

The Luchoire affair: 'Irangate à la française'

by Laurent Rosenfeld

The French political scene was rocked in the first week of November by a scandal at first dubbed *l'affaire Luchoire*, but already better known as "Irangate à la française." It was revealed that at least half a million heavy artillery shells had been sold to Iran, via various indirect means, by the Luchoire company, with the complicity of very high officials in the defense ministry and other agencies of the former Socialist government. This, despite an official ban on weapons exports to Iran decreed in the spring of 1980, and reaffirmed many times in subsequent years.

Many scandals have broken out in France in recent months, hitting both left and right. But all were minor matters of corruption, or abuse of authority or administration which affected the careers of only a few individuals. The Luchoire affair is more serious: Arms sales to Iran are in contradiction to all the diplomatic commitments and stated aims of French foreign policy. Other nations must ask: Who really is France in the international arena?

Luchoire is a private industrial company producing, among other things, weapons and munitions, with gross annual sales of 2 billion francs (\$380 million). The secret sales to Iran were first publicly exposed on Jan. 6, 1986, in an article in *Le Quotidien de Paris*, and then again on Feb. 18, 1986, with more details, in an article published in *La Presse de la Manche*, a small regional newspaper. The defense ministry of the new Gaullist government launched an investigation in March 1986. Luchoire had sold heavy artillery shells to Iran during the years 1983-85, when any sales of weapons to Iran were illegal.

The revelation mushroomed into a major scandal when two French magazines Oct. 31 revealed that, according to a confidential report leaked to the press, the sales had benefited from high-level government complicity, and, unconfirmed, that royalties had been paid to the French Socialist Party, then in power.

Revelation followed on revelation, until on Nov. 4, the Paris daily *Le Figaro* was able to publish the complete confidential report on the arms sales. This report, written by Armed Forces Comptroller General Jean-François Barba, was completed on June 6, 1986. Judge Michel Legrand, in charge of the investigation of the Luchoire affair since it was

launched in March 1986, was told the contents of the report, but it remained classified. After the various leaks, and ultimately, its publication, Defense Minister André Giraud declassified it.

The contents of the Barba report

Barba first describes how, after the first press revelations of early 1986, Socialist Defense Minister Paul Quilès filed a suit against Luchoire on March 13, 1986, only three days before the elections that kicked the Socialists out of government. A few weeks later, shortly after Jacques Chirac had formed his new cabinet, the new defense minister, André Giraud, asked Barba to launch a preliminary defense ministry investigation, parallel to the justice ministry investigation. Barba was able to interrogate Daniel Dewavrin, head of Luchoire, and a number of high-level civil servants and other officials from the defense ministry, customs, the secret services, and other institutions that monitor weapons trade.

It turned out that, between 1983 and 1985, Luchoire had sold to Iran, either directly or through Italian subsidiaries, at the very least:

- 473,704 155-mm shells;
- 55,000 203-mm shells;
- 120,000 explosive charges;
- 120,000 fast-burning fuses.

This is quite an extraordinary amount, to which we must add an unspecified number of 105-mm shells.

Even more damning for the Socialist government, by no later than 1984, the Directorate of Defense Protection and Security (DPSD) had called the attention of the ministry to irregularities in Luchoire's exports. For example, on Jan. 24, 1984, the DPSD warned that the sale of 20,000 105-mm shells and 20,000 155-mm shells "to Ecuador" did not correspond to the needs of the Ecuadorian army. Again, on Feb. 16, 1984, the DPSD had reported that Egyptian law-enforcement authorities in Port Said had seized the cargo of a Cypriot freighter bound for Iran: 2,000 tons of munitions, including 40,000 155-mm shells from Luchoire.

Another case might even be considered funny, were it not for the people who have been killed in connection with the traffic; an export license was granted for the sale of 55,000

203-mm shells to Thailand, which, as the secret services pointed out, does not have any 203-mm cannon.

It turns out that cargoes of 155-mm and 203-mm shells were sailing out of Cherbourg harbor to fictitious clients in Portugal, Brazil, Israel, Yugoslavia, Greece, Thailand, Pakistan, and others. It is to be noted that the end user certificates were false, and that the governments of these countries were apparently unaware of the traffic.

These exports were undertaken "according to the rules," which is to say:

1) They were duly sanctioned by the Secretary General of National Defense (SGDN), the man responsible for defense affairs on the prime minister's staff.

2) Luchaire obtained customs certificates allowing export of war materiel, which can only be delivered with the approval of the SGDN, the foreign ministry, and the defense ministry.

3) They were covered by end-user certificates—albeit, false ones.

The second part of the Barba report is an account of the interrogation of Luchaire's president, Daniel Dewavrin. Dewavrin's statements basically confirm both the nature and the magnitude of the traffic, but they also give the names of high-level civil servants at the defense ministry who were involved. Dewavrin claimed he had met one Jean-François Dubos, a close adviser to then Defense Minister Charles Hernu, who asked him not to sell weapons *directly* to Iran, and proceeded to help him set up the cover-sales to other countries. Other people were involved or knew of the traffic, including army engineer Gen. René Audran, who, some sources claim, disapproved of it, and was killed by the Direct Action terrorist organization in January 1985.

Dewavrin also reported that the financial transactions were carried out through the Italian Banca Nazionale del Lavoro (BNL), a bank linked to the outlawed, weapons-trafficking P-2 Freemasonic lodge in Italy, and to Oliver North's "Project Democracy" crowd in the United States. The BNL's board of directors includes people like Henry Kissinger and Giscard d'Estaing's premier, Raymond Barre.

Commissions, allowances, and royalties were relatively large, about 100 million francs (\$18 million), which were transferred by BNL to Swiss bank accounts belonging to various Iranian and Italian intermediaries. The transfers were authorized by the finance ministry, with the agreement of the defense ministry. It is in this context that 2.5-3 million francs, according to Dewavrin's testimony, were paid to one François Diaz, a close aide of Defense Minister Hernu. These funds, according to yet-unsubstantiated press accounts, would have gone to the black cashbox of the Socialist Party, but no money would have gone directly to the Socialist Party, according to the Barba report.

Barba then proceeds to cross-check Dewavrin's confession and concludes that he basically told the truth.

In the spring of 1984, Dubos told General Wautrin, then director of the DPSD, to "ease up on that one," adding, "You understand, Luchaire gives funds to the Socialist Party." Later, in 1985, Dubos ordered Colonel Gillet, then pro-tempore director of the DGSP, to be extremely discreet and to address his reports only to Dubos's office (i.e., not to other bodies normally involved in such matters).

Another source of information on the traffic was the DGSE, the French foreign intelligence services. The head of the DGSE, Admiral Lacoste, on Feb. 7, 1984 warned Dubos about the sales. Dubos answered, "Let them catch me, if they can." On May 21, 1984, Lacoste warned President Mitterrand, who told him to inform Defense Minister Hernu. On May 24, he discussed the matter with Hernu. The deliveries continued.

The conclusion is inescapable: The French Socialist government knew, covered up for, and most probably pushed for weapons deliveries to Iran.

The U.S. connection

The question remains: Why? Whereas France had very good relations with Iran in the time of the Shah, relations were severed shortly after Khomeini came to power. France was and is strongly allied with Iraq, and has been delivering massive quantities of weapons to Baghdad. Interestingly, those sales to Iraq also massively increased under the Socialist regime, in the 1981-86 period.

Of course, selling weapons to Iran was at the time a U.S. policy, or rather, the policy of the Project Democracy network in Washington. Clearly, one of the key individuals involved in transmitting this U.S. policy to Paris was Michael Ledeen, who happened to be not only the man in charge of France and Italy in Alexander Haig's State Department of that time, but also the go-between in relations between Project Democracy and the Socialist International in Europe, especially the French and the Italian Socialist parties.

At this stage, the following are the leading questions raised by "Irangate à la française":

1) It is known that the Direct Action terrorist organization kills on contract for various circles. Was Gen. René Audran killed on Jan. 26, 1985 because he opposed, or threatened to expose, this policy?

2) Admiral Lacoste, the head of the foreign intelligence services, who informed Hernu, Mitterrand, and others of the traffic, was forced to resign shortly thereafter in the context of the "Greenpeace" scandal. Is there a connection?

3) The weapons deliveries to Iran were stopped by the Chirac government in March-April 1986. That summer, a very intense Iranian- and Syrian-inspired terror wave hit Paris. Does this stoppage explain it?

Clearly, the affair is going to cost the Socialist Party a lot. No one knew if President Mitterrand, a Socialist, would run for reelection in March 1988. Now, perhaps he will not.