

# Sanctions against Iraq prove costly for foreign companies

**From Associated Press reports**

LONDON — Tons of Irish hamburger are stranded in Turkey. A French potato cooperative stands to lose 10 percent of its sales. An English company, stuck with four turbine generators that haven't been paid for, is cutting 650 jobs.

Far from the Persian Gulf, companies are feeling the sanctions imposed on Iraq.

The crisis has come just as Baghdad's credit rating appeared to be recovering following the eight-year Iran-Iraq war. Now, say several experts interviewed on condition of anonymity, there seems

little hope that Iraq will soon repay its debts to Western financiers.

Iraq has the most debts of any Middle East country — up to \$80 billion by some estimates — with Japan, Germany, France and Italy standing to lose most if Iraq defaults, banking sources say. Iraqi debts, once relatively modest, rose

quickly to finance the 1980-88 war with Iran, according to banking experts.

"Very soon after the war broke out they went into significant default and loans from commercial banks ... virtually dried up," said one British banker. Surcharges on some loans were as high as 15 percent above the interest rate,

and Iraq's debt spiraled out of control, sources said.

After the war, it was hoped Iraq's finances would improve. But the existing debt proved overwhelming. The Export Credit Guarantee Department, the British government body that insures loans to developing countries, said it

stopped covering deals with Iraq in April when Iraqi arrears started to mount.

It was this debt that helped bring on the invasion of oil-rich Kuwait.

"Saddam was getting in a difficult position. There were expectations of a higher standard of living but at the same time he was stuck under a large debt with no signs of formal rescheduling," said a British banker.

Iraq refuses to join the Paris Club of debtor nations, which sets up talks on multilateral rescheduling agreements. Also, says one banker, Iraq does not hire Western experts to advise it on debt.

"They're too proud for that," he said. On Aug. 1, an Iraqi delegation visited Rome for negotiations to reschedule \$900 million in overdue commercial export credits guaranteed by the Italian government. Iraq has refused to pay because an order of warships and helicopters was blocked by an Italian arms embargo.

Nor are large multinational corporations the only victims of the crisis.

Goodman International, Iraq's main Irish beef supplier, has a consignment of hamburger and steaks lying in a Turkish warehouse. According to a source close to the firm, Iraq owes it about \$100 million.

"The money was being paid according to schedule, but stopped as soon as this fracas started out there," the source said. At the NEI Parsons plant in northern England, work has stopped on four turbine generators designed for Iraq's Al Shermal power station, and 650 jobs have been cut.

A cooperative of about 1,000 potato farmers based at Quimper, Brittany, had a contract to deliver 15,000 tons of seed potatoes. The harvest has begun and if shipments don't begin soon, the spuds, worth about \$8 million, will rot.

Iraq is the cooperative's main export customer, accounting for 10 percent of sales.

## Promised freedom unrealized

**From Associated Press reports**

JORDAN — U.S. officials rushed to Jordan's border with Iraq on Wednesday to greet Americans fleeing from Iraq, but there was no sign that Saddam Hussein had carried out his pledge to free Western women and children.

No members of that hostage group were aboard the two Iraqi Airways flights that arrived in Amman, Jordan, from Baghdad on Wednesday.

And although U.S. Ambassador Roger Harrison hurried to the border post of Ruweishid northeast of Amman to help greet Americans, none showed up.

"I have no evidence...indicating that people have been allowed to leave," White House spokesman Roman Popadiuk told reporters in Washington.

On Tuesday, the State Department said Iraq took nine more Americans into custody in Iraq and Kuwait, bringing the number to 70 who have been rounded up and apparently moved to military installations to help prevent a U.S. attack.

Iraq's U.S. ambassador, Mohamed Al-Mashat, officially notified the State Department on Wednesday of Saddam's decree the day before that all women and children of foreign nationals would be allowed out of Iraq.

Al-Mashat told reporters the Americans would be allowed to leave through Jordan or Turkey, but he gave no timetable for their departure.

"It is not possible administratively that everybody go on the same day," Al-Mashat said. He said he did not know whether the Iraqi government would provide aircraft to facilitate the departures.

The ambassador also said that once Washington assured Baghdad that the U.S.-led multinational force massing in Saudi Arabia and the Persian Gulf would not attack Iraq "then we are going to let even men out."

But it was not clear whether Al-Mashat's impromptu remarks represented a policy change by the Iraqi government.

Saddam previously offered to free all 21,000 Western hostages in Iraq and Kuwait if Washington withdrew its forces from the gulf and guaranteed that trade sanctions against Iraq are lifted. The United States rejected the offer.

About 3,000 Americans were trapped in Kuwait and Iraq on Aug. 2 when Iraqi forces overran its oil-rich neighbor, then annexed it.

The international trade embargo designed to force Iraq to end its occupation of Kuwait got an important boost from OPEC and Japan on Wednesday.

OPEC oil ministers meeting in Vienna approved a plan allowing Saudi Arabia, Venezuela and other member countries to pump more oil and help hold down crude prices during the gulf crisis.

One OPEC minister predicted the agreement could replace 3 million of the 4 million barrels of oil the day that disappeared from the world market because of the embargo on Iraqi and Kuwaiti crude. That shortfall caused oil prices to skyrocket.

Iran refused to back the OPEC deal, and Iraq and Libya did not show up for the meeting of the 13-nation Organization of Petroleum Exporting Countries.

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