Iraq, Part I: From the Iranian Revolution to the Gulf War (1979–1991)

Between 1979 and 1991, three key incidents that impacted Iraq took place—the 1979 Iranian Revolution, the 1980–1988 Iran-Iraq War, and the 1990–1991 Gulf War, just before the implementation of the Common Foreign and Security Policy (CFSP). In this period, EU exports to Iraq peaked at a high of $12.50 billion in 1982 and hit a low of $0.08 billion in 1991, while EU imports hit $4.86 billion in 1985 at its maximum and $0.20 billion in 1991 at its minimum.1 These high levels of trade were recorded despite the two wars involving Iran, Kuwait, and the US-led coalition (the Gulf War).2 During this time frame, EU-Iraqi trade continued, pointing to the failure of the EU’s peace-through-trade policy in this case. By demonstrating how and why the EU failed to prevent conflict and maintain peace through trade in Iraq between 1979 and 1991, this chapter provides the prelude to chapter 5, which is concerned with the same issue in Iraq between 1992 and 2009.

The Revolution and the “Whirlwind War” (1979–1988)

Before the Whirlwind War with Iran,3 Iraq signed 12 United Nations (UN) treaties endorsing conditions in which trade could flourish,4 some of which remained in place throughout the conflict. While Saddam scrapped the majority of these agreements, he did sign additional treaties in the run up to and during the Iran-Iraq War between 1979 and 1988.5 It is important to note that not all of these accords explicitly concerned trade. However, these treaties nevertheless
provided signals and a basis to encourage trade with Iraq, for example, the international convention against hostage taking signaled a more stable and cooperative Iraq, which in turn encouraged trade.

As an initial move, it is helpful to observe overall EU-Iraqi trade between 1979 and 1988. While Iraq’s import and export figures for 1979 and 1980 are unavailable, Iraq’s overall merchandise trade statistics are available for these two years. In order to extrapolate a picture of Iraq’s general trading environment during this gap in the data, this section analyzes the overall Iraqi merchandise trade for the first two years of this time frame (1979 and 1980; see graph 4.1). For the years following this time frame (1981–1988), this chapter uses EU-Iraqi import and export figures as they are a more representative indicator of EU-Iraqi trade (see graph 4.2). The merchandise tag, as labeled by the World Bank (WB), refers to the sum of imports and exports of all Iraqi equipment, products, goods, and services.

Between 1979 and 1982, Iraq experienced an increase in its overall merchandise imports, from $7.23 billion in 1979 to $21.53 billion in 1982. On the other hand, Iraq’s merchandise exports dipped from a high of $26.28 billion in 1980 to $10.53 billion a year later and

Graph 4.1  Iraq’s overall merchandise trade (1979–1988).