

Report from Minister of Foreign Trade for sale of armament to Iraq, 21 March 1969

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Secret

TO THE CHAIRMAN
OF THE ECONOMIC COORDINATION COMMITTEE

Comrade Zhivko Zhivkov

REPORT

From Lachezar Avramov – Minister of foreign trade

REFERENCE: Sales of special equipment, rendering special technical assistance and giving credit to the Republic of Iraq in the period 1969-1975

Comrade Chairman,

Export of special equipment to the Republic of Iraq has increased in the past years; however capabilities in this area are considerably higher.

In 1966, special equipment was exported for 305 368 currency leva.

In 1967, special equipment was exported for 323 847 currency leva.

In 1968, special equipment was exported for 2 562 037 currency leva.

As a result of talks held during the unofficial visit of an Iraqi military delegation to our country from 15 to 23 February this year, by the invitation of "Kintex", they put forward the issue of a closer coordination in the area of special deliveries (armament and ammunition), possibly building military installations in Iraq (airports and defense industries), training of Iraqi cadets-pilots, etc.

With a view to expand export of special equipment to the Republic of Iraq, and in the spirit of the Trade Agreement between the two countries, signed in 1959, I reckon it would be expedient to sign a long-term agreement with the Republic of Iraq for special export and cooperation in the period 1969-1975.

During the talks between the head of the delegation General Gidan with the Chief of General Staff Comrade General Semerdzhiev, an agreement was reached to build joint Bulgarian-Iraqi commission in the field of special deliveries and cooperation, to help expand and control the latter.

I believe it is necessary to point out that most countries suppliers of special equipment make deliveries to their clients under long-term credit conditions. Such are the terms of payment proposed by the Iraqi side, referring to practice, that should be taken into account by our country as a supplier.

Taking into consideration the above mentioned, I propose to give our consent to sign a long-term agreement with enclosures with the Republic of Iraq, to deliver equipment and technical assistance under the following conditions:

- 20 % advance payment at signing contracts, the remaining
- 80 % by credit for 5-8 years with 3 % simple interest, with equal annual payments.

The equipment, subject to export, is in accordance with Bulgarian or Soviet technical documentation and we have permission for export.

In case we get permission from the USSR, we would be able to export in this period other products, amounting to no less that 5 000 000 US dollars. This additional export shall be realized within the credit limits.

While working out the proposal for export prices, we have taken into account Soviet and Bulgarian prices.

Raw materials necessary for production of items come to 34,82% of the total export value, 14,82% are local materials, and 20% - import.

In case the conditions proposed by the Iraqi side are approved, the advance payment of 20 % amounting to 4 million US dollars will replenish 95,88 % of the imported materials for the whole production and period.

Taking into account the above mentioned, I propose that the Economic Coordination Committee make the following

RESOLUTION:

1. To authorize the Minister of people's defense, Army General Dobri Dzurov, to sign, on behalf of the government of the People's Republic of Bulgaria, a long-term Agreement for special export and cooperation for the period 1969-1975, at a total amount of 20 000 000 US dollars, with the government of the Republic of Iraq.
2. To give permission, in compliance with the draft long-term Agreement, to give credit to the Republic of Iraq for 16 000 000 US dollars, comprising 80 % of the total value of special equipment, for 5-8 years, with 3 % simple interest, to be paid in equal annual payments within the credit period.
3. The Ministry of defense, the Ministry of foreign trade – "Kintex" and the State planning commission shall identify representatives to work on behalf of the Republic of Bulgaria in the Joint Bulgarian-Iraqi commission in the field of special export and cooperation between the two countries.

Annexes:

1. List of special equipment in quantities and prices in thousands USD, suggested to Iraq for the period 1969-1975 – 1 page
2. Information on the effectiveness of the suggested to Iraq special equipment on loan for the period 1969-1975 – 1 page

3. Draft of Agreement between Bulgaria and Iraq for delivery of special equipment, technical assistance and cooperation for the period 1969 – 1975 – 7 pages

MINISTER: [Lachezar Avramov]

31 March 1969

[Translated by Greta Keremidchieva]