1. What little information we have re current Iraqi visit to Moscow (see para 4 reftel) indicates trip's original purpose was Iraqi desire to discuss Soviet loans to Iraq involving, among other things, Iraqi installment effort to revise or extend installment payments on loans which reportedly total $60 million. In this connection we have heard reports of Iraqi financial difficulties obliging them at one stage to approach Libyans for assistance. Libyans allegedly turned them down.

2. We also had earlier unconfirmed reports of Iraqi intention to seek more arms including perhaps aircraft.

3. In any event, we believe it quite likely Soviets
will seize opportunity to pressure Iraqis to change their current anti-Nasser stand. Supporting this view was Soviet press attack in Pravda on Iraq which appeared on August 1 expressing Soviet displeasure over current opposition to Nasser's acceptance of US peace initiative. In addition during lackluster luncheon in honor of Mazurov, First Vice-Chairman of USSR Council of Ministers made pointed statement of Soviet support for "attainment of just political settlement of M.E. conflict." Finally, unconfirmed Beirut report says that Iraq has recently received request from Soviets for repayment of Iraqi debts and threatening to suspend aid and shipment of spare parts.

COMMENT: We doubt Soviets will have much luck with unpredictable and uncontrollable Iraqis who appear to have painted themselves into isolated anti-Nasser corner.
Playing important role in Iraqi thinking is long standing Ba'athi antipathy to Nasser compounded by traditional Mesopotamian suspicion of and contempt for Egyptians.