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EDITIONS

Thursday, 13 February, 2003, 17:31 GMT

France's economic ties to Iraq

Economics is an important factor in any Iraqi war

By John Laurenson

In Paris

Opinion polls show almost 80% of people in France are against a US-led war against Iraq.

Many of those see American military and economic aims in Iraq as one and the same thing.

America's critics claim that America's policy on Iraq is driven by its appetite for oil.

But could similar claims be made about France?

Power games

During the late 1970s, French companies started work on the Tamuz One nuclear reactor near Baghdad - designed to produce plutonium - and on a second reactor, Tamuz Two.

The first was destroyed by Israeli fighter bombers in 1981.

During the Iran-Iraq war, France was soon supplying Iraq with top level military hardware of its own.

All told, France sold some \$25bn-worth of weaponry to Iraq before the UN embargo was imposed after the Gulf War.

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A report commissioned by the French parliament published last September puts the value of French exports to Iraq since sanctions were imposed at \$3.5bn.

Agnes Levallois, a specialist in business in the Middle East, cites the example of French pharmaceutical firms, all of whom she says sell antibiotics and other basic medicines in Iraq.



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Oil the spur

In July 2001, when relations chilled, Saddam froze these companies' contracts, but renewed them once diplomatic relations thawed.

Even in 2001, France sold Iraq \$650m-worth of goods, more than any other country, and was the Western country with the largest number of stands at last November's Baghdad Trade Fair.

But above all, the French are interested in Iraqi oil.

Nicolas Sarkis, of Arab Oil and Gas magazine, says France's state-controlled TotalFinaElf is poised to win contracts to drill the largest unexploited oil reserves in the world.

Ahmed Chalabi, the Iraqi banker who presides the Iraqi National Council - the American-backed organisation supposed to bring democracy to a post-Saddam Iraq - has said that American firms will be given a "preponderant role".

If war is unleashed on Iraq, it will not only be a blow to French diplomacy but to French industry as well.

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