TEXT OF TELEGRAM 88BAGHDA005023

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ACTION NEA-11

INFO LOG-00   ADS-00   INR-10   EUR-00   SS-00   OIC-02   CIAE-00
      EB-00   DODE-00 H-01   IO-19   EXIM-06 NSCE-00 ARA-00
      NSAE-00 SSO-00   HA-09   L-03   AMAD-01 LAB-04   TRSE-00
      PM-10   EAP-00   ITC-01   OPIC-07 PA-01   CEA-01   OMB-01
      STR-17   INRE-00 FRB-03   ACDA-12 USIE-00 SP-02   DOEE-00
      SNP-01   C-01   PRS-01   DS-01   SCT-02   E-01   P-02
      T-01   /131 W
                        ----------------252701 131204Z /45 38
O 131142Z SEP 88
FM AMEMBASSY BAGHDAD
TO SECSTATE WASHDC IMMEDIATE 8182
INFO USDOC WASHDC
GULFWAR COLLECTIVE

C O N F I D E N T I A L BAGHDAD 05023

USDOC FOR 4520/ITA/ONE/SAMS

E.O. 12356: DECL: OADR
TAGS: PREL, BEXP, ECON, EIND, IZ
SUBJECT: MINISTER OF INDUSTRY BLASTS SENATE ACTION

1. CONFIDENTIAL - ENTIRE TEXT.

2. SUMMARY: HUSAYN KAMIL, SADDAM HUSSEIN'S SON-IN-
LAW AND MINISTER OF INDUSTRY, FULMINATED TO BECHTEL
REPRESENTATIVES SEPTEMBER 10 ABOUT THE SENATE'S
PASSAGE OF THE GENOCIDE BILL. IN LENGTHY DIATRIBE,
KAMIL DENIED CHARGE OF CW USE AND DESCRIBED SENATE
ACTION AS PART OF ZIONIST CONSPIRACY TO EMBARRASS
AND UNDERMINE IRAQ AFTER ITS "VICTORY" OVER IRAN.
BECHTEL REPRESENTATIVES SAID THAT IF ECONOMIC SANC-
TIONS CONTAINED IN SENATE ACT ARE SIGNED INTO LAW,
BECHTEL WILL TURN TO NON-U.S. SUPPLIERS OF TECHNOLOGY
AND CONTINUE TO DO BUSINESS IN IRAQ. END SUMMARY.
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3. BECHTEL REPRESENTATIVES MET WITH AMBASSADOR
AND ECONOFF SEPTEMBER 12 TO DISCUSS STATUS OF
BECHTEL'S OPERATIONS HERE AND REACTION OF MINISTER
OF INDUSTRY TO SENATE PASSAGE OF ACT INVOKING
ECONOMIC SANCTIONS AGAINST IRAQ FOR USE OF CHEMI-
CAL WEAPONS AGAINST THE KURDS. THEY SAID THAT
HUSAYN KAMIL VENTED HIS SPLEEN FOR ONE AND A HALF

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HOURS SEPTEMBER 10 REGARDING THE SENATE'S DECISION.

4. ACCORDING TO BECHTEL, KAMIL SAID THAT THE
SENATE ACT CAME AT A TIME OF IMPROVING RELATIONS
WITH THE U.S. AND CAUGHT HIS GOVERNMENT COMPLETELY
BY SURPRISE. HE DENIED THAT IRAQ WAS USING CHEMICAL
WEAPONS AGAINST THE KURDS AND BEMOANED THE FACT
THAT THE U.S. WOULD "MIX POLITICS WITH BUSINESS" BY
CALLING FOR ECONOMIC SANCTIONS. CLEARLY, HE SAID,
THE ZIONISTS WERE BEHIND THE SENATE ACTION, SINCE
IRAQ HAD DEFEATED THEIR IRANIAN ALLY AND WAS NOW
DEFEATING THEIR KURDISH SURROGATES IN NORTHERN
IRAQ.

5. KAMIL INSISTED THAT A CLEAR PATTERN OF "ZIONIST
UNDERMINING OF IRAQI-U.S. RELATIONS" IS NOW APPARENT.
BY WAY OF EXAMPLE, HE REFERRED TO THE USG'S PAST
REFUSAL TO APPROVE IRAQ'S PURCHASE OF BOEING CARGO
AIRCRAFT UNDER THE PRETENSE THAT THEY COULD BE USED
TO TRANSPORT TROOPS AND, UNDER SIMILAR PRETEXT, ITS
REFUSAL TO ALLOW A U.S. MANUFACTURER OF MULTI-PURPOSE
VEHICLES TO ASSIST IRAQ IN ESTABLISHING A PLANT HERE.
HE CITED CONGRESSIONAL INTERFERENCE TO PREVENT AP-
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PROVAL OF THE SALE OF USX'S CLOSED STEEL PLANT IN
TEXAS AS THE MOST RECENT EXAMPLE.

6. BECHTEL RECENTLY SIGNED A TECHNICAL SERVICES
CONTRACT TO MANAGE THE IMPLEMENTATION OF IRAQ'S
PETROCHEMICAL PROJECT II. THE DOLS. 2 BILLION
PROJECT INVOLVES THE CONSTRUCTION OF A 450,000
TON/YR ETHYLENE PLANT. U.S. FIRMS HAVE REPORTEDLY
WON DOLS. 300 MILLION CONTRACTS TO BUILD THE PLANT
(LUMMUS) AND TO SUPPLY ROTATING EQUIPMENT FOR IT
(ELLIOT-UNITED TECHNOLOGIES). SHOULD THE SENATE
ACT BECOME U.S. LAW, U.S. SUPPLIERS WILL BE
PRECLUDED FROM SELLING ITEMS CONTAINING RESTRICTED
TECHNOLOGY. BECHTEL REPRESENTATIVES SAID THAT
U.S. FIRMS--INCLUDING BECHTEL--WILL RESORT TO
NON-U.S. SOURCES TO CARRY OUT THEIR RESPECTIVE
CONTRACTS.

7. COMMENT: HUSAYN KAMIL IS ONE OF SADDAM
HUSSEIN'S CLOSEST ADVISORS, SOME SAY HIS CLOSEST.
THEREFORE, WE TAKE KAMIL'S ANGRY REACTION, ONE DAY
AFTER PASSAGE OF THE SENATE GENOCIDE BILL, TO BE
AN ACCURATE REFLECTION OF SADDAM'S OWN REACTION.

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