WHITE HOUSE
CORRESPONDENCE TRACKING WORKSHEET

□ O - OUTGOING
□ H - INTERNAL
□ I - INCOMING

Date Correspondence Received (YY/MM/DD) 1/1

Name of Correspondent: Alan Paul

□ MI Mail Report
User Codes: (A) (B) (C)

Subject: Article from the Boston Globe re: Trafalgar

ROUTE TO:
Office/Agency (Staff Name)

CUOFC

CUATON

CUCRAY

CUHTOJ

ACTION

ORIGINATOR 920723 C 920802

Referral Note: I
920723 C 920723

Referral Note: I
920727 C 920727

Referral Note:

Referral Note:

ACTION CODES:
A - Appropriate Action
C - Comment/Recommendation
D - Draft Response
F - Furnish Fact Sheet
to be used as Enclosure
I - Info Copy Only/No Action Necessary
R - Direct Reply w/Copy
S - For Signature
X - Interim Reply

DISPOSITION

Type of Response Code
A - Answered
B - Non-Special Referral
C - Completed
S - Suspended

FOR OUTGOING CORRESPONDENCE:
Type of Response = Initials of Signer
Code = "A"
Completion Date = Date of Outgoing

Completion Date YY/MM/DD

COMMENTS:

Keep this worksheet attached to the original incoming letter.
Send all routing updates to Central Reference (Room 75, OEOB).
Always return completed correspondence record to Central Files.
Refer questions about the correspondence tracking system to Central Reference, ext. 2590.
DATE:    July 23, 1992
ATTN:    C. Boyden Gray
          The White House
FAX NO:  456-6279
FROM:    Alan Charles Raul
          General Counsel
          USDA
FAX NO:  720-8666
TELEPHONE NO:  720-3351

There are 5 pages to this document, including the cover sheet. Please call the above telephone number if any of these pages is not received or is illegible.

Thank you.
GOP fights back, gives evidence to counter 'Iraaqgate' charges

By John Alcyoneus Farrell
GLOBE STAFF

WASHINGTON - Democratic Rep. Charlie Rose was rudely surprised when he convened a recent hearing on US aid to Saddam Hussein and found a full complement of Republicans lying in wait. Outnumbered 5 to 1, Rose was harassed by interruptions, objections and sarcastic asides from the moment he rapped the gavel.

Rose, a North Carolinian who pioneered congressional inquiries on Iraq, is accustomed to running hearings with only a token GOP presence. But now Republicans, acknowledging they have bungled their handling of the "Iraaqgate" scandal for much of the year, are fighting back.

At the hearing, Rep. Tom Coleman, a Republican from Missouri, waved a letter signed by Rose in August 1989 - only a year before Saddam Hussein invaded Kuwait - urging the US government to underwrite a General Motors assembly plant for heavy trucks in Iraq.

Rose said a member of his staff signed the letter without his knowledge, but the GOP had drawn blood - the Iraqis may have wanted the plant to IRAQ. Page 12
Continued from Page 1

IRAQ

The decade as a secular state with ties to America’s Arab allies: Egypt, Jordan and Saudi Arabia. Even Kuwait joined those countries in urging US moderation toward Saddam Hussein.

Despite such pressure, the US never shipped arms to Iraq or sent direct financial aid, the Republicans say. Although a few new organizations, citing anonymous sources, say such arms sales occurred, the Democrats concede they have no evidence to challenge the GOP claim.

Although the rapprochement with Saddam Hussein sparked Democratic criticism at the time, chiefly from friends of Israel, there were many Democrats who approved of the policy, the Republicans say.

Rep. Jack Brooks, the Democrat from Texas who chairs the Judiciary Committee and helped craft the Democratic case for a special prosecutor, was one of those who lobbied the government to aid Saddam Hussein. He did so even after the Iraqi dictator had threatened to burn Israel with chemical weapons if attacked and after US customs agents had exposed Iraq's secret attempt to buy forbidden components for nuclear weapons.

On May 7, 1990, just three months before the invasion of Kuwait, Brooks wrote to Clayton Yeutter, then secretary of agriculture, urging the approval of $500 million in additional farm credits for Saddam Hussein that had been canceled by the department, and complaining about the "severe economic impact" the administration's cut-off had on Texas agribusiness.

"This notion of cozying up to the Iraqis wasn't exclusive to the State Department," said Rep. Henry Hyde, a Republican from Illinois.

Declassified documents

Responding to Hyde and other GOP attacks, Democrats point to the tide of declassified documents they have released over the last six months, which show that the White House and the State Department were warned repeatedly since 1985 by other US agencies of Iraq's secret drive to amass both weapons of
Iraq says 'neutral' inspectors may check arms documents

ASSOCIATED PRESS

NICOSIA, Cyprus - Iraq offered yesterday to let arms specialists from "neutral" countries visit a building where UN weapons inspectors have been denied entry for two weeks, saying Americans on the UN teams are spies.

The official Iraqi news agency, monitored in Nicosia, said the Iraqi position was conveyed to Roel Ekeus, chief of the UN commission overseeing elimination of Iraq's weapons of mass destruction.

Ekeus flew to Baghdad Friday to press Saddam Hussein's government to allow UN specialists to search the Agriculture Ministry for documents on Iraq's weapons program.

After meetings yesterday with Deputy Prime Minister Tarlq Aziz and Foreign Minister Ahmed Husseini, he returned to Bahrain, the regional headquarters of his commission.

Aziz told Ekeus that Iraq is prepared to let "experts in the field of nuclear, chemical and biological weapons from nonaligned countries or neutral countries who are members of the UN Security Council visit and inspect the Ministry of Agriculture," the Iraqi News Agency said in a report monitored in Nicosia. The report did not identify acceptable countries.

The stalemate is the latest dispute between President Saddam Hussein's government and the UN Security Council over implementation of the Gulf War cease-fire accord, which requires that Iraq give up all of its weapons of mass destruction.

mass destruction and a formidable conventional arsenal.

Bush and his advisers also had access to detailed US intelligence on Iraq's activities that was not readily available to members of Congress such as Brooks or Rose, the Democrats say. And a raid by US agents on the Atlanta branch of the Banco Nazionale del Lavoro in August 1989 uncovered further proof of Iraqi scheming that was circulated within the administration.

The Democrats also point to a secret CIA analysis written just days before Bush approved $1 billion in farm credits for Iraq in November, 1989. The analysis, they say, warned the administration that the BNL bank was helping Iraq acquire biological, chemical and nuclear weaponry.

Yet a review of the classified CIA report, which was made available to the Globe by an administration source, reveals that the document in fact bolsters the case, ultimately adopted by Bush, for extending more farm credits and mentions only parenthetically the reports of Iraq's arms network.

The Democrats say the analysis was "politicized" - written to justify a policy that had already been adopted. The next twist in the case may come as soon as this week, as Democrats try to show that US intelligence agencies had ample evidence in their files of Iraq's clandestine arms network.

Farm credit program

The keystone of US policy toward Saddam Hussein was the farm credit program. More than $6 billion in farm credit guarantees were approved by the Reagan and Bush administrations for Iraq from 1983 through 1990, primarily to help Iraq in its war against Iran.

Although the BNL probe has found evidence that Iraq manipulated the program through kickbacks and inflated prices, the Democrats
acknowledge they cannot yet offer proof that the farm credits were used to buy weapons. For good reason, say the Republicans: the administration has not found "any intelligence" or proof of "Iraqi misuse of the program . . . to purchase military weapons," said a US official.

As long as Iraq paid its loans, the US merely insured the farm transactions; no direct aid was involved. But when the White House froze Iraq's US assets after the Kuwait invasion, Iraq stopped payment on some $8 billion in loans that US taxpayers must now assume.

Trying to draw an election-year distinction between the two Republican administrations, the president's partisans note that of the $8 billion approved for Iraq, only $500 million was ultimately authorized by Bush and only $392 million was actually paid before the Kuwait invasion.

In the nine months between the approval of the $500 million and the invasion of Kuwait, in fact, Iraq paid off $247 million of its overall debt, reducing the total exposure to US taxpayers by $465 million. "Iraq met all of its financial obligations," a senior US official said.

Democrats say such arguments are dangerous, and have released minutes of a September, 1988 emergency meeting in which a Federal Reserve Board official, Robert Emery, warned that Iraq treated its debts like "a Ponzi-type scheme"—repaying only those creditors who had approved more credit.

$800 export licenses

Congressional Democrats have made much of the fact that from 1985 to 1990 the United States issued almost 300 export licenses to Iraq for some $1.5 billion in high-tech items that had possible military applications.

The Republicans make several points. Only $500 million of the $1.5 billion in orders were ever shipped, and no one has proven that the equipment sent to Iraq made a significant contribution to its military capabilities.

Iraq reapplied some $200 billion in oil sales and loans in the 1980s, dwarfing the impact of the $8 billion in US-licensed trade and guarantees, the Republicans say, and add that overly strict controls on such "dual use" products as computers would cost America high-tech jobs.

When United Nations inspectors arrived in Iraq at the end of the Gulf War, one administration official said, they found that tough US controls on missile technology worked. "The vast bulk of components and equipment . . . originated in the Soviet Union, China and Western Europe.

"Given the very limited nature of US-licensed high-tech exports to Iraq, cutting off these exports would not have affected Iraq's weapons of mass destruction programs," the official said.

The Democrats acknowledge that when it comes to arming Iraq, the United States exported far less than several other countries.

Baker sent Hussein secret note in '89

Secretary of State James A. Baker 3d sent a secret message to Saddam Hussein in the fall of 1989 involving President Bush's name to assure the Iraqi leader that the United States was doing nothing to destabilize his government, The New York Times reported yesterday.

The message to the foreign minister, Tariq Aziz, which followed by a few days a directive signed by Bush to use economic and political incentives to try to moderate Saddam Hussein's behavior, said, "The president has asked me to say to you and through you to President Saddam Hussein in the most direct way possible that the United States is not involved in any effort to weaken or destabilize Iraq."

A month later, the CIA warned Bush and his aides that failure to provide $1 billion in agricultural loan guarantees could create further tensions in Iraqi-American relations, the Times quoted intelligence documents and administration officials as saying.