

# New York Times

NEW YORK, SUNDAY, DECEMBER 8, 1991

\$1.75 beyond 75 miles from New York C

By SEYMOUR M. HERSH  
Special to The New York Times

WASHINGTON, Dec. 7 — Soon after taking office in 1981, the Reagan Administration secretly and abruptly changed United States policy and allowed Israel to sell several billion dollars' worth of American-made arms, spare parts and ammunition to the Iranian Government, according to former senior Reagan Administration officials and Israeli officials.

The flow of arms began only a few months after the American hostages seized at the United States Embassy in Teheran in 1979 were released on Inauguration Day in 1981. The United States specifically authorized Israel to make the sales to Iran for a period that by different accounts ranged from 6 to 18 months. But the United States watched them continue after that, even as the Reagan Administration aggressively promoted a public campaign, known as Operation Staunch, to stop worldwide transfers of military goods to Iran.

#### First Evidence of Link

Occasional published reports since 1981 have linked Israel to the sale of some American-made arms and spare parts to Iran in the early 1980's, but no United States Government authority for those sales has been publicly demonstrated before now. The change in policy came before the Iranian-sponsored seizure of American hostages in Lebanon began in 1982, eventually leading the White House to trade arms for hostages in the Iran-contra affair.

Iran at that time was in dire need of arms and spare parts for its American-made arsenal to defend itself against Iraq, which had attacked it in September 1980. Israel was interested in keeping the war between Iran and Iraq going to insure that these two potential enemies remained preoccupied with each other.

No American rationale for permitting covert arms sales to Iran could be established. Disclosure of the Reagan Administration's agreement with Israel comes as Congress prepares to begin investigations into continuing allegations that Reagan campaign officials

## The Iran Pipeline: A Hidden Chapter

A special report.

made a deal with the Iranian Government of Ayatollah Ruhollah Khomeini in the fall of 1980. In the months before the presidential election in November, partisans on each side expressed concern that the other would carry out some last-minute deal to free the embassy hostages — or delay their freedom — for political gain. To both camps that became known as the "October surprise."

#### Over 100 Interviewed

In recent months attention has been focused on the "October surprise" scenario holding that the Reagan campaign team made a deal with the Iranians to delay the release of the hostages until after the election.

A New York Times inquiry over the last three months involving interviews with more than 100 present and former Government officials, arms dealers, intelligence agents and others with direct knowledge of aspects of the operation found no link between the Israeli arms sales to Iran in the early 1980's and the "October surprise" allegations.

The inquiry did show that Secretary

Continued on Page 16, Column 1

## Reagan Is Said to Have Let Israel Sell Arms to Teheran

Administration Secretly Changed Policy in 1981

Continued From Page 1

of State Alexander M. Haig Jr. and Prime Minister Menachem Begin of Israel worked out an agreement in 1981 under which the United States would review and approve Iranian requests to Israel for American-made spare parts and other equipment on a case-by-base basis.

The Administration rescinded that agreement in the spring of 1982, senior American and Israeli officials recalled, after Mr. Haig and his aides concluded that the Israeli Defense Minister, Ariel Sharon, was selling American-made military matériel without Washington's permission. The United States routinely reserves the right to prohibit the resale of American-made weapons.

Asked for comment, Sherwood Goldberg, a longtime adviser to Mr. Haig, issued the following statement: "At no time did Alexander Haig authorize shipment of U.S. equipment from Israel to Iran, and any inference to the contrary is categorically wrong."

### Ex-Israeli Aide Describes the Deals

But Maj. Gen. Avraham Tamir, a high-ranking Israeli Defense Ministry official in 1981 who later served as director general of the Foreign Ministry, remembered the arms dealings.

"Every month we gave a list of American weapons and American spare parts we'd like to sell to Iran," he said in a telephone interview this week.

As General Tamir recalled it, the "oral agreement" remained in effect for at least 18 months, and in that time typed lists of requests were given to Samuel W. Lewis, who was then the American Ambassador to Israel.

"In the years 1981 and 1982, weapons with U.S. components were sold to Iran based on an understanding with Secretary Haig," General Tamir said. "Then it was stopped. And then arms traders from around the world — some were Israelis, Americans, English — continued to sell." He added that those continued sales of American-made arms to Iran totaled billions of dollars.

A former senior American diplomat confirmed General Tamir's account, with several modifications.

In the beginning of 1981, he said, "there was an agreement that Haig reached that they could send certain spare parts" to Iran after a review in Washington.

"Sharon violated it, and Haig backed away," the official said. "It was a sore point in the Administration," the former official said.

The former official also said the American agreement lasted no longer than six months before the United States canceled it.

But even after the official agreement was broken, American officials said, the Administration made no effort to curb what became a steadily increasing flow of American-made arms from Israel to Iran. American intelligence officials received steady reports show-



The New York Times

An inquiry indicated that American-made arms were shipped from Eilat to Bandar Abbas.

ing that Israel was selling large quantities of American-made arms and other military goods to Teheran, much of it through "private" arms dealers. These reports were routinely given to senior officials in the White House and elsewhere in the Administration.

"We were getting literally daily reports of Israeli sales to Iran," a former high-level Reagan Administration intelligence official said. "It was so routine I didn't think twice about it. It was pretty clear that all the key players knew."

The Reagan Administration continued to replenish Israel's stockpile of American-made weapons, despite clear evidence that Israel was shipping them to Iran.

"It was always a gray area," a senior American diplomat said, referring to the Israeli Government's requests for the replacement of ammunition and arms it said had been used in routine military training and exercises. "Are you supplying them stuff that was really shot up in training or was it shipped to Iran?"

It could not be determined when the Israeli program ended, or whether it simply continued until it was overtaken by the arms shipments to Iran that began the Iran-contra affair.

Told of The Times's finding in a telephone interview last week, former President Jimmy Carter said he was "amazed," adding, "I remember vividly statements made from the White House that there would be no rewarding of kidnapers or terrorists."

While Mr. Carter, as President, would not tolerate the sale of any arms to Iran, during the 1980 re-election campaign his Administration did offer to accept an Iranian request and release embargoed Iranian military goods worth about \$150 million — if the hostages were freed. But after Mr. Carter referred publicly to this, the Iranians said they were no longer interested.

In the telephone interview, Mr. Carter renewed his call for a full investigation of the "October surprise" allegations.

After extensive discussion this fall, the Senate Foreign Relations and House Foreign Affairs committees have authorized inquiries into the alle-

gations.

## \$2 Billion a Year In Sales Estimated

At the height of the Israeli program, former Israeli officials said, the Israeli Government covertly chartered a large number of cargo ships, registered in Denmark and Liberia. They carried arms between the ports of Eilat in Israel and Bandar Abbas in Iran, making the round trip once a month.

Chartered aircraft from Argentina, Ireland and the United States were also used to fly American-made arms to Israel and, in some cases, directly to Teheran.

No precise estimate of the volume of goods shipped could be made. But in interviews, Israeli and American intelligence officials acknowledged that weapons, spare parts and ammunition worth several billion dollars flowed to Iran each year during the early 1980's.

According to former Israeli Government officials, some of the chartered flights carrying American arms for Iran originated from a covert air base near Tucson, Ariz., known as Marana Air Park. For years, the Central Intelligence Agency has used Marana for secret arms shipments. In the mid-1980's, C.I.A. operatives and others used the field for the secret program to resupply the Nicaraguan rebels during the years that Congress had barred aid to the contras.

Ari Ben Menashe, a former Israeli intelligence operative, said Israel had also established an undercover office in New York City to direct the covert purchases of American-made military equipment for resale to Iran.

Among these weapons, other officials said, were some of the most ad-

vanced arms in the American arsenal, including Hawk anti-aircraft missiles, Lance surface-to-surface missiles, TOW anti-tank missiles and armor-piercing shells. Under American law, Israel was not permitted to resell weapons of this sort without approval from Washington.

The Times inquiry was able to verify that Mr. Ben Menashe was among the Israeli officials and operatives who brokered arms deals in the program to sell American-made arms to Iran during the early 1980's. On behalf of the Israeli Government, he said, he helped manage a worldwide network of private arms dealers and shippers responsible for selling American arms worth several billion dollars to Iran.

Mr. Ben Menashe has asserted that

George Bush, when he was a Vice-Presidential candidate, played a direct role in the purported "October surprise." This accusation has been denied by Mr. Bush and others.

In interviews, several American arms dealers with ties to the C.I.A. said they knew Mr. Ben-Menashe as an Israeli intelligence operative who occasionally operated under diplomatic cover. Each of the assertions he made about the Israeli program to sell arms to Iran was verified with several other sources.

Mr. Ben Menashe said the covert Israeli operation in New York was moved to London in 1983 because Israeli officials feared that it had been compromised after a New York Times report in 1982 saying Iran was receiving

American-made arms from Israel worth hundreds of millions of dollars.

After that report was published, its author, Leslie H. Gelb, interviewed a woman who worked in the covert New York office. She described it to Mr. Gelb. And when Mr. Ben Menashe also described it to him later, the two descriptions matched.

One former high-level Central Intelligence Agency official who saw reports of the Israeli arms sales to Iran in the early 1980's estimated that the total approached \$2 billion each year. But he added, "The degree to which it was sanctioned I don't know."

## A Sales Contract Is Described

One sales contract described a proposed sale to Iran of \$136 million in American military equipment. It was signed in July 24, 1981, by a former Israeli intelligence official, Yaacov Nimrodi, and called for the shipment to Iran from Rotterdam of 50 Lance missiles and 68 Hawk missiles, as well as nearly 13,000 rounds of 155-millimeter howitzer ammunition.

The contract, if carried out, would have provided the Iranian military with Hawk missiles four years before the first known shipment of American Hawks in November 1985, as part of the Iran-contra affair.

In a telephone interview, Mr. Nimrodi vehemently denied that he had sold any arms to the Khomeini Government, though several investigations showed that he played a role in the early stages of the Iran-contra affair.

The Nimrodi-Iran contract was one of many obtained by the Danish Seamen's Union, whose leadership conducted an extensive investigation of the illicit traffic between Western Europe and Iran in the mid-1980's.

Henrik Berlau, president of the union, said in an interview that his union was sure that the Nimrodi contract was fulfilled.

Mr. Berlau said the union's investigation found that by the end of 1985, Danish cargo ships chartered by the Israeli Government and private arms merchants had made as many as 600 voyages carrying American-made arms between Eilat and Bandar Abbas.

The former high-level Reagan Administration intelligence official said the intelligence agencies paid particular attention to Israel's efforts to provide spare parts for Iran's large fleet of American-made F-14 fighter aircraft. The Shah had purchased them as part of the more than \$17 billion he spent on American arms between 1970 and his overthrow in 1979.

Mr. Haig's withdrawal of authority for the Iranian resupply operation did not diminish the flow of spare parts and other equipment for Iran's F-14 fleet. It could not be learned how those sensitive items, whose exports are closely monitored by American offi-

cial, were transferred from United States stockpiles to Israel, which has no F-14's.

As the reports continued, the official said, he and others used them to figure out how the Iranian Air Force was faring in the war.

"We were monitoring their capabilities by watching their requests for spare parts through Israel," he said.

## McFarlane Denies A Coordinating Role

Former Israeli officials said the 1981 agreement with Mr. Haig was coordinated by Robert C. McFarlane, who was then the State Department counselor. Mr. McFarlane denied that.

In a statement provided by his attorney, Leonard Garment, Mr. McFarlane said he "saw unconfirmed reports in 1981 that the Israelis were making shipments" to Iran. He said he had subsequently requested and obtained assurances from a Cabinet-level offi-

cial that "any such shipments did not have U.S. approval."

Mr. McFarlane "did not pursue the matter further," Mr. Garment quoted him as saying, "because it was not his watch."

Later, however, Mr. McFarlane specifically denied knowledge of any Israeli shipments to Iran. This came during a meeting late in 1983 with a special fact-finding panel, known as the Long Commission, set up to investigate the terrorist bombing in October 1983 of the Marine barracks in Beirut, Lebanon.

"I asked the question about Israeli arms going to Iran, and Bud played dumb," a panel member recalled in an interview, using Mr. McFarlane's nickname. "He looked puzzled and said, 'What do you mean?'"

The panel member, an intelligence official who had seen the secret reports on the arms sales, said Mr. McFarlane's denial "really bothered me because by this time we knew that we'd given arms to Israel and some of those arms were ending up in Iran."

## Haig's Accounts, 10 Years Apart

On Jan. 29, 1981, at his first news conference as Secretary of State, Mr. Haig volunteered the following statement: "Let me state categorically today, there will be no military equipment provided to the Government of Iran, either under earlier obligations and contractual arrangements or as yet unstated requests."

In a PBS television interview 10 years later, however, Mr. Haig acknowledged that Israel might have shipped some American arms to Iran and added: "If that happened, it hap-

## Arming Khomeini: The U.S. Role

### 1979

NOV. 4 U.S. Embassy in Tehran is seized by supporters of Ayatollah Khomeini, and 52 American hostages are taken.

NOV. 12 President Jimmy Carter calls Iranian officials and requests Iranian release of U.S. hostages.

### 1980

APRIL 7 U.S. breaks diplomatic relations with Iran.

APRIL 26 An American military operation to free the hostages fails.

SEPTEMBER 22 Soviet hostages between Iran and Iraq turn to full-scale war.

DECEMBER 19 Carter Administration offers to accept an Iranian request and provide unexpended Iranian military goods worth about \$150 million if hostages are freed. Ayatollah Khomeini refuses the offer.

NOV. 19 Ronald Reagan is elected President.

DECEMBER 19 Iran requests 24 million U.S. dollars in United States quarantine in return for the hostages' release.

### 1981

JAN. 28 Iran receives U.S. offer of \$2.9 billion in military goods.

JAN. 30 Money due Iran is placed in an escrow account, and the hostages are released. Iran says that Reagan's negotiator had lied.



The U.S. hostages after their release from 444 days of captivity. Iran says the hostages were freed after the United States agreed to supply arms. The release was approved by Washington on January 20, 1981.

### 1982

MAY 19 David S. Dodge, the acting president of the American Revolution, says that he is the first American to be taken hostage in Iran.

### 1985

MAY 19 The U.S. State Department says that it has received information that Iran is planning to sell arms to Iraq.

APRIL 19 The U.S. State Department says that it has received information that Iran is planning to sell arms to Iraq.

DECEMBER 19 The U.S. State Department says that it has received information that Iran is planning to sell arms to Iraq.

pened through the good offices of somebody in the White House staff, and I don't discount that. That could have happened."

In a recent interview, Richard V. Allen, who was the national security adviser during most of 1981, said it would have been Mr. Haig — and not the White House — who orchestrated a private agreement.

"Given what we've seen unfold in recent years," Mr. Allen said, referring to the Iran-contra scandal, "it is possible" that Secretary Haig consulted with President Reagan on this issue "by the backdoor."

As for the agreement with the Israeli Prime Minister, Mr. Allen added, "It must have been done by word of mouth, or some method of privately conveying consent to begin to proceed."

Still, he said, "I know of no such agreement."

In 1967, when the Senate Iran-contra committee interviewed David Satterfield, then an officer on the Israel desk in the State Department, he testified that in October 1980, "Israel" approached the United States about the possibility of selling arms to Iran in order to open up a strategic relationship. The Carter Administration rejected the idea.

Mr. Satterfield said the Israelis had come back with the same proposal after Mr. Reagan took office in 1981, saying they "wanted to engage in some arms transactions involving United States weapons" to develop contact with important Iranian officials.

"Haig told Israel that in principle this was O.K.," Mr. Satterfield said.

He said Israel repeatedly proposed to sell weapons that "went beyond the agreed-upon limited lists" of spare parts. As a result, the Reagan Administration became convinced that "Israel was only interested in its own goals in Iran."

Mr. Satterfield is now deputy director of Secretary of State James A. Baker 3d's secretariat. He refused to discuss his 1987 interview, saying his testimony "was classified then and remains classified today."