFarlane's May mission began last year, when officials in the National Security Council staff became increasingly frustrated by Syria's inability to win the release of the hostages in Lebanon and alarmed by Iran's growing dependence on Soviet-bloc arms, policy participants said.

Although U.S. intelligence on Iran was generally skimpy, White House officials believed the Soviets were undertaking a major military buildup on the Iranian border, partially camouflaged by movements of Soviet troops in and out of neighboring Afghanistan. And, U.S. officials claim, that the KGB, the Soviet intelligence agency, was intensifying its activities within Iran.

The plight of the hostages and growing White House fears about Soviet moves in the region provided the motives for secretly reversing U.S. policy toward Iran. Israel provided an opportunity.

David Kimche, then the Director-General of the Israeli Foreign Ministry, met with Mr. McFarlane in Washington late in the summer of 1985 and stressed the need for improved U.S. relations with Iran. Other participants in the discussions say Mr. Kimche suggested that Mr. McFarlane contact an Iranian named Manucher Ghorbanifar, who he said had "channels" to the Ayatollah Khomeini's designated successor, Ayatollah Hussein Ali Montazeri, and to Iranian Prime Minister Mir Hussein Mousavi.

But Mr. Kimche warned Mr. McFarlane that the Iranians would need some evidence of American good faith and suggested that the U.S. might provide spare parts that Iran needs in its war against Iraq.

When Mr. McFarlane said the U.S. couldn't do that, Mr. Kimche, the sources say, asked if the U.S. would continue to sell arms to Israel if the Israelis shipped some weapons to Iran. Mr. McFarlane, according to this account, said the U.S. wouldn't provide Israel with arms to replace shipments to Iran but added that the U.S. would continue its military support to Israel.

After a meeting with his top national security advisers, including Secretaries Shultz and Weinberger, Mr. Reagan assigned Mr. McFarlane and Lt. Col. North to secretly pursue the effort to open a political dialogue with Iran. Messrs. Shultz and Weinberger approved a political opening to Iran but opposed any arms transfers, according to one official at that White House meeting.

What Was Discussed

The administration's contacts with the Iranians eventually led to a one-hour meeting in London last December between Messrs. McFarlane, Kimche and Ghorbanifar. According to participants, Mr. McFarlane began the meeting by saying he was present on behalf of his government to open a political dialogue with Iranian leaders.

Mr. Ghorbanifar replied that Iranian officials needed signals of U.S. sincerity before they could accept the American initiative, the participants said. But they added that the Iranian never specified what those signals might be, never solicited American arms or spare parts, and never suggested a deal for the hostages in Lebanon.

The participants said Mr. McFarlane "firmly, unequivocally" rejected any deals with the Iranians for the hostages and the meeting broke up with the Iranian agreeing to convey the U.S. interest in opening a "strategic dialogue" to top leaders in Tehran.

Upon his return, Mr. McFarlane recommended that the administration try to do business only with Iranian officials, rather than with intermediaries such as Mr. Ghorbanifar. But Iran sent word that the U.S. should press on through Mr. Ghorbanifar and meetings between U.S. and Iranian officials continued.

Meeting in Tehran

One hostage had been released in September 1985, shortly after the U.S. began trying to improve relations with Iran. Then after a period of no progress, the ice appeared to begin breaking last April. Mr. Poindexter, who succeeded Mr. McFarlane as the president's national security adviser, told Mr. McFarlane that the administration had reached an agreement with Iran to open a political dialogue that in time could lead to freedom for all the remaining hostages in Lebanon. The national security adviser asked his predecessor if he would fly to Iran to initiate the dialogue.

The Iranians recommended that Mr. McFarlane come aboard a plane scheduled to deliver a load of spare parts for the Iranian military from a third country. "It was their suggestion that we pose as arms dealers," one source insists.

Meeting in a Tehran hotel, Mr. McFarlane, according to sources who were pres-

THE WHITE HOUSE
Office of the Press Secretary

Embargoed for 8:00 p.m. EST

November 13, 1986

BACKGROUND BRIEFING
BY
SENIOR ADMINISTRATION OFFICIAL

The Briefing Room

2:00 P.M. EST

MR. HOWARD: It's understood that this is ON BACKGROUND, and for the wires, you are embargoed -- you cannot move the stuff on the wires until 8:00 p.m. tonight. Is that clear?

THE PRESS: Yes.

MR. HOWARD: Okay.

MR. ROUSSEL: Everybody got that? Nobody has got any questions on that now, right? So don't -- say "Hey, I didn't hear it."

MR. HOWARD: No transmission on the wire -- okay.

SENIOR ADMINISTRATION OFFICIAL: I don't really have an opening statement, but let me just make a few brief remarks, then I'll take your questions.

As we have said from the very beginning, we are still very much concerned about the lives of the hostages, and we are concerned about our broader interests in the Persian Gulf, and specifically Iran, which we will get to in a little bit. But because of all of the speculation which by itself puts at risk the operations that we've been involved with, the President decided to make a speech tonight at 8:00 p.m. to the national television audience with the point being of laying out more of the information about what we've been involved with, with the hopes of stopping speculation and creating more damage.

It -- and I will try to answer many of your questions today. There are some things that we still do not want to talk about, and I hope by the end of this background briefing you will have a better appreciation of what's involved and why we're reluctant. So with that, let me run over what our four basic goals have been in this project that have been ongoing for roughly the past 18 months.

First, our goal has been the restoration of a stable relationship with Iran; the second, an honorable end to the Iran-Iraq war and greater stability in the Gulf region; third, the elimination of state-sponsored terrorism and subversion; and lastly, but not least, certainly, the safe return of all the hostages. So with that brief introduction, why don't I just turn to questions? I think it's probably the simplest thing.

Q From all of the discussion, apparently, with the leaders yesterday and presumably in the President's speech tonight about these larger goals, isn't it not the case that the arms and weapons that were shipped to Iran were done so with an eye toward an indirect relationship to the fourth goal, which was the hostages and not your other goals?

MORE

SENIOR ADMINISTRATION OFFICIAL: That's absolutely incorrect, David.

Q But can you spell that out and explain it?

SENIOR ADMINISTRATION OFFICIAL: From the very beginning, our -- actually, from the beginning of this administration, we have been looking at the problem of Iran and how to move back in the direction of a more stable relationship. Iran occupies a very strategic geographical position in the world. It is one of the shortest routes to warm water for the Soviet Union, it sets along one side of the Persian Gulf, the world's greatest reserve of oil, and it is essential that Iran remain a sovereign country that's at peace with her neighbors so that the Gulf remains open, the oil flows to the rest of the world, and of course, it's not in our strategic interest for the Soviets to have access, direct access down to the Indian Ocean.

So the conclusion that we somehow are just trying to put the icing on the cake here by coming up with these other objectives as a last-minute thought is entirely wrong. The President signed a policy document many months ago that clearly lays out all of these objectives, and that policy document has been briefed to appropriate Congressional leaders and will be briefed further.

Q Well, if I could follow-up my question, you didn't respond to the question of the link between the weapons and the hostages. Is it not true that the first shipment of weapons came at -- right around the time that Benjamin Weir was released? If you were doing this for so long, why did you -- why is it that the timing of those two things coincide?

SENIOR ADMINISTRATION OFFICIAL: Let's talk about that. First, let me make clear that all of the material that we have transferred to Iran, if you put all of it together, it could be placed in a single cargo aircraft. It is all defensive material.

Q What does that mean?

SENIOR ADMINISTRATION OFFICIAL: Well, we don't want to get into the specifics of actually -- let me go OFF THE RECORD now, and I will explain to you why we don't want to reveal the specifics of what we've actually transferred. So this part's off the record, and I'll go --

Q Excuse me. If you touch on things that we already know, we're not barred by -- from putting them in the paper about the nature of this stuff that's -- some of it's been reported on.

SENIOR ADMINISTRATION OFFICIAL: You sound like a sea lawyer, David.

Q Well, I just don't want you to think I'm violating the ground rules if I report what this material was, because some of it we already know.

SENIOR ADMINISTRATION OFFICIAL: Well, here, let me stay off the record and try to help you understand what the problem is here. Iran obviously has been getting arms from much of the world now for the entire six-year period, because they have been fighting the war for six years. They've gotten arms from China, from the Koreas, from Western Europe, from other countries in the Middle East, and there are numerous arms shipments going into Iran. We have been working for many years now to try to staunch that flow.

Now, the amount of material that we've actually transferred is miniscule, has absolutely no impact on the balance in the war. It has been done primarily as a demonstration of good faith on our part in carrying out this dialogue with certain factions

MORE

within Iran. Now, if we reveal actually what went in, amounts, dates, specifics, then the factions that are not operating in our interest in Iran will use that information to use it against those factions that are more moderate and that are trying to help.

So we don't want to reveal precisely what went in, the amounts, the dates, and so forth. But I can say that the material is all defensive. Now, let me give you an example. For example, and don't infer -- I'll go back ON BACKGROUND now -- don't infer from this that we've transferred these things, but for example, air defense material would be defensive. And --

Q Including surface-to-air missiles?

SENIOR ADMINISTRATION OFFICIAL: A surface-to-air missile would be defensive. That's a -- you know, it can't

MORE

be used to attack, but it can be used to defend the country. For instance, an anti-tank weapon would be a defensive weapon. A sea mine would be a defensive -- well, now, that wouldn't be a defensive weapon -- think of other examples.

Q Radar equipment?

SENIOR ADMINISTRATION OFFICIAL: Radar would be defensive.

Q Spare parts for F-4's.

SENIOR ADMINISTRATION OFFICIAL: I wouldn't call that offensive -- I mean, I wouldn't call that defensive. I'd call that offensive.

Q And we understand, since you said on background, that only defensive weapons were shipped and --

SENIOR ADMINISTRATION OFFICIAL: I said that -- yes, on background, only defensive weapons were shipped.

Q And you're not classifying spare parts to be aircraft and defensive then can we safely assume --

SENIOR ADMINISTRATION OFFICIAL: You can assume that we did not send those.

Q Now, when you say, "We sent," are you talking about -- are you including the Israelis sending on the big --

SENIOR ADMINISTRATION OFFICIAL: I'm not saying anything about the Israelis.

Q But when you say, "we," are you trying to direct --

SENIOR ADMINISTRATION OFFICIAL: I'm talking about the United States.

Q Are you making -- are you making a distinction between whether it was sent directly or through intermediaries?

SENIOR ADMINISTRATION OFFICIAL: What I'm saying is, that the United States -- and the United States -- with the United States government agreeing, transferred this, in total, one cargo plane full of defensive material to Iran.

Q Can you tell us, sir, why it was necessary to establish an arms relationship in the first place?

SENIOR ADMINISTRATION OFFICIAL: Well, the problem here is that -- that ever since 1979 there has been a lot of suspicion on both sides after the taking of our embassy there and our departure from Iran. As some of you probably remember, and the President will point out in his speech tonight, in 1979, Brzezinski made contact in Algiers with a member of the Bazargan government. That was revealed, and as a result, the Bazargan government fell because the radical elements in Iran took advantage of that. And ever since that time, representatives of the Iranian government have been very leery about any contact with the United States for fear of their own existence.

So one of the major hurdles that we've had to overcome here, during this administration, was how to reach out to Iran in such a way that we made contact with responsible government officials that had moderate views, and through which we could have some sort of dialogue with, at least, portions of the government.

Now, because of the extremely bad situation between the United States and Iran, it's been very difficult to do that. It took us a long time to find these contacts that we've been in contact

MORE

with. And one of the problems has been showing -- has been the problem of showing good faith on our part. And the mechanism that's been used to show good faith has been this transfer, and again, I reiterate, is a very small amount of material. All the stories in the paper about F-4 parts, about the Danish ship and the Seaman's Union, and the numerous aircraft flights, most all those stories are simply not true. At least not true from the standpoint that the U.S. government was involved in those shipments. We were not. And I'm not being cute here saying that we were winking at somebody else doing it because we have sincerely been trying to limit the amount of arms that are transferred because our position remains the same with regard to the war. We'd like to see an end to the bloody war.

And our position has always been that the only way to solve it is through a negotiated solution that presents an honorable conclusion to the war in such a way that the territorial integrity of both countries is protected.

Jacques?

Q As proof of good faith, did the Iranians on their side help for the release of some American hostages?

SENIOR ADMINISTRATION OFFICIAL: All right, let's talk about that connection. And that gets back to the basic point here, I guess that Dave had first raised. There are several factions within the government of Iran. There are basically three. There is a conservative faction, a moderate or middle-of-the-road faction, and a radical faction -- or more radical faction.

The conservative faction generally wants the war with Iraq to stop, would like to see a better relationship with the United States. And the middle-of-the-road faction is just that. The radical faction still wants to continue the revolution by exporting it. It still wants to remain involved with terrorism and is opposed to a relationship with the United States.

In going through that preamble, Jacques, I forgot your precise question.

Q Did the Iranians show some good faith in helping you to release the hostages?

SENIOR ADMINISTRATION OFFICIAL: Oh, all right, yes, all right. Now, the hostages, we have felt, were taken and held by various factions of the Hezbollah, which is a political/religious party within Lebanon. Iran has some influence over the Hezbollah. The elements that we have been dealing with have some influence over the Hezbollah. They do not have -- I don't think you'll find anybody in the U.S. government who would say that Iran has total control over what the Hezbollah do. The only known demand, or let's say, the most significant demand by the Hezbollah that are holding the -- at least some of the U.S. hostages -- and here on the U.S. hostages, I want to make a distinction between Buckley, Weir, Jenco, Jacobsen, Sutherland and Anderson, one the one hand, and the more recent three, Reed, Cicippio and Tracey, I guess it is.

The group that we feel, and again, we don't know this for absolute fact, there's still some assessment and judgment involved, but we think that probably the same group has been involved in the taking and holding of the first six. Their only stated demand has been the release of the Dawa prisoners in Kuwait. And the U.S. government's position on that has been very clear, that we won't do anything to pressure Kuwait to release those prisoners who were convicted in a Kuwaiti court of law for terrorist crimes, including the murder of several people, the bombing of our embassy and other facilities.

And, you know, it is on the basis that we have not dealt directly with the Hezbollah. In fact, we have never had a direct

MORE

approach from them. We don't know for certain exactly which people are involved. But from their reports through third parties and from their public claims we know that their major demand is the release of the Dawa prisoners, which we will not and cannot, for that matter, meet because the Kuwaiti government isn't going to let them go.

So it's on the basis, -- the President has stated that our policy with regard to terrorism and not negotiating with the captors remain intact. It's based on the fact that indeed we have not dealt with these captors. But we have told the moderate elements within Iran that we've been dealing with, that the major obstacle to progress in any kind of a constructive relationship with the United States depends on their stopping terrorism and also depends on our getting the hostages back because, I think, the President has rightfully thought that there is no way that the American public would understand a better relationship with Iran as long as there was the suspicion here that somehow Iran was involved in the taking and hold of those hostages.

Now, an interesting thing happened shortly after -- we dealt through more than one channel to the government of Iran, and that's an important point. But shortly after we began discussions in the first channel we got an agreement from the elements that we were dealing with that there would be no more hostage taking or terrorist incidents conducted against the United States by Iran or by any groups supported by Iran.

MORE

Q How long ago was that?

SENIOR ADMINISTRATION OFFICIAL: It was about -- I'd have to go back and check for sure, Bernie, but it was about 18 months ago -- about the time that the first channel started -- roughly 18 months ago. Don't hold me to that, but I'd have to go back and check the records to be sure. But we went for a long period of time; in fact, it was up until the taking of Reed that we felt that that held true. And we didn't have any evidence of Iranian involvement with -- to answer your question, it probably gets a little closer -- would be -- it would have been sometime after the taking of the last of the first six, whichever one that was. I can't remember. They said they would do that and what we observed was exactly that. We went for about a year without any hostages being taken.

Now, we also, as I said, told them that the only way that we could have a positive relationship with them was if we got the hostages back and so that had to be one of the conditions.

Okay, let's go to another question here.

Q Why, then, was the Secretary of State said to be so upset if it was a matter of geopolitics and strategic interests rather than getting the hostages out -- why would it prompt talk of resignation by the Secretary of State?

SENIOR ADMINISTRATION OFFICIAL: Well, the Secretary of State never said that. As you know, he has said that he is not going to resign.

Let me say that -- and this is an important point as to who all has been involved here and the reporting on this has not been accurate and I'm not criticizing you for that, because we haven't told you. But I just -- I mean, I don't want to tell you the dangers of speculation or relying on nonauthoritative reports. When this project, through -- when it became clear to us that we had a possibility of reaching to -- through to some of the more modern elements within Iran -- when that became obvious to us -- and we worked for a long time before the 18-month period to figure out how we might do this -- but when we decided to start on this project with these goals that I gave you in the beginning, we had meetings with the President in which all of his national security advisers were involved. They all made recommendations to the President. The recommendations weren't all the same. I'm not going to give you the details about who recommended what. The President listened to all of the recommendations, understood the risks that were involved, and decided that it was in the national interest of the country to go ahead.

In carrying out the operation, the knowledge of the details have been extremely limited. In fact, we were successful for almost 18 months in keeping the details quiet. We are convinced, if we had not done it secretly, we wouldn't have made the progress that we think we've made. It was not only important to the hostage lives, but it was also important to protect the channels that we had -- and hopefully still have, although we admit that they're at risk at this point -- into Iran. The appropriate operational agencies of the government have been involved. It has not been an NSC "cowboy" run operation. Our people have certainly been involved, but so have the other operational agencies of the government.

Q One of the main criticisms -- I'm sorry.

Q If I can just -- you said that one of -- is that what you will tell Congress when it says did you circumvent the reporting requirements to us that would have been triggered by CIA involvement by putting this at the NSC. Is that what you will tell them?

SENIOR ADMINISTRATION OFFICIAL: That's exactly what we

MORE

told them yesterday. And we will tell them in more detail. We state unequivocally that we have complied with all of the appropriate laws involved. In fact, one of the previous directors of Central Intelligence, I'm told, made a statement the other day. It was critical of us, because they thought we had not included appropriate operational agencies of the government and he made the point that during the Carter administration, the laws involving the oversight of the Congress were modified to make it specifically clear that there are occasions where the President can do the consulting and reporting to Congress after the fact.

Q Can you also discuss the legalities on the arms embargo and the arms export act statutes -- how that does or does not come into play here?

SENIOR ADMINISTRATION OFFICIAL: I'll try to answer that question, but it -- to answer it fully, you've got to get involved into the operational details, which I don't want to get into. But the arms embargo is an Executive Order. And, of course, the President can waive -- that's a Presidential document -- the President can waive that.

Q Has that been rescinded by President Reagan? Has anything -- has he signed anything that's taken any of the weight out of that?

SENIOR ADMINISTRATION OFFICIAL: He has signed a document that has authorized this project and that, in effect, is the governing document I think is the best way to say it.

Q When did he sign that?

SENIOR ADMINISTRATION OFFICIAL: In January of 1986.

Q And did that make any specific reference to military sales or transfers?

SENIOR ADMINISTRATION OFFICIAL: It covered all aspects of our project.

Q Were there any transfer -- were there any arms transferred -- well, two questions. Were there any arms transfers before the President signed this document? And, second, was it Attorney General Meese who told you that this was legal? Did you consult with him? Was he the one who gave the legal approval?

SENIOR ADMINISTRATION OFFICIAL: On all operations of this kind, the Attorney General passes on the legality and there was no exception in this case.

Q When did he do that? Before the President signed this directive?

SENIOR ADMINISTRATION OFFICIAL: Before the President signed this directive.

Q So he was informed from the beginning of the entire operation?

SENIOR ADMINISTRATION OFFICIAL: As I said, all of the appropriate senior national security advisors, and Ed Meese is considered in this administration as one of those, have been involved, were consulted from the beginning.

Q Since this operation has been underway --

Q The second part of that question -- were any of the shipments or transfers done before the directive was signed?

SENIOR ADMINISTRATION OFFICIAL: That would have been

MORE

illegal and I have said we didn't do anything illegal. We complied with all of the laws.

Q So you're saying that the reports of shipments being done last summer, last September, that they are not through the United States?

SENIOR ADMINISTRATION OFFICIAL: They are not related to the U.S. government.

Q You said that the channels in Iran are now at risk as a result of this operation being at least partially blown. So it would appear our relationships with other governments in the Middle East --

SENIOR ADMINISTRATION OFFICIAL: I don't agree. We have talked to many of the governments in the Middle East and, frankly, some of those government -- I don't want to identify which ones -- have been encouraging us for a long time to try to talk to Iran. Governments in Europe, governments in Asia have encouraged us to open channels to Iran. As I said earlier, we've been trying for a long time to do just that, but it's been very difficult to do. And we have not explained all of the details to our friends in the Middle East, but I am convinced that once we do and they understand the details -- the President's speech tonight will go further than we have gone with them -- and I predict that the reaction will be nearly uniformly positive.

Q Well, you, on several occasions, were disappointed in getting some of the hostages back. Did that lead you to question the good faith of the people you were dealing with?

SENIOR ADMINISTRATION OFFICIAL: No, it didn't. This is -- it -- like many issues that we're involved with, these are very difficult issues. If they were cut and dried I guess the job wouldn't be any fun, although I'd probably get more rest.

Q Why --

SENIOR ADMINISTRATION OFFICIAL: Let me finish answering the question. It -- the only thing it demonstrates is that at least the factions that we have been in contact with don't have total control over the captors. And the big hangup here has been that we are unwilling to do anything to meet the captors' demand. And so there's -- the people that we've been dealing with have had to use persuasion and jawboning to get what we've got.

Q Could you tell us something about visits of U.S. officials to Tehran, whether there have been more than one visit -- something like that? If I could follow-up when you're finished.

SENIOR ADMINISTRATION OFFICIAL: Well, I will talk a little bit about that since the Iranians themselves have said something about that. Bud McFarlane did go on a mission at the President's direction to Tehran in May of last year.

Q Last year?

SENIOR ADMINISTRATION OFFICIAL: Well, May '86 -- excuse me -- '86 -- May of '86.

Q Excuse me. Is that it? (Laughter.)

Q Have you seen the tapes? (Laughter.)

Q Could I ask one more follow-up question and then maybe another one? Rafsanjani, in his November 4th speech, said that the Iranians had monitored McFarlane's communication with officials in Washington. The Soviets went in one further. They said Tass -- invested in the foreign broadcast -- that McFarlane talked to the President himself. Did he talk to the President himself from Tehran?

SENIOR ADMINISTRATION OFFICIAL: No.

Q And one further question --

SENIOR ADMINISTRATION OFFICIAL: He talked to me.

Q Oh, he talked to you? Okay. (Laughter.) And one last question, as far as I'm concerned is he talked before -- you're talking -- apparently, the President's talk about speculation, about how harmful speculation is in this case, and it intrigues me because the speculation was begun not by American reporters, but by al Sira which is this pro-Syrian weekly magazine, and was later elaborated on by the Iranians themselves. And I'm wondering if this hasn't always been a risk in this kind of an operation? And if it was, how did you measure it?

SENIOR ADMINISTRATION OFFICIAL: It has been a risk and it was one of the risks that we considered from the very beginning. I think -- I'm trying to decide how much more to say -- there is a lot of political in-fighting going on now in Iran. There have been arrests of quite a number of people. The various factions are jockeying for position. And it's my assessment that the reason that Bud's trip there was revealed has to do with that political infighting. There are, as I said, the radical faction is opposed to an improved relationship with the United States.

Q -- a few things on the shipments, just to clarify this. Any shipments that were made prior to January of 1986 you're saying the U.S. had no role in, either condoning, winking, encouraging, or anything of that nature? Is that correct?

SENIOR ADMINISTRATION OFFICIAL: That's correct.

Q Did you know about them and try to argue against them?

SENIOR ADMINISTRATION OFFICIAL: We have argued with many of the countries of the world against shipping material. But I can go down -- well, I won't go down, but we have information of country after country, European allies, Middle Eastern friends, Asian friends, that still continue to ship arms.

Q So in no way did you condone or encourage it? And when you said that there was one cargo plane-worth of equipment, are you suggesting that there was only one transfer or that there were

MORE

several flights --

SENIOR ADMINISTRATION OFFICIAL: No, I wasn't suggesting that.

Q So there were several flights equal to the equivalent.

SENIOR ADMINISTRATION OFFICIAL: Small amounts -- not several, but a few.

Q A few. Could you say then what prompted the release of Benjamin Weir then in September of '85? What event do you think was related to his release?

SENIOR ADMINISTRATION OFFICIAL: Well, I think that it was a matter of our talking to the contacts through our channel, making the case as to what our long-range objectives were, demonstrating our good faith --

Q How did you do that?

Q How was that done?

SENIOR ADMINISTRATION OFFICIAL: Well, that was one of the motivations behind the small amount of stuff that we transferred to them.

Q But that was done later?

Q But where -- before this January document was signed?

SENIOR ADMINISTRATION OFFICIAL: The problem is -- and don't draw any inferences from this -- but there are other countries involved, but I don't want to confirm what countries those are and -- because I think that it is still important that that be protected. And going back to the question you asked me earlier, there was one shipment that was made not by us, but by a third country prior to the signing of that document.

Q This shipment to Israel?

SENIOR ADMINISTRATION OFFICIAL: I'm not confirming that, George.

Q Was that on our behalf?

SENIOR ADMINISTRATION OFFICIAL: It was done in our interests.

Q Sir, what --

Q Was that before Weir was released?

SENIOR ADMINISTRATION OFFICIAL: I honestly don't know. And if I knew, I don't think I would tell you precisely.

Q You just said previously that you did not condone any shipments.

SENIOR ADMINISTRATION OFFICIAL: I went back and corrected -- there was one exception and that was the one I just described.

Q And that was --

SENIOR ADMINISTRATION OFFICIAL: That was it.

Q And that was around the time of Weir's release.

MORE

When you said demonstrating our good faith we have to assume -- infer from what you've said that there was some kind of quid pro quo.

SENIOR ADMINISTRATION OFFICIAL: It was in the general time frame.

Q Sir, one version -- several versions of the chronology suggest that at each of the point of these releases you expected all or several of the hostages to be released all at once; bargaining, in effect, went back and forth; you only got one and the impression has gotten out that each time the Iranians raised the ante; that you were, in effect, caught in a bad bargaining cycle. Is that correct?

SENIOR ADMINISTRATION OFFICIAL: Well, it isn't correct. It has been, again, a matter of not having total control over the captors and it's been our unwillingness to meet the demands of the captors. They simply haven't been able to -- even though our objective and our preference would have been to get all of the hostages out, we've been unable to do that.

Q But the Iranian interlocutors haven't come back and said this isn't enough, we're going to need more?

SENIOR ADMINISTRATION OFFICIAL: No, it's been much more complex than that. It's been a matter of the people that we've been dealing with through this channel having to exert more effort, take more risks on their part.

Q Can you give us an idea what effect the President's speech might have on the fate of the hostages or on the --

SENIOR ADMINISTRATION OFFICIAL: That's a no-win answer. (Laughter.)

Q Yes, right.

SENIOR ADMINISTRATION OFFICIAL: You force us into a position where we've got to reveal it, then you're going to ask us if it does any damage.

Q Well, we didn't force you to do anything.

Q Did you vote against it?

SENIOR ADMINISTRATION OFFICIAL: I'm not going to answer that question, Johanna.

Q Can you tell us why and how McFarlane got involved?

SENIOR ADMINISTRATION OFFICIAL: Down at the end first.

Q I just want to clear up one point about Congressional notification. Did you notify -- did the administration notify, subsequent to the signing of the directive, anyone on the Congressional Intelligence Committee -- staff or members -- before word of this operation leaked out in Al Sira?

SENIOR ADMINISTRATION OFFICIAL: Yes.

Q And that was based on what portion of the law that permits you to do that?

SENIOR ADMINISTRATION OFFICIAL: It's Section 501 of the National Security Act of 1947.

Q That's the -- is that the timely basis?

SENIOR ADMINISTRATION OFFICIAL: That's right. After the fact. The President's judgment as to what's timely.

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Q And your reasons for doing that, which I'm sure you'll be asked about when you get to the Hill, for not notifying them until after the fact?

SENIOR ADMINISTRATION OFFICIAL: The reasons were because of the sensitivity of the operation and the safety of the hostages -- the lives that were involved, both our own plus Iranian.

Q Can I clear something up on the document, too? Did the President sign a document 18 months ago that kind of laid out the broad outlines of this project and then sign something else back in January that served as implementation or whatever you want to call it? Is that the case or was there just one document in January? What are we talking about?

SENIOR ADMINISTRATION OFFICIAL: There were discussions before January and a document in January.

Q Why and how did McFarlane get involved?

SENIOR ADMINISTRATION OFFICIAL: We wanted somebody that the President had trust and confidence in that would not be missed from the Washington scene for a period of time.

Q Can you say on the few shipments after 1986, were they in the general time frame of the release of Father Jenco and then David Jacobsen?

SENIOR ADMINISTRATION OFFICIAL: Again, I don't want to get involved in the details of that because that will only play into the hands of the more radical elements within Iran because they'll be able to figure out -- look, the country has been fighting a war for six years. They've got flights and shipments coming into Iran nearly everyday. And if we provide the details as to when shipments arrived, then the radical elements will be able to figure out who was dealing with the United States.

Q I'm not asking for the details. I'm asking whether, as in the case of Benjamin Weir, there's a relationship between --

SENIOR ADMINISTRATION OFFICIAL: Yes, I'm just not going to get into that. Other than -- the relationship is as I was discussing before, that it was a matter of our demonstrating good faith and trying to provide some support to the moderate elements because they've got to get -- the people that we're dealing with have got to have some credibility within the country. And they've got to be able to show that their connections,

you know, are operating to the benefit of Iran.

Q Well, was there any other way that this government could have demonstrated good faith --

SENIOR ADMINISTRATION OFFICIAL: We could not think of any.

Q There are no other options, other than --

SENIOR ADMINISTRATION OFFICIAL: I'm not saying that there aren't any others, but we just simply couldn't think of anything else that was effective.

Q They had asked for arms. I mean, how did it come about? Did they specifically request arms? Or -- because the ambassador yesterday talked about releasing assets. I mean, there are lots of other things that this government could do. How did that particular demonstration of good faith get chosen? Whose idea was it?

SENIOR ADMINISTRATION OFFICIAL: I'm not going to get into all -- those are too many operational details.

Q All right. Well, without saying who -- what is the rationale for that particular act of sending of armaments, especially when, you know, there is this arms embargo that's out there?

SENIOR ADMINISTRATION OFFICIAL: Look, you know, the arms embargo is because of -- we don't want unlimited amounts of material being shipped to further the war, and what we were doing was not that.

Q Well --

SENIOR ADMINISTRATION OFFICIAL: And it had to be very carefully controlled, obviously, and there is nothing at all inconsistent with having an arms embargo and the President authorizing some specific waivers of that embargo.

Q Well, some analysts in the war claim that one of Iraq's major military advantages are tanks, and that Iran was very short on anti-tank weapons. And you -- well, you didn't specifically say that you've sent anti-tanks --

SENIOR ADMINISTRATION OFFICIAL: No, I did not say --

Q -- you said that that does fall in the category of defensive weapons, and other sources have reported that they included anti-tank weapons, and that's considered by people in the Middle East as a major gain -- military gain for Iran to try to turn the tide in the war. Do you -- what's your response to that?

SENIOR ADMINISTRATION OFFICIAL: We have watched very carefully the status of the war all along the front. And as I said, our objective here is to not have any winners or losers. And what we want is a negotiated solution by both sides. And we have worked in that direction, and nothing we've done is inconsistent with that.

Q You said the anti-tank weapons?

SENIOR ADMINISTRATION OFFICIAL: You're trying to pin me down as to what we've said, and I'm not going to answer it.

Q I'm wondering if you could -- I'm sorry. Well, I just -- it's actually a follow-up to your earlier question, I believe. You started to talk about what contacts U.S. officials have had with Iranians, and you got as far as Bud going there in May. There have also been reports that Ollie was with Bud on that trip, that you and Ollie went when Bud was still the National Security

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Adviser, met with Iranian officials in Geneva in '85, I believe, and that Bud and Ollie have made other contacts with Iranian officials or their intermediaries in New York and Europe.

SENIOR ADMINISTRATION OFFICIAL: I'm not going to get into the details of the other meetings or visits.

Q And that Ollie went to Tehran by himself once, on another trip.

SENIOR ADMINISTRATION OFFICIAL: There has been one trip to Tehran -- the trip I mentioned.

Q What about -- well, can you just say --

Q One trip other than the trip --

SENIOR ADMINISTRATION OFFICIAL: No, the trip that I mentioned, Bud's trip was the only trip.

Q To Tehran?

Q But have there been contacts in Europe or elsewhere?

SENIOR ADMINISTRATION OFFICIAL: There obviously have been lots of contacts -- in Europe, in the United States. But I'm not going to get into the details of who was involved in the trips.

Q If I could go back to your point, you say there's nothing inconsistent about having an arms embargo and also having the President authorize waivers. What's the President's view about, though, preaching to the rest of the world that there ought to be an arms embargo? It wasn't simply something we imposed on ourselves, but we tried to impose on them. Did he say at the moment that you asked, or others asked him to approve the waivers that this is worth it? How did he justify doing something -- saying one thing to the world and doing another?

SENIOR ADMINISTRATION OFFICIAL: Look, I mean, I guess it must be awfully hard to understand or I'm not articulating it very well. The amount of material that was shipped was miniscule -- had absolutely no effect on the balance of the war. It was, again, a demonstration of good faith and an indication that the people that we were dealing with could gain some support from the United States. Now, we don't want unlimited shipments from the United States, we don't want unlimited shipments from Germany, from France, from China. And we have worked to try to prevent that. We are not -- we will admit that we are not totally successful; arms still get through. But we don't want an uncontrolled supply to fuel the war, because we're trying to bring it to an end.

Q But you know as well as I, Reagan is a man of principle. How did he justify -- even on a miniscule basis, breaking the principle that he had articulated?

SENIOR ADMINISTRATION OFFICIAL: We have never said that we weren't shipping arms to Iran. That would be the matter of principle, if we'd said we'd never shipped any. We haven't commented on it. At the same time, we've worked to stop uncontrolled shipments. I don't see anything inconsistent with that at all.

Q I thought -- I'm sorry, I thought it was our policy not to ship arms, whether or not you had said it or not.

SENIOR ADMINISTRATION OFFICIAL: It is our policy not to ship in an unrestricted way arms to Iran.

Q I thought it was a policy not to ship any arms to Iran.

SENIOR ADMINISTRATION OFFICIAL: We have never said that.

Q So all along, we had a policy of telling the world we don't want major shipments, but we might be able to ship a small amount?

SENIOR ADMINISTRATION OFFICIAL: You know, the world is very complex, and this sounds very pedantic, and I don't mean it to be that way. But when you're trying to accomplish something like this, you have to use unconventional methods. And this was a case where we thought that in terms of furthering our long-term objectives, which we think are very important in terms of -- establish a more stable relationship with Iran, ending the Iran-Iraq war, that making some waivers in this case to ship a very small amount of material was a justified deviation from our public policy.

Now, if we had made it public that we were doing this, we would have defeated what we were trying to do. So, I mean, how do you go about trying to solve a difficult problem like this when that may be the only way you can do it.

Q Well, the only thing I would ask you is, the President's credibility has always been high, you know, and he's stood for principles around the world and said we stand for democracy.

SENIOR ADMINISTRATION OFFICIAL: We are still standing for principles. We're standing for a very important principle -- the end of the Iran-Iraq war.

Q One of the --

SENIOR ADMINISTRATION OFFICIAL: -- the end of terrorism, the end of hostage-taking. Those are very important objectives.

Q And you don't think they've been undermined at all by the disclosure.

SENIOR ADMINISTRATION OFFICIAL: Not at all.

Q Admiral, one of the criticisms of the whole operation was that there was no sense among the NSC and the other people -- participants. What will happen if this thing leaked, as it eventually did, and the ripple effect of that, and the damage control that would result, which is exactly what's happening now? Was there any thought given to that?

SENIOR ADMINISTRATION OFFICIAL: Oh, absolutely. But you see, the damage, or the possible damage of this being revealed at this point is that it probably damages the chance of getting the other hostages out soon. We'll have to figure out probably at this point some other way to go about the problem, because the President's not going to forget about them. He worries about the hostages being over there every day. It may very likely damage the prospects for progress with Iran, but I don't think that once the allies, our European allies understand what we were doing, will have any trouble accepting that and understanding, and I don't think our moderate Arab friends will have any trouble with it. So I don't think there's any damage there. And I think once the American people understand it, they won't have a problem with it.

Q What --

Q On that --

SENIOR ADMINISTRATION OFFICIAL: So there's damage, but that damage, you know, that would have existed if we'd set back and not done anything. So I mean, it's a zero sum game.

Q Not unrelated to both of those previous questions,

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could you comment on this speculation, the commentary that President Reagan, precisely because he is a man of compassion who does worry about hostages was more or less bamboozled into approving this on grounds that it was to get the hostages out, when in fact people underneath him had other agendas?

SENIOR ADMINISTRATION OFFICIAL: No. You will -- he will tell you tonight, and if you have a chance to talk to him, he will tell you very emphatically that it was a combination of all of the objectives that I've listed.

Q Nobody sold it to him as a hostage release --

SENIOR ADMINISTRATION OFFICIAL: Nobody had to sell to him. I can assure that.

Q But he had asked for it on that ground?

SENIOR ADMINISTRATION OFFICIAL: Well, the President didn't conceive of the plan. The channel and the possibility -- he has known since the beginning of the administration that we were working on ways of trying to reach out to moderate elements within Iran. That's been one of our long-term objectives. And when he was presented with the possibility of using this channel in this way, he listened to the discussion, he listened to the comments on the proposal by the other Cabinet officers that are responsible, listened to all of their input, and said, okay, this is what I want to do.

Q But by this time, he had met with hostage relatives, is that right?

SENIOR ADMINISTRATION OFFICIAL: I'd have to go back and check. I don't know.

Q Could I follow --

Q Is that channel still open at this point? Obviously, you've done some quick assessments over the last 24 or 36 hours in coming to a decision this morning to go public to the extent which you'll go public tonight. Is that because the channel has been closed?

SENIOR ADMINISTRATION OFFICIAL: Our best assessment at this time is, at least of this moment, the channel is still open. Whether it will remain that way is speculative.

Q If I can go back to the process question, you've made it quite clear that there is this effort to reach out to these factions in Iran for going back quite a ways. You've also made it clear that at a certain point, the President authorized the good faith effort to ship the very small amount of weapons. Was there not a period after that, I'm thinking perhaps in February, March or April of this year, in which because of objections from Cabinet members, the President decided to terminate the arms part -- not the diplomatic part, but the arms part -- said there was never any interruption in it, once it was decided to go forward.

SENIOR ADMINISTRATION OFFICIAL: There was interruption, but not for that reason.

Q Can you tell me the reason?

SENIOR ADMINISTRATION OFFICIAL: We needed a period of reassessment. As to -- you know, one of the difficulties, and we aren't using the same channel of aid that we started off using. And one of the difficulties that we've had is knowing exactly -- or -- we seldom know exactly -- but getting a good assessment as to what was happening in Tehran. And as we have learned things, we've changed our method of operation some. And so there have been more than one slow-down in the dialogue while we assessed and tried to figure out

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what the next best step would be.

Q How many arms shipments have there been in all?

SENIOR ADMINISTRATION OFFICIAL: I don't want to answer that, Bernie, but again, let me go back and say that the total, sum total of the weight and cube of what's been transferred could be carried in one cargo aircraft.

Q The value on it?

Q Excuse me.

Q The arrest of Hashemi and all --

SENIOR ADMINISTRATION OFFICIAL: -- not -- value --

Q Is the arrest of Hashemi and his associates -- are all linked to this effort on the part of the United States? Or would you prefer not to answer that?

SENIOR ADMINISTRATION OFFICIAL: Well, I'll answer it if you all will answer a question. What's in the public domain on Hashemi?

Q He's arrested. He's arrested. His office has been taken over by Rafsanjani and military intelligence. All of his associates have been arrested. He's believed to have been -- he and the Soviets have been -- believed to have been behind the leak in al Sira, et cetera, et cetera.

Q -- part of the --

SENIOR ADMINISTRATION OFFICIAL: Where did those leaks -- I mean, where did the information come from?

Q FIBIS.

SENIOR ADMINISTRATION OFFICIAL: FIBIS? Overseas?

Q Oh, yes.

Q There's also some information about --

SENIOR ADMINISTRATION OFFICIAL: -- I get mixed up on what I read and intelligence reports.

Q It's open sources. (Laughter.)

SENIOR ADMINISTRATION OFFICIAL: Hashemi is a bad character, and he -- we have not been dealing with him.

Q I appreciate that, but --

Q I'm sorry --

Q -- is our demand or our request that Iran modify its support of terrorism and revolutionary activity overseas related at all to Hashemi's arrest?

SENIOR ADMINISTRATION OFFICIAL: Well, if -- I'd like to answer your question, I really would, because that's a very important question. I'm just trying to figure out how to do it safely.

SENIOR ADMINISTRATION OFFICIAL: Go on deep background.

SENIOR ADMINISTRATION OFFICIAL: Well, I'd like for them to be able to write about it, but I don't want it attributed to a U.S. administration official.

SENIOR ADMINISTRATION OFFICIAL: That's deep background.

SENIOR ADMINISTRATION OFFICIAL: Is it deep background?

SENIOR ADMINISTRATION OFFICIAL: Yes.

SENIOR ADMINISTRATION OFFICIAL: All right.

SENIOR ADMINISTRATION OFFICIAL: Does that suit everybody?

SENIOR ADMINISTRATION OFFICIAL: I'll answer that question on DEEP BACKGROUND, but do not attribute it to a U.S. administration official.

A Hashemi -- and George, I can't remember all of his name, but it's the one that's --

Q Well, there was a Cyrus who died in London --

A Not him.

Q Mehdi --

A Mehdi, or something like that.

Q Yes. M-E-H-D-I.

A Yes, M-E-H-D-I. He is a radical who has been -- or is an associate of Montazari, who is the heir apparent to Khomeini.

Hashemi is a radical and has been a -- one of the more difficult people in Iran, from our point of view. He believes that the revolution -- he fits all the categories of a radical that I was describing earlier. He believes that the revolution should be exported. We believe that he is the primary Libyan -- the contact with Libya. He was arrested for being responsible for shipping explosives into Saudi Arabia aboard an aircraft that was carrying Haj pilgrims. He was also responsible for the "arrest" of the Syrian Charge in Tehran, and, you are right, apparently Rafsanjani had him arrested.

We think he is also deeply involved with the three cases of the most recent hostages in Lebanon, which our intelligence community had assessed very early on that those hostages were taken by a different group that was pro-Libyan, and we think that Hashemi is at the root of that. And apparently for all of those reasons Rafsanjani had him arrested.

And again, ON DEEP BACKGROUND, that is very likely related to our efforts. In other words, Hashemi's arrest has probably prompted the revelation of Bud's trip in an effort by the radical faction to sow dissent within the government.

Q Could I follow up on that? Apparently the Iranians were ready to go in the second week of September for their final offensive -- everything has been deployed. They still are. Apparently a decision was made from Rafsanjani, Mantezuri, and Khomeini -- or however he spells his name -- however he pronounces his name -- to postpone the offensive. At the same time, this follows but may not necessarily be a cause of American demand or request that there be moderation in the war and a negotiated solution sought. Is this postponement, again, at all connected with U.S. efforts along these lines?

A It is difficult to answer that because cause and effect are often difficult to isolate. We would like to think that there is some connection. Again, that is on DEEP BACKGROUND.

Let's go back on REGULAR BACKGROUND.

Q Another lawsuit is -- you may be subpoenaed soon --

SENIOR ADMINISTRATION OFFICIAL: Say that again.

Q The lawyer for this Israeli who is going on trial for conspiracy to sell -- ship arms to Iran -- is talking about subpoenaing the Vice President and you and McFarlane and Ollie North. Would you comply with the subpoena, and if not, on what grounds?

SENIOR ADMINISTRATION OFFICIAL: I'd have to talk to my lawyer. I don't know.

Q Sir, explain the difference between the -- there is quite a difference between the reports that have been in the press so far on this whole operation and the President of the United States himself going public with it. Why was it decided that that was necessary at this point?

SENIOR ADMINISTRATION OFFICIAL: Because we decided that it was the only way that we had to effectively get the correct story out. Now, you know, one of the reasons that the reporting has been inaccurate is that people that have not understood all that was involved have talked. And I suppose that, you know, there is a

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natural tendency to feel like, you know, you're left out and therefore that somehow you've got license to talk about it. It's very unfortunate. And, as I said, we have felt from the beginning that it was essential to limit the knowledge of the details about what all was going on to the absolute minimum. Involving the Cabinet officers, certainly. But within their bureaucracies it's been extremely limited.

Q Did you have a screaming fight with Don Regan?

SENIOR ADMINISTRATION OFFICIAL: No.

Q How about a shouting match?

SENIOR ADMINISTRATION OFFICIAL: Not a shouting match.

Q A fist fight?

SENIOR ADMINISTRATION OFFICIAL: No fist fight.

Q Can you explain if -- going back to early '81 -- the start of the administration -- these were your objectives, at least in terms of trying to open some channel to Iran, why this operation came on the heels of the original kidnappings? It was not until after -- very soon after these hostages were taken that you actually went ahead and made these overtures.

SENIOR ADMINISTRATION OFFICIAL: Well, we've got a lot of things on our plate, and it is a matter simply of priorities. I stand by what I said in terms of our objectives, but to be very specific about it, we were working on a lot of other issues. When it began to be clear as to who took the hostages, who has influence on them, we began to see that, as we looked into the hostage situation, we also saw that there was a possibility of furthering our other objectives. And so we could work two issues at the same time.

Q Well, the perception --

SENIOR ADMINISTRATION OFFICIAL: I know what the perceptions are.

Q -- is that it was really the taking of the hostages and the President's own very deep concern about that.

SENIOR ADMINISTRATION OFFICIAL: It's a matter of just simply -- it's a matter of focusing our attention. You know, we've got dozens of problems and we can't approach them all every day, and something as sensitive as this, you know, is not going to come bubbling up from the bureaucracy.

Q Did he ever say prior to formulating this operation that "I want you to intensify efforts to get the hostages released"?

SENIOR ADMINISTRATION OFFICIAL: Absolutely.

Q Absolutely --

SENIOR ADMINISTRATION OFFICIAL: Yes. The President, as I've said earlier, has worried about the hostages nearly every day. I mean, it's not the only thing he worries about, but in my morning meetings with him we've probably touched on the hostages maybe 50 percent of the time -- 50 percent of the days.

SENIOR ADMINISTRATION OFFICIAL: We're about 15 minutes over time here.

SENIOR ADMINISTRATION OFFICIAL: So, yes, ever since the first hostages were taken, he has asked us to, you know, exert all effort to figure out a way to get them free.

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Q If I can clarify --

SENIOR ADMINISTRATION OFFICIAL: Let's get John and George and then quit.

Q Let me ask you two small clarifications. First of all, when you say that all of the material that we have shipped to Iran could fit on a cargo plane, are you talking about a C-5 or are you talking about a 727? (Laughter.)

SENIOR ADMINISTRATION OFFICIAL: You know, we talked about it this morning characterizing it that way, and we figured somebody would ask that question.

Q And you're right.

SENIOR ADMINISTRATION OFFICIAL: It's something less than a C-5, probably more than a 747. It's in that area -- a large transport aircraft.

Q Second, is it true that the effort to pursue this dialogue with the Iranians was still in play as recently as this Sunday outside of the United States?

SENIOR ADMINISTRATION OFFICIAL: That gets too specific. Let me just say that they are still ongoing.

Q I have two parts -- the status of two separate things. One is, I understand that American intelligence determined Khomeini had a heart attack this summer. I was wondering, what is his status now? Has he recovered? Is he in charge?

SENIOR ADMINISTRATION OFFICIAL: Yes, I think he is charge.

Q Has he recovered?

SENIOR ADMINISTRATION OFFICIAL: I can't answer that.

Q He said on Sunday that he had -- that he'd had a stroke.

SENIOR ADMINISTRATION OFFICIAL: He had what?

Q He said on Sunday that he'd had a stroke.

SENIOR ADMINISTRATION OFFICIAL: Yes, we believe he had this, but I don't know whether he has recovered. He looks reasonably healthy.

Q Was it a stroke or a heart attack?

Q Do you believe he had a stroke or a heart attack?

SENIOR ADMINISTRATION OFFICIAL: I would take more -- the most authoritative as what he said, and I guess he said he had a stroke.

Q The second part, what exactly is -- I don't think we've touched on this -- what is the status of the hostages' situation right now? What do you -- compared to last week, for instance, before this started to come out?

SENIOR ADMINISTRATION OFFICIAL: I don't want to speculate on that.

Q Are you hopeful that something will happen in the next few days?

SENIOR ADMINISTRATION OFFICIAL: I basically am an

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optimist.

Q Or has the President decided to go on the air because we don't -- we no longer think they are about to come out? Is that part of the -- what -- the factors you considered?

SENIOR ADMINISTRATION OFFICIAL: I don't think I'll answer that one either.

Q Can I get in one last impolite question? This morning Senator Moynihan suggested that as a result of all this that you ought to resign. A couple of other people, of course, have said that privately. You sound confident that when the explanation is out, that kind of sentiment won't be heard any more. But I'd like to hear that in your own words.

SENIOR ADMINISTRATION OFFICIAL: I have no plans to resign.

Q Can we have that on the record?

ADMIRAL POINDEXTER: ON THE RECORD.

Q I'd like to ask the last question, please. You said that the small shipments were not inconsistent with the embargo. What about the official U.S. policy of neutrality with regard to the Iran-Iraq war?

SENIOR ADMINISTRATION OFFICIAL: We don't think that anything that we have done is inconsistent with that. Neutrality means that we -- Let me just leave it this way. We believe that -- and this is ON BACKGROUND, but we believe that the Iraqi government will understand that our efforts were -- you know, I don't even want to say that on background.

I just think -- the answer to your question is, I don't think that it has any impact on our neutrality in the war.

SENIOR ADMINISTRATION OFFICIAL: Okay, everybody is clear on -- the embargo is 8:00 p.m. for wire transmission and it's ON BACKGROUND, except where otherwise noted.

END

3:19 P.M. EST

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NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20508

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November 13, 1986

MEMORANDUM FOR NICHOLAS PLATT
Executive Secretary
Department of State

SUBJECT: Cables to European, Allied, Near East and South
Asian Post Providing Background on U.S.-Iranian
Dialogue (S)

Attached for your review and dispatch are cables which Admiral
Poindexter recommends the Secretary of State dispatch to
European, Allied, Near East and South Asian posts as soon as
possible. (S)

R. B. McDaniel
Rodney B. McDaniel
Executive Secretary

DECLASSIFIED
White House Guidelines, August 28, 1997
By *dlw* NARA, Date *2/1/01*

Attachment

Tab A Cables
Tab B Cables

~~SECRET~~
Declassify on: OADR

~~SECRET~~

1-4-2

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

November 13, 1986

MEMORANDUM FOR RODNEY B. MCDANIEL

FROM: HOWARD R. TEICHER *HRT*
OLIVER L. NORTH

SUBJECT: Cables to European Allied, Near East and South Asian Posts Providing Background on U.S.-Iranian Dialogue

Attached at Tab I for your signature is a memorandum to Nicholas Platt forwarding the subject cables and asking State to review and dispatch these cables ASAP.

Dennis Ross, ^E Bob Earl and Craig Coy concur. *C*

RECOMMENDATION

That you sign the memo at Tab I.

Approve _____ *[Signature]* Disapprove _____

Attachments

- Tab I Memo to Platt
- Tab A Cable to European Allied Posts
- Tab B Cable to Near East and South Asian Posts

~~SECRET~~

Declassify on: OADR

DECLASSIFIED
White House Guidelines, August 28, 1997
By *dlb* NARA, Date *2/1/01*

~~SECRET~~

127951

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TO ALL EUROPEAN AND ALLIED POSTS

FROM: Secretary of State

NODIS

SUBJECT: Background on U.S.-Introduction Dialogue (S)

1. SECRET ENTIRE TEXT
2. Following background on U.S.-Iranian Dialogue may be provided to appropriate senior host government official at your earliest convenience.
3. Introduction
 - From the earliest months following the Islamic Revolution in Iran, the U.S.G has attempted to reestablish official contact with that government.
 - Our purpose was to discuss strategic developments in South West Asia and try to establish a constructive working relationship.
 - Since 1983, several countries made overtures to the U.S. and Iran in an effort to stimulate direct contact. Switzerland, Turkey, Pakistan, Oman, Algeria and Japan attempted to serve as intermediaries.
 - Despite U.S. willingness to proceed, none of these overtures succeeded.

~~SECRET~~

Declassify on: OADR

~~SECRET~~

DECLASSIFIED

NLR 11/27/93 #127951
BY FW NARA DATE 11/21/17

~~SECRET~~

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4. U.S. Goals

- Contrary to uninformed press speculation, there has been no change in American policy toward Iran.

- Our four basic goals are:
 - The resumption of a stable relationship with Iran;
 - An honorable end to the Iran-Iraq War and greater stability in the Gulf Region;
 - The elimination of state sponsored terrorism and subversion; and
 - The safe return of our hostages.

5. Western Interests in Iran

- Iran represents a key state in a region of vital importance to the West.

- It is increasingly threatened by growing Soviet military and political influence along its borders and inside its country.

- The growing costs of the Iran-Iraq War exacerbates Iranian vulnerability to Soviet penetration.

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- The West cannot afford to acquiesce to the Soviet domination of Iran. Such a development would fundamentally undermine friendly Arab states in the Gulf region and dramatically shift the global balance of power of the Soviet Union.

- The President is convinced that the most effective means of preventing such an expansion of Soviet influence rests on the evolution of a government in Iran willing and able to work with the U.S. as well as other Western countries.

- This required a slow and intermittent secret policy initiative by the U.S. and Iran and pragmatic leaders in Iran to develop mutual trust and policy reorientation which would permit the eventual resumption of normal relations.

6. Conditions for Dialogue

- U.S. steps which demonstrate support for those in Iraq who are willing to take the risk of reopening a dialogue included the transfer of very limited quantities of defensive armaments and spare parts for ground-based air defense systems.
 - o The sum total of this assistance would fit in one large transport aircraft.

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- There is no truth to press reports alleging U.S. use of Danish or Spanish merchant ships, use of Italian ports, or many other fabrications.

- At the same time, we made clear that Iran must confirm its opposition to international terrorism as a necessary prerequisite to progress in a bilateral relationship.

- We also asked Iran to use its humanitarian influence in Lebanon to secure the release of all hostages held there.

- Based upon the maturing of mutual confidence, the President decided to elevate the level of contacts.

- He asked his former National Security Advisor, Robert McFarlane, to travel secretly to Iran to reaffirm our interests and prerequisites for a normal relationship.

7. Iran-Iraq War

- A particular interest of this dialogue is to find ways to help bring about an honorable end to the Iran-Iraq War.

- Over the past two years, we watched Iran restore its military capabilities and prepare and sometimes conduct renewed offenses against Iraq. Moreover, an escalation of

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the tanker war increasingly threatened the stability of the international petroleum market, despite global efforts to persuade Iran and Iraq to refrain from strikes against shipping in the Gulf.

- Our diplomatic representation in Baghdad provided us with a ready mechanism for dialogue with the government of Iraq regarding the war.

- We concluded that even without diplomatic representation a dialogue with Iran might improve our ability to find some honorable means for bringing about a mediated settlement of the war.

8. Terrorism

- From the earliest contact, American representatives stressed the absolute necessity for Iran to end its support for terrorism.

- We stressed that America has not conceded, nor will it concede to the demands of terrorists.

- Our policy remains one of no concessions to terrorists.

- U.S. actions against Libya, Syria, and the Achille Lauro pirates clearly demonstrate what measures we are prepared to take when such actions are appropriate.
- The Government of Iran knows, the world should know, that we cannot and will not pay ransom to those who practice terrorism.

9. Results of the Dialogue

- Iranian statements and actions opposing international terrorism.
- No evidence of Iranian government complicity in acts of terrorism against the U.S.
- Iranian pressure on Islamic Jihad helped secure freedom for American and French hostages. Iranian effort continues.
- Provision to Iran of U.S. analysis of Iraqi military capabilities has postponed, at least temporarily, long-awaited Iranian offensive.
- Pragmatic forces inside the government of Iran have increased pressure on radicals, including arrest of Mehdi Hashemi, to desist in support for terrorism and subversion.
- Iranian leaders recognize that U.S. can help Iran resist Soviet pressures and blandishments.

10. Western Relations with Iran

- Throughout the seven-year existence of the Islamic Republic, Iran has maintained diplomatic relations with all European countries.
- Despite the war, even Iraq maintains normal diplomatic relations with Iran.
- Only the U.S. and Canada, among the Western nations, do not have diplomatic relations.
- Notwithstanding U.S. efforts to stop the flow of arms sales to Iran in order to encourage Iran to settle its war with Iraq, European countries sell approximately \$500 million worth of military equipment a year to Iran. Significant examples include:
 - o The FRG recently sold Iran military bridging equipment.
 - o The United Kingdom is installing and operating a radar system, along the border with Iraq.
 - o Spain, Portugal, Greece, and Austria sell Iran approximately \$300 million worth of arms a year.

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- Outside of Western Europe, China has become Iran's largest supplier of military equipment.
- Iran also purchases military equipment from North Korea, South Korea, Chile, Syria, Libya, and Bulgaria.
- This pattern of commerce clearly illustrates the widespread military trade which Iran conducts with countries of the West and East.

11. Conclusion

- The U.S. opening to Iran stands in stark contrast with the more limited self-interest displayed by many other countries of the world.
- The U.S. recognizes the importance of Iran in the region and the Moslem world at large.
- Moreover, the emergence of leaders in Iran willing to change Iran unacceptable international behaviors and seek a normal relationship with the international community cannot be ignored by the U.S. or the West.
- To that end, the U.S. chose to find ways to reinforce this trend through dialogue and the slow and painful process of

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confidence building. Only very limited arms transfers were approved. These did not affect the balance between Iraq and Iran.

- The President has made clear the importance the U.S. attaches to a stable relationship with Iran and the benefits which can accrue to the West should such a situation evolve.

- The President will persevere in his efforts to pursue this dialogue and the goals he believes to be achieved.

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- The FRG recently sold Iran bridging equipment.
 - The United Kingdom recently installed a radar system, apparently along the border with Iraq.
 - Spain, Portugal, Greece, and Austria sell Iran approximately \$300 million worth of small arms a year.
 - Outside of Western Europe, China has become Iran's largest supplier of military equipment.
 - Iran also purchases military equipment from North Korea, South Korea, Chile, Syria, and Libya.
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TO ALL NEAR EAST AND SOUTH ASIAN POSTS

FROM: Secretary of State

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SUBJECT: Background on U.S.-Iranian Dialogue (S)

1. SECRET ENTIRE TEXT.

2. Following background on U.S. Iranian dialogue may be provided to appropriate senior host government official at your earliest convenience.

3. Introduction

- From the earliest months following the Islamic Revolution in Iran, the U.S.G has attempted to reestablish official contact with that government.

- Our purpose was to discuss strategic developments in South West Asia and try to establish a constructive working relationship.

- Since 1983, several countries made overtures to the U.S. and Iran in an effort to stimulate direct contact. Switzerland, Turkey, Pakistan, Oman, Algeria and Japan attempted to serve as intermediaries.

- Despite U.S. willingness to proceed, none of these overtures succeeded.

- It was not a simple decision to begin or pursue this dialogue. Obviously, it was difficult. We took a

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calculated risk because the strategic objective of moderating Iranian behavior, security Gulf state interests, ending the war and stopping Iranian state-supported terrorism warranted such an effort. Indeed, given Iran's importance, it would be irresponsible not to pursue an opportunity to reshape Iranian behavior in a pragmatic direction.

4. U.S. Goals

- Contrary to uninformed press speculation, there has been no change in American policy toward Iran.

- Our four basic goals are:
 - The resumption of a stable relationship with Iran;
 - An honorable end to the Iran-Iraq War and greater stability in the Gulf Region;
 - The elimination of state sponsored terrorism and subversion; and
 - The safe return of all of our hostages.

5. Western and Regional Interests in Iran

- Iran represents a key state in a region of vital importance to the West to the other states in the area.

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- It is increasingly threatened by growing Soviet military and political influence along its borders and inside its country.

- The growing costs of the Iran-Iraq War exacerbates Iranian vulnerability to Soviet penetration and to the danger of disintegration. Iran must remain as an independent bulwark against the Soviets.

- Soviet domination of Iran would fundamentally change the regional balance of power, make it far more difficult for us to counter the Soviets and therefore dramatically shift the global balance of power in the Soviets direction.

- The President is convinced that the most effective means of preventing such an expansion of Soviet influence rests on the evolution of a government in Iran willing and able to work with the U.S. as well as other Western countries and the moderate Arab states.

- This required a slow and intermittent secret policy initiative by the U.S. and Iran and pragmatic leaders in Iran to develop mutual trust and policy reorientation which would permit the eventual resumption of normal relations.

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6. Conditions for Dialogue

- U.S. steps which demonstrate support for those in Iran who are willing to take the risk of reopening a dialogue included the transfer of very limited quantities of defensive armaments and spare parts for ground-based air defense systems.
 - ° The sum total of this assistance would fit in one large transport aircraft.
 - ° There is no truth to press reports alleging U.S. use of Danish or Spanish merchant ships, use of Italian ports, or many other fabrications.
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- We also asked Iran to use its humanitarian influence in Lebanon to secure the release of all hostages held there.
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7. Iran-Iraq War and Regional Stability

- A particular interest of this dialogue is to find ways to help bring about an honorable end to the Iran-Iraq War.
- Over the past two years, we watched Iran restore its military capabilities and prepare and sometimes conduct renewed offenses against Iraq. Moreover, an escalation of the tanker war increasingly threatened the stability of the international petroleum market, despite global efforts to persuade Iran and Iraq to refrain from strikes against shipping in the Gulf.
- Our diplomatic representation in Baghdad provided us with a ready mechanism for dialogue with the government of Iraq regarding the war.
- We concluded that even without diplomatic representation a dialogue with Iran might improve our ability to find some honorable means for bringing about a mediated settlement of the war.

- Took measures with both countries to enhance the likelihood of an honorable settlement of the war.

- Provided Iraq with intelligence to:
 - o Correct Iraqi vulnerabilities;
 - o take advantage of Iranian weaknesses; and
 - o help target critical Iranian military and strategic positions.

- Provided Iran with assessments of Iraqi capabilities to help convince Iranian planners of the futility of additional offensive military operations into Iraq.

- Emphasized our opposition to Iranian threats to Arab states of the Gulf and our determination to provide military assistance in the face of Iranian aggression.

- Encouraged Iran to engage in dialogue with its neighbors.

8. Afghanistan

- Raised the possibility of cooperation in support of Mujahdeen resisting the Soviet occupation of Afghanistan.

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