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U.S. Renews Bid For Ties With Iran

Officials Not Optimistic About Relations

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The Reagan administration in recent weeks has sent new messages to Iran encouraging improved relations, although arms sales would not be part of the bargain, according to State Department officials.

The messages, which were sent in late November or early December amid the escalating uproar in Washington over secret U.S. arms sales to Iran, were routed through Switzerland, which officially represents U.S. interests in Iran, and through other governments friendly with Tehran.

U.S. officials said they are not optimistic, however, about immediate improvement in relations between the nations.

"We won't be running after them in the way we were since mid-1985," said an official familiar with the new overtures. Despite the current furor, the official said it is important for the United States to continue making serious and persistent efforts to improve relations because Iran is a key country in a strategic area.

At least some of the recent communications included "an attempt to discuss the hostage thing" and to ask about "specific cases," especially at least one American hostage who is reported to be ill, according to diplomatic sources. Five Americans are believed to be captives of pro-Iranian extremists in Lebanon, including three who were kidnapped in September and October. White House concern about American hostages was a principal motivation for the secret arms-sales program, which began in September 1985 and ended last month after it was disclosed publicly.

Administration officials conceded that it will not be easy under current circumstances to obtain the cooperation of the Tehran regime in freeing the two long-term hostages, Terry Anderson and Thomas Sutherland, who are still being held by the shadowy Islamic Jihad, or the

three most recently seized Americans. At least two of these three are believed to be captives of a group closely associated with Islamic Jihad.

"We don't expect any early action on the remaining hostages," one official said. In a sense, he added, these unfortunate Americans are victims of the uproar over arms and Iran because any negotiation for their release has become more difficult.

Secretary of State George P. Shultz continues to strongly oppose an Islamic Jihad demand that the United States pressure Kuwait to release 17 pro-Iranian terrorists convicted of bombing the U.S. and French embassies and Kuwaiti government buildings in December 1983, State Department sources said.

The Reuter news agency quoted Kuwaiti Foreign Minister Sabah Ahmed Sabah as saying he received a message from Shultz yesterday repeating that the United States does not link freedom for the convicted terrorists to the release of the remaining U.S. hostages.

Shultz, testifying before the House Foreign Affairs Committee Dec. 8, made public what the United States is asking of the Tehran regime of Ayatollah Ruhollah Khomeini. "Iran cannot expect a better relationship with us until it acts to end the war [with Iraq], ceases its support for terrorism and uses its influence with those who hold our hostages to achieve their freedom," Shultz said.

President Reagan and other White House officials have suggested that the seven shipments of U.S. arms to Iran had helped moderate Iran's support for international terrorism, a claim disputed by the State Department. Shultz also insisted in his Dec. 8 testimony that "no further arms shipments will be made to Iran by the United States, and we will exert all our influence to discourage arms sales to Iran by others."

Shultz's remarks restate long-standing U.S. positions that were undermined by the secret arms dealings. State Department officials say they think that in order to restore the credibility of these positions it is necessary to convey them to Iran in "a sterner tone" and with persistence. "We have got to show them that we are ready to hang tough," said a mid-level State Department source.

The belief at the State Department—notwithstanding occasionally contradictory White House statements—is that the Iranians with whom the administration was secretly dealing were not some separate group of "moderates" but were an integral part of the central leadership in Tehran. The negotiations with Washington were probably authorized by Khomeini, State Department officials think.

A possible problem in the U.S. government is that some officials, especially in the Central Intelligence Agency, appear to be more alarmed than State Department officials about the potential for large-scale Soviet gains in Iran when the ailing Khomeini, 84, dies.

A Graham Fuller, vice chairman of the government's umbrella National Intelligence Council, said at a conference in Philadelphia Dec. 11 that Khomeini's death might trigger "immense chaos" allowing pro-Soviet radicals to seize power and call for help from Moscow. An internal CIA memo from Fuller in early 1985 citing such possibilities was instrumental in touching off the internal discussions that led to the secret arms sales, according to several sources.

For their part, the Iranians have recently restated their conditions for better relations with Washington, including assistance in freeing the five hostages.

In a Friday prayer sermon Nov. 28, Ali Akbar Rafsanjani, the speaker of the Iranian parliament, said that "if the Americans will stop bullying and will return our assets which have been confiscated in the United States, then from this podium we shall ask the Lebanese people to assist you in the problem of hostages."

Rafsanjani repeated Friday, for the fourth time in three weeks, his demand that the U.S. administration release Iranian "assets," an apparent reference to arms bought by Iran before the overthrow of the Shah in early 1979 and to funds being held in the Federal Reserve Bank in New York.

The amount and value of those arms is in dispute. Iran has formally

claimed at a special tribunal at the Hague, which is arbitrating U.S. and Iranian claims, that the United States owes Tehran \$11 billion, an estimate one U.S. official described as "a fantasy figure" that includes mostly "consequential damages" from losses on "nondelivered equipment."

More recently, Iranian leaders have claimed that the United States is holding \$300 million in arms that Iran wants returned.

By U.S. reckoning, the amount of arms in Iranian title still in U.S. warehouses today is worth \$115 million. This includes mostly spare parts for planes and helicopters,

which officials said have deteriorated and are largely "junk."

A Defense Department official said the United States, after the fall of the shah, had sold "over \$800 million" in military equipment, including three destroyers, paid for by Iran. Of that sum, \$300 million was returned to Tehran between February and November 1979 before the release of U.S. hostages seized in the American embassy in Tehran. The remainder, \$500 million, is held in a Pentagon "trust fund" set up for the shah.

U.S. officials indicated that there is little likelihood of an early return to Tehran of either the spare parts

or the Pentagon trust fund money because of unresolved U.S. claims against Iran and the fact the two sides are far apart in their negotiations at the Hague tribunal over this issue.

On the other hand, the two sides are only "a banker's quibble" away from resolving outstanding differences over nearly \$500 million in money Iran overpaid in 1981 to the Federal Reserve Bank in New York. The Hague tribunal had asked Washington and Iran to try to resolve their differences over this fund by yesterday.

A U.S. official said that while there were "no serious problems" remaining, it might take "a political decision" in Washington and Tehran to reach a final agreement.