

ARTICLE APPEARED
ON PAGE 3

WALL STREET JOURNAL
6 November 1986

Syria Appears to Be Spoiler of Accord Between U.S., Iran on Hostages, Arms

By YOUSSEF M. IBRAHIM

And ROBERT S. GREENBERG

Staff Reporters of THE WALL STREET JOURNAL

Syria, which often has blocked U.S.-Mideast diplomacy, appears to be the primary spoiler of a delicate U.S.-Iranian understanding to release the remaining American hostages in Lebanon in exchange for U.S. arms.

According to Arab diplomats, U.S. government and intelligence sources and Iranian-affairs experts, the deal had been secretly in the making since May, when an Iranian official, former Foreign Minister Ibrahim Yazdi, visited the U.S.

The agreement moved closer to fruition last week with the release of one hostage, David Jacobsen, by his pro-Iranian captors in Beirut. But the arrangement seems to have been scuttled, at least temporarily, by Syrian disclosure of a secret visit by a Reagan envoy to Tehran sometime in September.

Embarrassment in U.S., Iran

The publicity has embarrassed the Iranian and U.S. governments, angered U.S. Arab allies such as Saudi Arabia, and placed the Reagan administration in an embarrassing position with Western allies it had been urging to refrain from supplying weapons to Iran. The Syrian action may have been provoked by White House Chief of Staff Donald Regan's insistence Sunday that Syria played no part in Mr. Jacobsen's release. Syria repeatedly has sought ways to underscore to the U.S. that Damascus can't be excluded from a central role in Mideast events.

"Hafez al-Assad (Syria's president) has always acted as a spoiler in the Mideast whenever he's disregarded in any deal," said David Mizrahi, editor of MidEast Report.

Things began to unravel Monday with the startling revelation in a pro-Syrian Beirut publication, Al Shiraa, that Robert McFarlane, former national security adviser to President Reagan, had visited Iran secretly. On Tuesday, Iran's parliamentary speaker confirmed the news, which he characterized as a sign of "American weakness." Although the U.S. officially hasn't acknowledged the McFarlane visit, top administration officials privately said that it was a one-time diplomatic maneuver.

The perception that the administration is willing to strike an arms deal with Iran has increased anxiety in Saudi Arabia and other Persian Gulf states that already are nervous about Iran's militant fundamentalism and its six-year-old war with Iraq. Iraq's ambassador to the U.S. sought an

explanation yesterday from the assistant secretary of state for Mideast affairs, Iraq, which has been receiving U.S. arms, and Saudi Arabia, which relies on U.S. security guarantees, see an American willingness to sell arms to their most feared adversary, Iran, as a betrayal.

In addition, Democratic dominance of the Senate is likely to further erode Saudi confidence that the administration can secure Congress's approval for arms sales to Riyadh.

The top administration officials said yesterday that the McFarlane trip doesn't represent a change in the longstanding U.S. policy to deny arms to Iran. Sources say any U.S. arms or spare parts that might have been part of an agreement would have come indirectly from Europe and Israel.

Even so, there appears to be resistance to such a deal within the administration. Secretary of State George Shultz, a long-time opponent of supplying arms to Iran, said on his way to Vienna yesterday: "That's what I believe . . . I still believe it."

Similarly, in Iran, a substantial part of the government feels that even though that country's need for arms is acute, it shouldn't be satisfied at the price of dealing with the U.S., still dubbed the "great Satan."

Interviews with various sources in the U.S., Western Europe and the Middle East suggest that part of the U.S.-Iranian understanding was that the U.S. would overlook the supply of vital U.S. spare parts, particularly for the Iranian air force's fleet of U.S.-built jets purchased by the shah's regime. Iraqi sources say that Iraqi airplanes raiding economic and military targets in Iran have met increased interception from Iranian F-4s, presumably resupplied with spare parts, in the past two months. Sources said the spare parts came from Israel and South Korea via European suppliers.

Encouragement in Iran

The sources say Mr. McFarlane's White House-authorized trip to Tehran apparently was encouraged by elements of the Iranian government, including the speaker of parliament, Hojatolislam Hashemi Rafsanjani, the regime's second-most senior official after the supreme leader, Ayatollah Ruhollah Khomeini.

The principal motivation pushing the government of Iran to consider talks with the U.S. is an acute need for cheaper arms and ammunition, the sources said. Because of the American-inspired weapons embargo, Iran has been forced to buy arms

on the international black market at exorbitant prices. The fall in oil prices since December has slashed the country's hard currency revenues, compounding the problem.

Since early spring, Iran has amassed 700,000 men for a major assault on Iraq, but they are still in need of arms, ammunition and other support to sustain such a large offensive.

"The Iranians have their backs to the wall," said Paul Jabber, director of the Middle East Program at New York's Council on Foreign Relations. Mr. Jabber estimates Iranian foreign-currency reserves have fallen to between \$1 billion and \$2 billion because of the oil-price collapse and that gold holdings are valued at an additional \$3 billion.

Iraqi Foreign Minister Tariq Aziz estimated in a recent interview that the war costs Iran between \$5 billion and \$8 billion a year, which he and other sources suggest is becoming increasingly difficult to sustain.

'Terrorism Pays'

By attempting to talk with Iran, analysts in Washington said, the administration gives the impression of abandoning its tough anti-terrorism stance. "The message is, terrorism pays," said Christine Helms, a Mideast expert at the Brookings Institution. "If these guys hold out long enough, they get rewarded for their acts."

James Abourezk, a former U.S. senator from South Dakota who met with Syrian President Assad in August over the hostage issue, said: "At this point I would make every effort to talk directly to the people holding the hostages, instead of posturing one way publicly about no negotiations with terrorists and then acting another way privately. We haven't exhausted all avenues yet."

The administration insists that it has a consistent anti-terrorism policy. A State Department spokesman reiterated yesterday, "We do not negotiate with terrorists. We do not make concessions to terrorists."

The analysts also warn that these mixed signals couldn't come at a worse time. European Common Market members are scheduled to meet next week to discuss possible sanctions against Syria for its alleged involvement in an aborted plot to blow up an El Al airliner. After a London court convicted a Jordanian with close ties to Syria, Britain broke diplomatic relations with Damascus.

London has urged other European nations to take similar steps. The appearance of an American willingness to deal with Iran, a known sponsor of terrorism, offers a convenient excuse for several European states not to take tough measures against Syria.

2.

Islamic Jihad, in a statement accompanying Jacobsen's release, warned that "we hold the American government fully responsible for the consequences of any failure to take advantage of this opportunity and proceed with current approaches that could lead, if continued, to a solution of the hostages issue."

The references to "current approaches" suggested secret initiatives being undertaken by the Reagan administration and coincided with the first reports of McFarlane's purported mission to Iran.

Ash Shiraa, a pro-Syrian magazine in Lebanon, reported in its latest edition published Monday that McFarlane visited Tehran in September and stayed at the Independence hotel, formerly the Hilton.

According to the Iranian news agency, Rafsanjani said McFarlane and his companions were confined to a hotel for five days and then deported. He said they had arrived, disguised as crew members, aboard a plane carrying military equipment for Iran purchased from international dealers.

"The envoys carried Irish passports with duplicates now being kept by Iranian officials," Rafsanjani was quoted as saying. He said the Americans brought "a Bible signed by Reagan and a cake" as tokens of good will.

The cake, which Rafsanjani said the Americans described as "a key to open U.S.-Iran relations," was in the shape of a key, he said, but was eaten by hungry revolutionary guards at the airport.

In his speech, Rafsanjani listed Iran's conditions for the release of French and American hostages as follows:

"The Washington and Paris governments should guarantee the return of Iranian assets, recognize the rights of Lebanese Moslem people and set free political prisoners incarcerated in Israel and other parts of the world."

Rafsanjani, who is considered one of the country's shrewdest politicians and a key player in the succession fight, is believed to be one of the leading figures advocating more cooperative relations with other countries, especially Saudi Arabia.

Rafsanjani is backed by Iranian President Ali Khamenei in his

views, but reportedly is opposed by Montazeri and his followers, including the arrested Hashemi.

In his speech yesterday, Rafsanjani said the prime minister of Japan had sent a letter asking Iran to use its influence to secure the release of U.S. and French hostages.

Rafsanjani said he told Tokyo that Iran would make efforts in that direction if the United States shipped weapons that were purchased by the shah's government but never delivered.

In 1979 the United States froze a roughly \$500 million Iranian fund to purchase arms from the Pentagon. Some Arab diplomats said they believed this money could also be a factor in hostage negotiations.

If the reported McFarlane visits to Tehran were linked to allowing even indirect arms or spare parts shipments to Iran, it would represent a reversal of what had been Reagan administration policy.

The United States, throughout the Reagan administration, has maintained a publicly enunciated policy of trying to force resolution of the Iran-Iraq war by denying both sides the weapons and other materiel necessary for continued fighting and thereby forcing them into negotiations.

In pursuing this policy, the administration rhetorically has tilted toward Iraq on several occasions, noting Iraqi flexibility toward the idea of negotiations and accusing Iran of seeking to prolong the fighting. As a result, the United States has been following a policy of seeking to deny Iran the means of continuing to wage war by appealing both publicly and privately to other nations not to sell weapons to Iran.

That policy was given a particularly high priority after George P. Shultz became secretary of state in 1982.

According to the officials, it was pressure from Shultz that caused Israel to abandon the policy it appar-

ently had pursued in the early days of the war of supplying some materiel—reportedly spare parts such as airplane tires—to the Iranians.

Despite official Israeli denials, the Israelis supposedly had been doing this for three reasons: to keep Iraq tied down militarily and unable to take an active part in the Arab-Israeli conflict, to earn some foreign exchange because Iran was paying premium prices, and to protect the small remaining Jewish population in Iran from reprisals.

However, the officials said, it has been the American understanding that the Israelis, deciding the effort was not worth the risk of alienating Shultz, abandoned its covert dealings with Iran around 1983.

Washington Post staff writers
David Hoffman and John M.
Goshko and special correspondent
Peyman Pejman contributed to this
article.

**ARTICLE APPEARED
ON PAGE 3**

5 November 1986

FILE ONLY

U.S. Suggests It Would Allow Weapons For Iran in Return for Hostages' Release

JJ

By JOHN WALCOTT
And YOUSSEF M. IBRAHIM

Staff Reporters of THE WALL STREET JOURNAL

The Reagan administration has suggested that it might relax—albeit not end—its six-year effort to halt shipments of military equipment and spare parts to Iran in exchange for the release of American hostages in Lebanon and a halt to Iranian support for international terrorism, U.S. officials said.

Officials said they hope at least two more Americans held by a pro-Iranian group in Lebanon, Associated Press correspondent Terry Anderson and educator Thomas Sutherland, will be released soon. Anglican Church envoy Terry Waite told a news conference in Wiesbaden, West Germany that there are "reasonably strong indications" that the Islamic Jihad—or Islamic Holy War—might release the two Americans. The group freed one hostage, David Jacobsen, last weekend, but it isn't known what led to his release.

Washington officials declined to comment on a claim by the speaker of the Iranian Parliament that Iran recently detained and expelled former U.S. National Security Adviser Robert McFarlane and four aides. The speaker said the men were on a secret mission to Tehran on behalf of President Reagan. An aide to Mr. McFarlane also wouldn't comment and Mr. McFarlane couldn't be reached for comment.

But U.S. officials acknowledged that the administration has told Iran through intermediaries that it is willing to consider looking the other way while that country buys some military spare parts, possibly from China and other countries friendly to the U.S. But the officials stressed that the administration isn't prepared to abandon all efforts to restrict the flow of military equipment to Iran or to permit the Iranians to acquire offensive weaponry that could tip the balance in Iran's six-year-old war with Iraq.

The reports out of Washington, coupled with political tensions in Iran and the wor-

sening state of the Iranian military, combined to produce a flurry of activity in the hostage drama.

"The Iranians are in much worse shape than they've let on, both politically and economically," said one U.S. official.

White House and State Department spokesmen yesterday refused to restate the administration's longstanding policy of denying arms and spare parts to Iran. "This whole situation is being handled in another locale," said State Department spokesman Charles Redman.

White House spokesman Larry Speakes urged reporters to "be a little careful on reporting" news that could impede efforts to free the hostages.

All this comes at a time when there are unconfirmed reports in the Middle East that the 86-year-old Iranian leader, Ayatollah Ruhollah Khomeini, had suffered a serious heart attack, leaving him unable to mediate between squabbling factions in Tehran. Moreover, his hand-picked successor, Ayatollah Hossain Ali Montazari, appears to be under attack from opponents who last week arrested close associates of his.

Recent reports suggest that the heightened factionalism concerns conflicts over the conduct of the war with Iraq and over whether to improve relations with the West to secure badly needed armaments.

The Iranian news agency yesterday quoted the speaker of Iran's parliament, Hashemi Rafsanjani, as saying that Mr. McFarlane and four aides arrived in Iran posing as aircraft crewmen, bearing Irish passports and toting a Bible signed by President Reagan, a cake, and a message calling for an improvement in U.S.-Iranian relations. The news agency said the five were detained for five days before being deported.

U.S. officials, speaking anonymously,

said that while he was national security adviser, Mr. McFarlane had directed the administration's secret efforts to free the hostages in Lebanon. They said Mr. McFarlane's successor, Vice Admiral John Poindexter, has since taken over day-to-day control of the small administration group in charge of U.S. efforts to free the hostages.

The officials said a member of the National Security Council staff, Lt. Col. Oliver North, has made repeated trips to Europe and the Middle East—sometimes in disguise or using an assumed name—during the past two years to meet with informers and possible intermediaries in the hostage drama.

Officials said Col. North flew to Cyprus early last week to meet with Mr. Waite, the Anglican envoy. Some U.S. officials said that while Mr. Waite has performed "heroically," he also has served in part as a "cover" for negotiations with Iran and Islamic Jihad through other channels. In West Germany yesterday, Mr. Waite said: "I don't want to comment on the political dynamics."

U.S. officials said the U.S. has paid some self-proclaimed intermediaries in Lebanon and elsewhere for help in negotiating for the release of the the hostages, but they said most such efforts proved useless.

The latest developments were complicated by internal clashes among factions of Iran's Islamic regime. On Oct. 27, several close associates of Ayatollah Montazari were arrested in connection with the kidnapping of a top Syrian diplomat in Tehran earlier in the month.

The diplomat was released a few hours later, but those arrested were also charged with a host of other accusations including murder, seditious activities and crimes against the state.

Ayatollah Montazari was designated last November as constitutional successor to Ayatollah Khomeini, but the decision hasn't been universally accepted by the various groupings in the clergy.

"The arrests are primarily related to an effort by groups within the clergy to discredit Montazari and upset his succession to Khomeini," said Shahrough Akhavi, an Iranian affairs expert at the University of South Carolina. But Mr. Akhavi agreed with other experts that as long as Ayatollah Khomeini is in power, it is difficult to see the Iranian leadership reversing the basic elements of its foreign policy, primarily that the war with Iraq must be pursued until a political or military victory changes the Iraqi regime.