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Iraq's National Security Goals

An Intelligence Assessment

APPROVED FOR RELEASE

NOV 1999

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December 1988

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Iraq's National Security Goals (S, NF)

Key Judgments

Information available as of 1 December 1988 was used in this report

Efforts to bolster Iraq's defenses against Iran will head Baghdad's list of national security goals during the next decade. Iraqi policymakers will set almost all their country's national security goals with an eye to their impact on the Iran-Iraq balance of power. Baghdad's perception of that balance will heavily influence how cooperative the Iraqis are with the moderate Arabs and the United States. (S, NF)

Baghdad probably will concentrate on achieving a UN Security Council-guaranteed comprehensive peace settlement with Iran before resuming full-time pursuit of its international leadership ambitions. Baghdad apparently believes that Iran is more likely to observe such a settlement and that, if it is violated, Iraq can use it to seek international sanctions against Iran. (S, NF)

Baghdad's emergence from the Iran-Iraq war in a position of strength will give impetus to President Saddam Husayn's aspirations to leadership of the Arab world and the Nonaligned Movement. Iraq has the largest and best equipped armed forces in the Arab world, and its victory effectively removes Iran as a regional counterbalance for the next few years. Despite substantial foreign debt, Iraq's oil reserves—second only to Saudi Arabia among the noncommunist countries—give Saddam enormous economic leverage in pursuit of his policy goals. (S, NF)

Saddam probably will try to promote his leadership goals through less radical means than Baghdad has employed in the past. He has softened Iraq's position on the Arab-Israeli conflict, and supports the mainstream elements of the PLO. He probably will largely eschew efforts to undermine conservative Arab regimes. (S, NF)

Nonetheless, Iraq is likely to remain more radical than its Arab allies and collide on occasion with regional rivals. Baghdad probably will remain among Israel's most hostile enemies, but war-weary Iraq probably will not undertake significant military adventures in the near to medium term. The Iraqis will continue to sponsor Ba'th parties in other Arab states to advance Iraqi interests and to foster opportunities to establish pro-Iraqi regimes. Baghdad is not likely to abandon the use of terrorism against its opponents, both foreign and domestic. (S, NF)

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Iraq will intensify its efforts to acquire nuclear weapons and other advanced military technology to deter Iranian aggression. Its successful use of chemical weapons, missiles, and high-performance Western and Soviet aircraft has whetted its appetite for advanced technology. As a counter against improvements in Iranian chemical warfare capabilities, Baghdad probably has placed a high priority on developing a nuclear weapons capability. (S) (S)

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Baghdad will seek to prevent the United States and the USSR from favoring Iran so much that Iraqi interests are threatened. Iraq believes that the superpowers regard Iran to be of greater importance in the region and will try to enhance Iraq's political and economic appeal, particularly to the United States. Baghdad will stress the importance of its oil reserves and encourage the continued growth of bilateral trade with the United States. The United States became Iraq's largest supplier of civilian goods in 1987 with exports of \$700 million, mostly agricultural products. The Iraqis probably hope strong US-Iraqi economic ties will work against major improvements in US-Iranian relations. (S) (S)

The Iraqis appear less concerned over the possible development of close Iranian-Soviet ties because of Tehran's traditional wariness of its neighbor. Moreover, Baghdad probably believes that, as the largest purchaser of arms in the Third World, it will maintain its appeal to Moscow by continuing to make large military and commercial purchases. (S) (S)

At the same time, Iraq will seek to reduce its military dependence on the Soviets. Baghdad is strengthening its fledgling indigenous weapons manufacturing capability and purchasing more weapons from Western Europe, China, and Third World suppliers. Diversification will be a slow process. The Soviets and their East European allies supply 90 percent of Iraq's principal weapon systems and 60 percent of overall military deliveries. (S) (S)

Despite the need to maintain harmonious relations with the Gulf Arabs, strategic considerations are likely to lead to severe tensions with Kuwait over disputed territory if a peace settlement with Iran is signed. Baghdad will probably try to gain control over Kuwait's Bubiyan and Warbah islands to increase its narrow access to the Gulf. The vulnerability of the Shatt al Arab to closure and the need to develop alternative naval and commercial port facilities have increased the strategic importance of the two islands. Kuwait probably would turn to its allies in the Gulf Coordination Council, the United States, and the USSR for political and military assistance if Iraq threatened to take the islands by force. (S)(F)

In retaliation for Syrian support for Tehran during the Iran-Iraq war, Iraq will work to weaken or overthrow the Assad regime. Baghdad is likely to focus on increased financial and military support to anti-Syrian elements in Lebanon because its assets inside Syria are limited. If a peace settlement is reached with Iran, Iraq may supplement this policy by saber rattling along the Syrian-Iraqi border to divert Syrian troops from Lebanon. (S)(F)

Iraq's need to finance rearmament, reconstruction of war damage, and economic and social development to fulfill the expectations of its populace will lead it to seek maximum oil revenues. Iraqi efforts to capture a larger share of any increase in demand for OPEC oil probably will worsen present frictions with other OPEC exporters, especially Iran. (S)(F)

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Iraq's National Security Goals (C/NF)

Scope Note

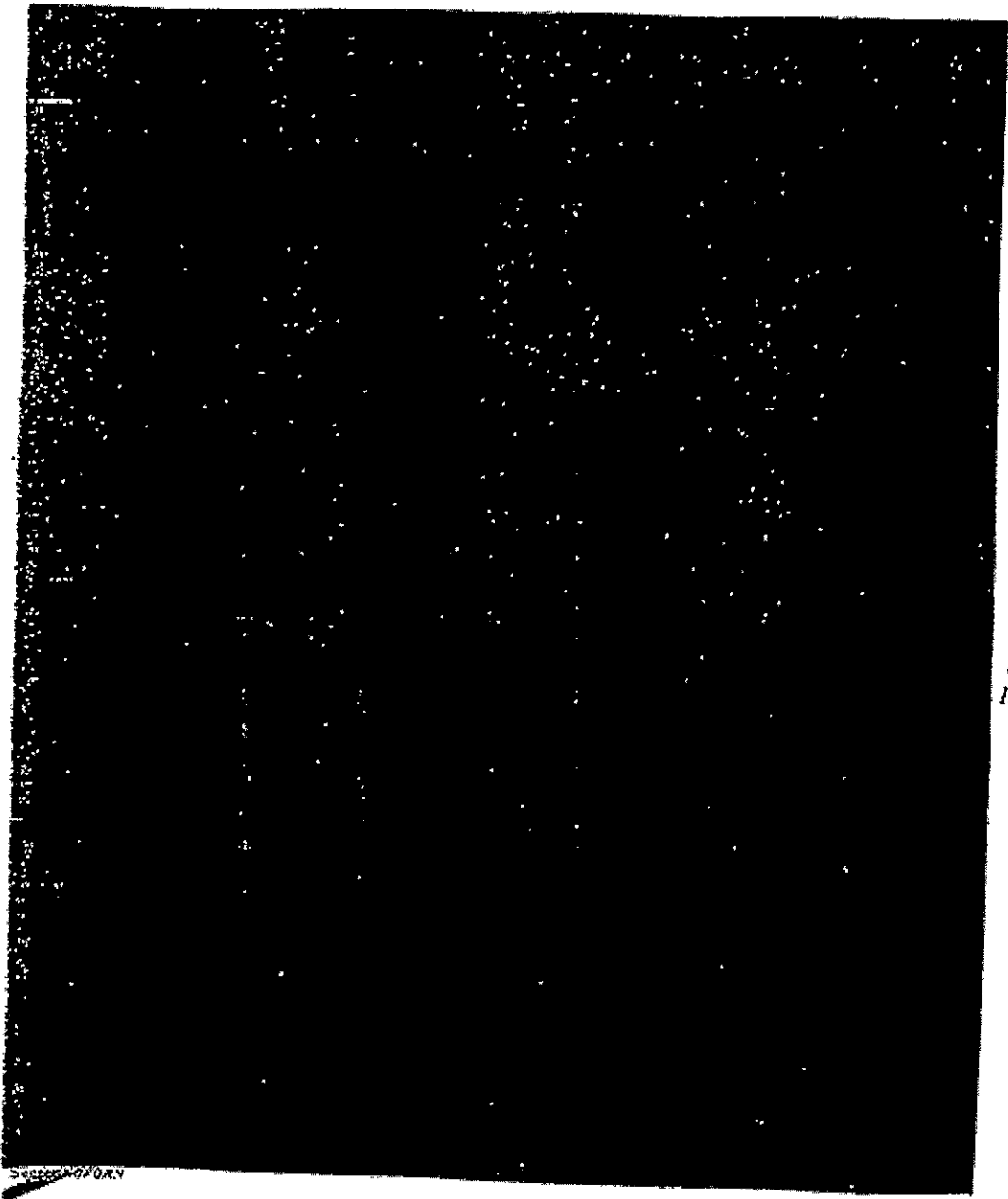
This paper addresses Iraq's short- and long-term national security goals following the cease-fire with Iran. It examines Iraqi policymakers' concerns and aims, which are likely to be reflected in foreign policies and defense strategies. (C/NF)

Contents

	<i>Page</i>
Key Judgments	iii
Scope Note	vii
The Threat From Iran: A Fixation	1
Fortress Iraq	1
Chemical Weapons: The Short-Term Fix	1
Nuclear Weapons: The Long-Term Deterrent	2
Western Military Technology	2
Greater Self-Sufficiency	2
Counteracting Iran's Appeal to the Superpowers	4
Economic Carrots	4
[REDACTED]	4
The Soviets	5
Syria: Old Scores To Settle, a Flank To Protect	6
Water: Crowding at the Trough	6
The Persian Gulf: Vital Interests	7
Weak, Suspicious Allies	7
Kuwait	7
Saudi Arabia	8
Regional and Third World Ambitions	8
Implications	8
Arms Race	11
Iraqi Moderation	11
The Iranian Factor	11
Oil Policy	12
[REDACTED]	13
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Iraq's National Security Goals (C/NF)

The Threat From Iran: A Fixation

Despite few visible signs of war in Baghdad, the nearly eight-year conflict with Iran has permanently scarred Iraq and heavily influenced its national security goals. We estimate that Iraq has suffered 375,000 casualties—2.3 percent of the total population—or the equivalent of 5.6 million in a population the size of the United States. [REDACTED] a relative of nearly every Iraqi family has died or been wounded in the war. The war has disrupted the education and careers of hundreds of thousands of men who have served in the military. It has virtually depleted Iraq's foreign exchange reserves, which we estimate were \$35 billion in 1979, and put the country more than \$40 billion in debt to non-Arab and noncommercial lenders. Iranian shelling has displaced thousands of civilians in cities along the border, including Al Basrah, the country's second-largest city. [REDACTED]

Iraq's sense of vulnerability to Iran, long regarded by Iraq as its greatest military threat, looms all the larger after years of fighting. In our view, Baghdad has concluded that, even if a peace settlement is reached and a more moderate regime replaces the clerics in Tehran, Iraq will have to remain on guard against renewed hostilities. This means defending a 1,480-kilometer border against a hostile neighbor that is three times more populous than Iraq. More than half of Iraq's population, including its two largest cities—Baghdad and Al Basrah—lie within 160 kilometers of the border. Iraqi air and land defenses, despite their superiority in equipment, would have little time to respond to a surprise attack. Moreover, Iran's prospective oil earnings will allow it to rearm and perhaps eventually challenge Iraqi military superiority. [REDACTED]

The war denied Iraq direct access to the Persian Gulf, highlighting its vulnerability, need for diversified oil export routes, and secure access to Gulf waters. Iran



Figure 1. Residents of Al Basrah fleeing the fighting [REDACTED]

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easily destroyed Baghdad's offshore oil export terminals in the early days of the war and later seized most of its 64 kilometers of Gulf shoreline. In contrast, Iran stretches along the entire length of the Gulf. [REDACTED]

Fortress Iraq

We judge that Iraq's primary national security goal during the next decade will be to enhance its military superiority over Iran. We believe that Baghdad will rely on advanced military technology, which has proved essential in countering Iran's advantage in manpower and morale during the last four years of the war. [REDACTED]

Chemical Weapons: The Short-Term Fix

In our judgment, the Iraqis highly value the effectiveness of chemical weapons against massed infantry—the hallmark of Iranian operations during the war. [REDACTED]

[REDACTED] reports in the press [REDACTED] during the last two years claiming the existence of secret nuclear projects at Tuwaitha and elsewhere [REDACTED]

We believe chemical agents were critical to Iraq's willingness to launch military offensives that recaptured significant pieces of Iraqi territory this year. We further believe that chemical warfare played a decisive role in curbing the threat to the Iraqi Government from Iranian-backed Kurdish rebels in northern Iraq.

[REDACTED] International condemnation and the threat of US economic sanctions after the cease-fire are likely to lead the Iraqis to refrain from using chemical weapons unless their national security is endangered. (S) [REDACTED]

Nuclear Weapons: The Long-Term Deterrent

In our view, Iraq regards the development of nuclear weapons as essential to offset Iran's geographic and demographic superiority [REDACTED]. The Iraqis probably believe that Iran will acquire sufficient capability in chemical weapons within a year or two to offset Iraq's present advantage. Moreover, Iraq is worried that Iran will develop or obtain nuclear weapons. [REDACTED]

We believe that Iraq has intensified its efforts in recent years to develop technologies that could support a nuclear weapons program. These efforts began in 1974 and appear to have been sparked by Indian [REDACTED] development of nuclear explosive capabilities. [REDACTED] economic constraints during the war have impeded progress on the Iraqi nuclear program. [REDACTED]

Western Military Technology

Iraq's war experience has led it to value Western weapon systems, especially high-performance aircraft and missiles, which were used to damage Iranian civilian morale and reduce Tehran's oil exports and financial ability to buy weapons. The Iraqis regard some Western equipment as superior to corresponding Soviet hardware. Such equipment serves as a critical complement to the Soviet weaponry that makes up the bulk of Iraq's military inventory. The Iraqis depended largely on French-built Mirage aircraft and missiles to attack Iranian shipping in the Persian Gulf and economic targets on the mainland. Iraq particularly values weapons with accuracy and standoff capabilities to reduce the risks of losing aircraft and pilots. We believe these concerns will lead Iraq to pursue Western air technology after the war as well. [REDACTED]

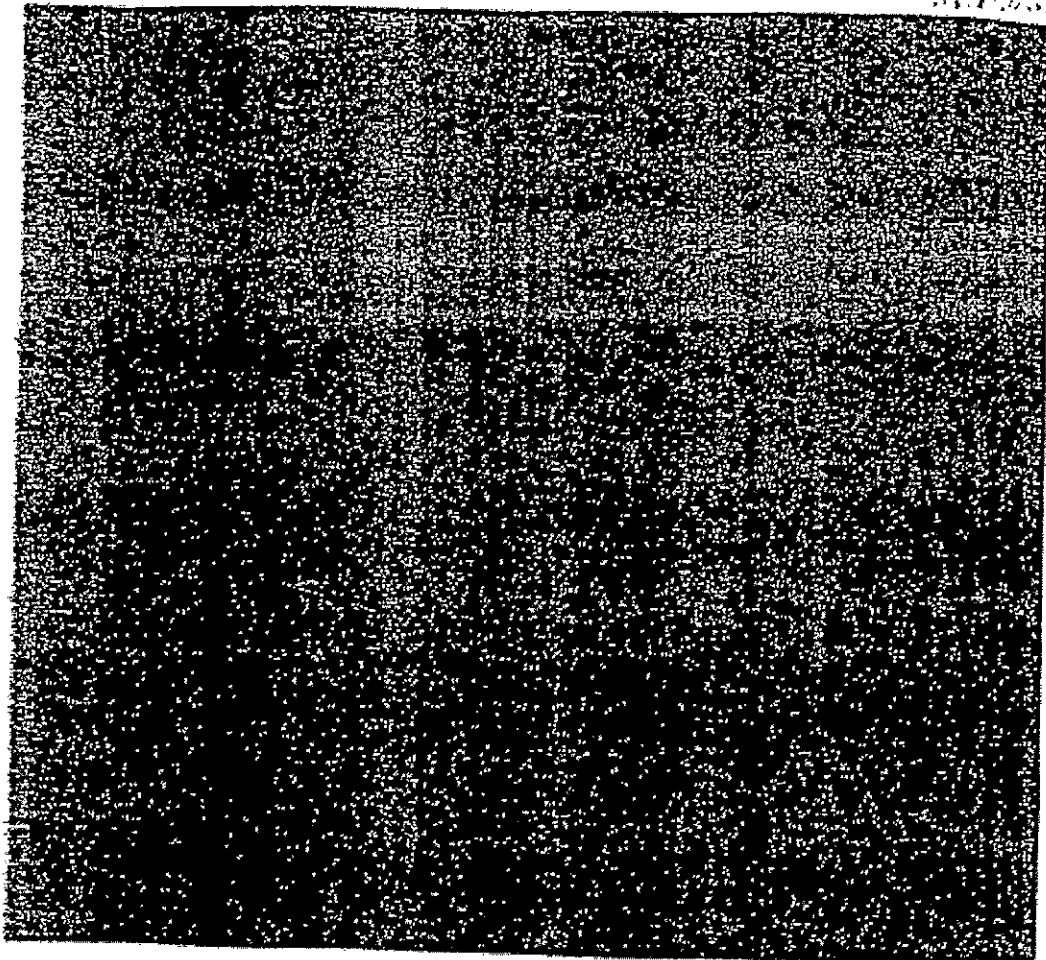
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Greater Self-Sufficiency

The uncertainties Iraq faced during the war in obtaining arms from the Soviets and the West have led it to attempt to reduce its military dependence on outsiders. Despite efforts to diversify arms sources, the Soviets and their East European allies continue to supply 90 percent of Iraq's principal weapon systems, and 60 percent of overall military deliveries. France, which provides high-performance aircraft, has become Iraq's second-largest supplier. [REDACTED]

The need for an indigenous weapons manufacturing capability was spelled out in the report of the ninth Ba'th Party congress in June 1982:

The establishment of such (a national military) industry is necessary for the strengthening of national independence and a free national will. If it is not possible to produce all our armed forces' requirements, then it is possible and necessary to produce the major part of them through national production with emphasis on certain items.



An indication of the importance attached to increasing weapons self-sufficiency is Saddam's appointment of his son-in-law Brig. Husayn Kamil al-Majid as Minister of Industry and Military Industrialization and head of the Military Industries Organization, which supervises Iraq's domestic arms industry. Majid, who has become Saddam's main-hand man, also served as secretary to the General Command of the armed forces.

The Iraqis began to diversify their arms suppliers and expand their domestic arms industry after Moscow temporarily curtailed arms shipments during the Kurdish rebellion in the mid-1970s. The Iraqis publicly claim to have invested \$2.1 billion in arms production projects since 1977. Production, however, has been limited largely to ammunition and small arms.

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Counteracting Iran's Appeal to the Superpowers

The war has demonstrated to Baghdad that the superpowers regard Iran to be of greater importance.

[redacted] Iraq understands that the superpowers' relations with Iraq are to a great extent determined by the wish for improved ties to Iran. The Soviets temporarily halted arms shipments to Iraq at the outset of the Iran-Iraq war in an unsuccessful effort to woo Iran. In our judgment, Baghdad has concluded that Moscow values Iran more than Iraq because of Iran's greater size, lengthy border with the USSR, and strategic location. Similarly, the Iraqis believe that Washington values ties to Iran more than its links to Baghdad and seeks to restore relations with a friendly regime in Tehran over the long term, if only to compete with Moscow for political influence in Iran. In Iraq's view, US covert arms sales to Iran confirmed US priorities. (S)

We believe that Iraq seeks to prevent the superpowers from favoring Iran so intensely that Iraqi interests are threatened, particularly during wartime. Baghdad accepts that US and Soviet relations with Iran are likely to improve after the war. To discourage either superpower from aligning too closely with Iran, Iraq appears to be trying to enhance Iraq's attractiveness to the USSR and particularly to the United States. (S)

Economic Carrots

Baghdad is attempting to highlight for Western audiences the importance of its oil reserves to the West's long-term energy needs. Iraq boasts that its proved oil reserves of 100 billion barrels are second only to Saudi Arabia's. Iran's proved oil reserves, in contrast, are only about half of Iraq's. Moreover, Iraq's oil export capacity will increase to about 3.4 million b/d following the completion of phase two of the Iraqi oil pipeline through Saudi Arabia in 1990. Restoration of the offshore oil export facilities closed by Iran early in the war would give the Iraqis an additional export potential of 2.5 million b/d. We estimate that Iraq's present oil production capacity is about 3.5 million b/d, about half that of Saudi Arabia. This compares with Iran's oil production capacity of about 3 million b/d. (S)

Besides oil sales, Baghdad is dangling the prospect of substantial trade with the United States. The United States became Iraq's largest supplier of civilian goods in 1987 with exports of \$700 million, mostly agricultural products. The Iraqis highly regard US oil technology and equipment and have sought participation of US firms in oil exploration in Iraq. Baghdad initiated sweeping economic reforms last year, in part to encourage a larger role for the private sector. These reforms include the sale of many state organizations, a reduction in government regulations, and the granting of more autonomy for managers of state organizations. We believe these developments will further promote Iraqi trade with the United States particularly in high technology. (S)

Although Iraq's interest in US products and services largely reflects Baghdad's high regard for US technological leadership, we believe the Iraqis also hope to increase the US economic stake in Iraq. The Iraqis, particularly former Ambassador to the United States and present Foreign Ministry Under Secretary Nizar Hamdoon, appear to have concluded that courting US businesses is an effective way to gain political influence in Washington. Hamdoon actively wooed US businessmen while he served in the United States, and a recent symposium on Iraq in the United States for US firms drew two senior Iraqi officials, including Hamdoon and Minister of Oil Chalabi. Indicative of Iraqi thinking, Foreign Minister Tariq Aziz told a US interviewer in 1984 that in the United States, unlike in Iraq, a single company can influence foreign policy. We doubt that the Iraqis are prepared for direct US investment in Iraq, but they probably view their actions as a way of promoting voices in the United States that would seek to protect growing US interests in Iraq. (S)

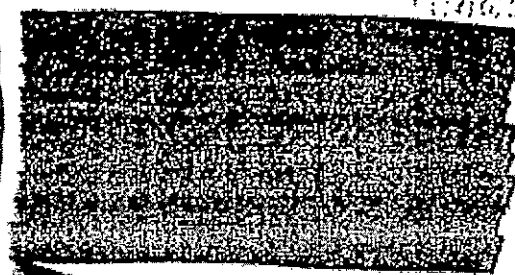
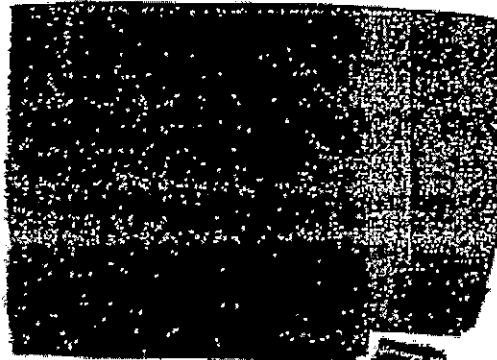
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Israel

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In recent years Iraq's policy toward Israel has moved closer to the Arab moderates and the United States and away from the Arab radicals. Senior Iraqi officials, including Saddam, repeatedly give assurances that Iraq's leadership has become more mature in its foreign policy since the early days of the revolution. The Iraqis say they no longer support a military solution to the Arab-Israeli conflict and instead favor a negotiated settlement. Foreign Minister Aziz has repeatedly said that Iraq will support whatever position a majority of Palestinians find acceptable. Although it has not retracted its criticism of Egypt's peace treaty with Israel, Baghdad has restored diplomatic ties to Cairo. Egyptian leaders say they believe Saddam is amenable to further moderation on the Arab-Israeli issue.

In our judgment, the tempering of Iraqi hostility toward Israel stems partly from practical considerations dictated by the Iran-Iraq war and the peace negotiations with Iran. Iraq's altered stance is more in line with those of Egypt, Jordan, and Saudi Arabia, its principal Arab supporters. The Iraqis also have been cultivating US support for efforts to implement UN Security Council Resolution 598, which calls for an end to the Iran-Iraq war, and for Baghdad's position in the peace talks. We believe, however, that the Iraqis remain deeply opposed to Israel, which they regard as a vestige of Western colonialism and an embarrassment to all Arab nationalists.

The Soviets

Iraq mistrusts Soviet intentions in the region. The Soviets halted arms sales to Iraq at the outset of the war in order to court Iran, and Soviet ties to Iraq's rival Syria are among the closest in the Middle East. Iraq has resented Soviet backing for the outlawed Communist Party of Iraq and before the war criticized Moscow's involvement in South Yemen, Ethiopia, and Afghanistan. Nonetheless, Baghdad probably sees no alternative to continued reliance on the USSR as its main arms supplier. Only the Soviets and their Communist partners can supply Iraq with sufficient arms to fight Iran at the intensity reached in this war. During the first seven years of the conflict the Soviets and their East European allies delivered about \$27 billion in arms to Iraq. The Iraqis appear satisfied with the simplicity and ease of operation of many Soviet weapon systems, including tanks, artillery, and assault weapons. Moreover, reequipping Iraq's armed forces with Western military equipment would be extremely costly and difficult.

Baghdad probably hopes to maintain its appeal to the USSR through its oil wealth and the substantial economic contracts the Soviet Union has in Iraq. For the past eight years Iraq has been the Soviets' largest arms buyer in the Third World and among their largest sources of hard currency earnings. In addition, the Iraqis have awarded the Soviets major development projects including the North-South gas pipeline, a large dam, an electric power generating plant, and development of the West Qurna oilfield.



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Diplomatically Baghdad has rewarded the Soviets by voting favorably in international forums.

[REDACTED]
The Iraqis may vote more independently after the war but will remain sensitive to Soviet pressure. (S, FF)

Syria: Old Scores To Settle, a Flank To Protect

Syrian support for Iran during the Iran-Iraq war has intensified the long rivalry between Damascus and Baghdad. Iraq's current resentment of Syria dates to the ouster of civilian Ba'athists from power by the Syrian party's military wing in 1966. Despite efforts to unite the two states in 1978, Saddam accused Syrian President Hafiz al-Assad of trying to overthrow him in 1979. Relations deteriorated further in 1982 when Syria closed the oil pipeline between the two countries and began political and military support for Iran and Iraqi dissident groups. (S, FF)

In our judgment, Baghdad will make the removal of Assad a high priority after the war with Iran ends. Saddam is widely known to hate Assad, an emotion probably shared in varying degrees by most Iraqis because of Assad's perceived treachery in backing Iran. Moreover, the Iraqis want a regime on their western flank that will be at least neutral if conflict with Iran recurs. Finally, senior Iraqi officials have expressed resentment that Syria has gained disproportionate political influence in the Arab world because of the troubles in Lebanon and the temporary political eclipse of Iraq and Egypt. Baghdad probably believes that it can help to restore Iraq's rightful influence by cutting Syria down to size. (S, FF)

Efforts to make trouble for Assad probably will take place in Lebanon, where Iraq will find ready takers for financial and military support among anti-Syrian elements.

[REDACTED]
Iraq has provided arms this year to the Lebanese Forces, Lebanese President Gemayel's loyalist Phalange militia, and the

Lebanese armed forces. Baghdad is also backing the more moderate factions of the PLO in Lebanon.

[REDACTED] Iraq was supporting Syrian Muslim Brotherhood exiles in Iraq in 1985 and directing Baghdad-based Palestinian terrorist groups against Syrian targets. These groups have limited assets in Syria, however, and we believe Iraq will find it more efficient to focus their anti-Syrian activities on factions in Lebanon. Baghdad may supplement this policy by saber rattling along the Syrian border to divert Syrian troops from Lebanon, to weaken Damascus's ability to counter anti-Syrian elements there, and to place additional strains on Syria's weak economy. (S, FF) (C)

Water: Crowding at the Trough

The war has temporarily eclipsed serious Iraqi concerns over Syrian and Turkish claims on water from the Tigris and Euphrates Rivers, which originate in those two countries and provide Iraq with most of its water. [REDACTED] Iraq is particularly worried about Turkey's massive Southeast Anatolia Project, a network of 13 hydroelectric and irrigation systems on these rivers. [REDACTED] the project and Syrian consumption could reduce the annual Euphrates flow into Iraq from 30 billion cubic meters (bcm) to 11 bcm. Iraq estimates that its minimum requirement is 13 bcm. Syrian development efforts also concern Iraq. Iraq claims almost 3 million Iraqi farmers were harmed when Syria reduced the flow of the Euphrates to fill the reservoir behind the Euphrates Dam in 1975. The introduction of pesticides and other pollutants and increasing levels of salinity in the two rivers raise additional problems. (S, FF)

The lack of an agreement on water sharing creates periodic tensions among Iraq, Syria, and Turkey.

[REDACTED]
Baghdad and Damascus massed troops along their border when

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Syria cut the waterflow to Iraq in 1975. Although the three countries try to hold annual technical meetings to coordinate water policies for the two rivers, major policy differences remain. (S)

Iraq, downstream from Turkey and Syria, is at a strategic disadvantage and finds its options limited. Baghdad has embarked on an intensive program of dam construction on both rivers to protect itself against unusual drawdowns of water. Moreover, Iraq may hope to exploit the electrical generation from the hydroelectrical installations at these dams to increase its leverage with Turkey. (S)

Iraq provides Turkey with about 1 percent of its annual electrical consumption, and this rate may rise to 7 percent when Iraq's hydroelectric projects are completed. (S)

The Persian Gulf: Vital Interests

The Persian Gulf is critically important to the Iraqis because it is the principal route for Iraqi imports and oil exports and because of the vital financial and logistic support the Gulf Arabs have provided for Iraq's war effort. The closure of Iraq's oil-exporting terminals in the Gulf early in the war demonstrated the vulnerability of its southern oil route, which parallels more than 1,000 kilometers of Iranian coastline. Despite existing oil pipelines through Turkey and Saudi Arabia and the scheduled completion of another oil pipeline through Saudi Arabia by late 1990 that will more than compensate for the loss of the Gulf ports, these pipelines, like the Syrian oil pipeline, are vulnerable to interruption, giving Iraq strong motivation for restoring access to the Gulf. (S)

Weak, Suspicious Allies

Ba'athist Iraq regards the smaller Gulf monarchies as anachronisms, that cannot forever resist progressive forces. In Baghdad's view, the vulnerability of these regimes to Iranian intimidation and Iranian-style Islamic fundamentalism make them weak allies. These same failings, however, make them susceptible to Iraqi pressure and potential candidates for Iraq's brand of Ba'athism. (S)

In our view, Iraq is restrained in its dealings with the Gulf states because efforts to exploit their weaknesses would probably drive them closer to Iran. The Gulf states are extremely wary of Iraq, which many of them regard as a greater longer term threat than Iran. Iran's war with Iraq, its support for Shia subversive elements in the Gulf, and its military attacks against Gulf shipping have only temporarily eclipsed Gulf fears of the military and subversive threat posed by Iraq. The Gulf states recall Baghdad's support for Gulf subversive groups in the 1960s and 1970s and the kidnappings and assassinations of Iraqi opponents in the Gulf states by Iraqi intelligence operatives. (S)

(S)

Kuwait

Iraq's desire for greater access to the Gulf is likely to lead to severe tensions with Kuwait over disputed territory after the war. Iran's temporary seizure of the Al Faw Peninsula as well as the closure of the Shatt al Arab, the port of Al Basrah, and Iraq's offshore oil terminals increased the strategic importance to Baghdad of the Kuwaiti islands of Warbah and Bubiyan. Possession of the islands would permit Iraq to move its oil terminals about 50 kilometers away from Iran, provide better protection for the naval port of Umm Qasr, and possibly allow the construction of a naval port on the islands. Iraq's expansion of Umm Qasr port and its claims to be considering the diversion of the Shatt al Arab to Khawr Abd 'Allah would further enhance the islands' importance to Iraq. (S)

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Baghdad is likely to press Kuwait hard to obtain control of the islands after the conflict ends. (S)

Iraq privately acknowledges Kuwait's sovereignty over the islands but insists on permission to build an Iraqi port on Bubiyan as a price for formally settling the border dispute. Despite Kuwaiti financial and logistic support, the Iraqis testily rejected Kuwaiti efforts to resolve the dispute during the war. In

¹ Baghdad's claims are based on administrative boundaries used by the Turks during the Ottoman Empire. Although Iraq recognized Kuwait as a sovereign state in 1963, the northeastern border, including the islands, remains disputed. The Iraqis annexed a small strip of Kuwaiti territory near the Iraqi port of Umm Qasr in 1973. (S)

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contrast, Baghdad largely settled outstanding border issues with other neighboring allies—Jordan and Saudi Arabia—during the same period. Given the islands' strategic importance to Iraq, we doubt that it will be satisfied with less than a long-term lease of the two islands and minor land adjustments near Umm Qasr. (S, SF)

Saudi Arabia

We believe that Iraq will seek to limit Saudi Arabia's influence in the Gulf and the Saudi-dominated Gulf Cooperation Council (GCC).¹ The Gulf states rejected Iraq's bid to join the GCC in 1981 on the grounds that this would require admitting Iran and that Iraq's socialist form of government differed greatly from the conservative monarchies of the Gulf. We doubt that the Gulf states will admit Iraq to the GCC, but Iraq may demand—and obtain—associate status that gives some economic gains without a direct say in political or military matters. Despite such limited status, Iraqi pressures on other GCC members may reduce Saudi influence over decisions of the organization and the effectiveness of the GCC as a forum for discussion of political and military issues of concern to the Gulf states. The Iraqis and Saudis are also likely to quarrel if Iraq presses Kuwait strongly on the border issue and Iraq challenges the Saudis for leadership among the Arab states. (S, SF)

Regional and Third World Ambitions

Baghdad's aspirations for leadership in the Arab world and the Nonaligned Movement are strong. The Iraqis believe their cultural heritage, physical size and location, relatively large population, oil wealth, and accomplishments have earned them a leading role in the Arab world. Iraq's education system and media inculcate in Iraqis the sense of Iraqi superiority from an early age. (S, SF)

¹ The Gulf Cooperation Council, which includes Saudi Arabia, Kuwait, Bahrain, Qatar, the United Arab Emirates, and Oman, was formed in 1981 in response to the longstanding threats from Iran and Iraq. It provides symbolic military protection in the form of a rapid deployment force and gives the smaller states a greater political voice. The GCC has also provided the Gulf states limited economic benefits. (S, SF)

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[REDACTED]

(S, SF)

Similarly, Baghdad seeks a leadership role in the Third World. Before the war Iraq loaned hundreds of millions of dollars to Third World regimes to win the chairmanship of the Nonaligned Movement and the nomination as host to the Nonaligned Summit Conference in 1982. The war prevented Iraq from assuming the chairmanship and serving as host. The regime, however, has not lost its desire to head the movement. (S, SF)

Iraq's leadership aspirations will both help and impede its progress toward its national security goals. To the extent Iraq achieves influence in the Arab world, Baghdad can better rally efforts to weaken Iranian and Syrian influence in the region. Similarly, a greater leadership role in the Nonaligned Movement almost certainly will give Iraq greater influence in the United Nations. Iraqi gains in the Arab arena, however, are likely to revive the fears of weaker Arab states and generate envy among rivals, who may work together to counter Iraq. This, in particular, will complicate Iraq's efforts to dominate the GCC. (S, SF)

Implications

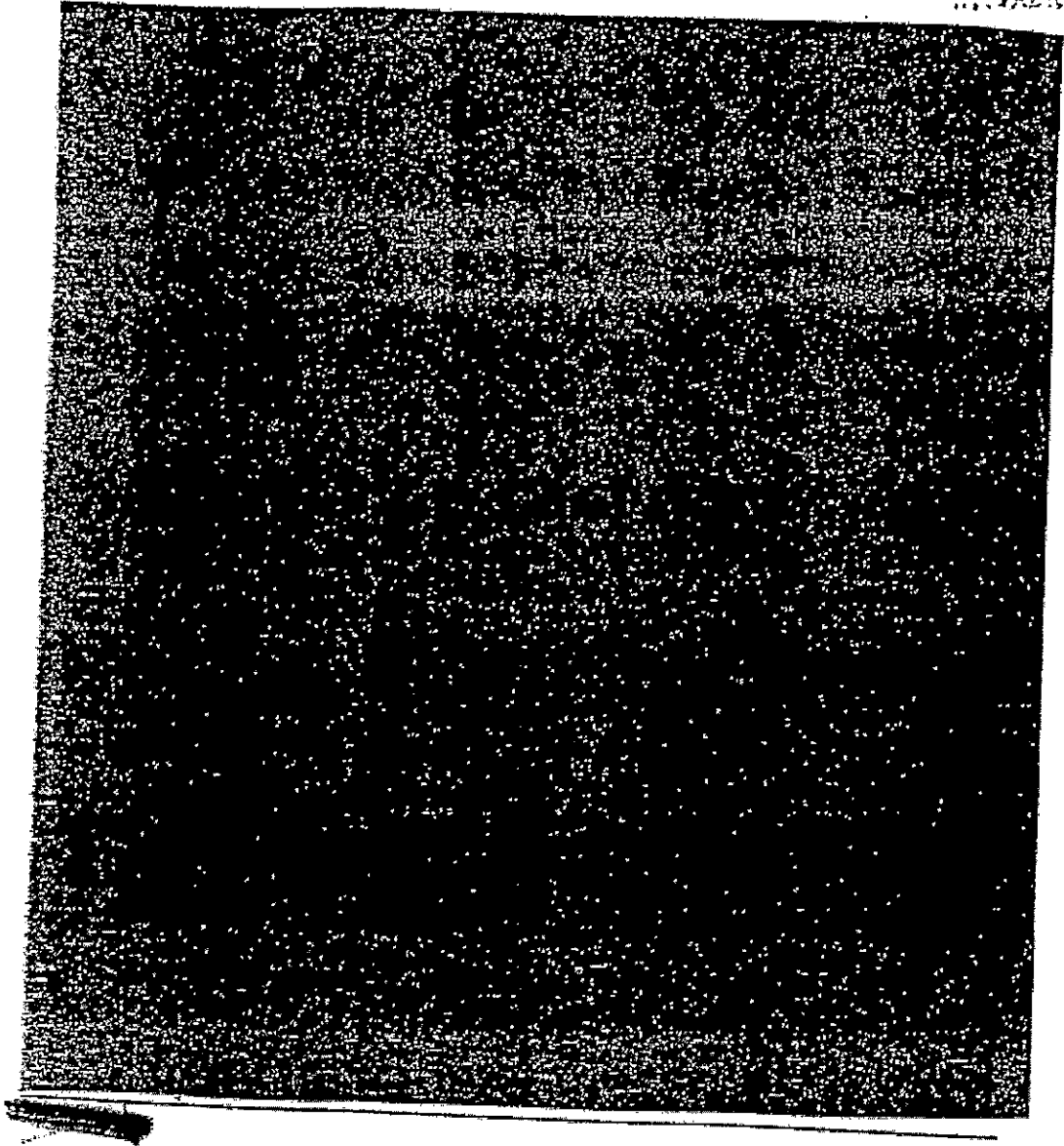
As Baghdad seeks to realize its national security goals, it will do so from a substantial power base. Iraq is emerging from its war with Iran as the foremost Arab power. Besides its oil resources, it possesses the largest, most experienced, and best equipped armed forces in the Arab world. After partial demobilization, Iraq will probably keep hundreds of thousands of men under arms and retain an air force of over 600 aircraft. Even if Iran's military acts as a reasonable counterweight, Iraq's armed forces will tend to intimidate neighboring Gulf states. (S, SF)

[REDACTED] particularly given Iraq's missile and chemical

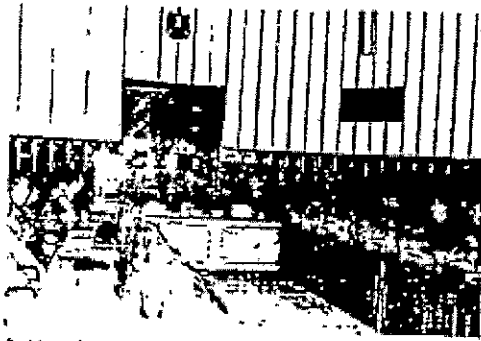
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Security Goal-Setting Process *



Saddam chairing a meeting of the Revolutionary Command Council. (S)

Since assuming the presidency in 1979, Saddam Husayn has increasingly concentrated decisionmaking authority in his office and government ministries at the expense of the Ba'rh Party apparatus, which brought him to power. The consolidation of his position on the Revolutionary Command Council (RCC), the most important decisionmaking body in Iraq, permits him to make decisions with little need to consider the views of other Council members. [redacted] Saddam, not Foreign Minister Aziz, is the architect of Iraqi foreign policy. (S)

Saddam has transformed the presidential office from a small unit designed to handle the President's daily affairs into a large structure, organized to match the government ministries it monitors and including advisers for agriculture, finance, industry, and security. These advisers are often transferred to ministerial posts after serving on the presidential

staff, presumably to vigorously implement Saddam's policies. [redacted]

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Despite the growing powers of the presidential office, members of the RCC play important roles in helping Saddam formulate policy, particularly the setting of broader security goals. Tariq Aziz, Minister of Foreign Affairs, and Sa'dun Hammadi, Speaker of the National Assembly and Aziz's predecessor, appear to carry considerable weight with Saddam in foreign affairs. Similarly, Defense Minister Adnan Khayratlah, Saddam's cousin and brother-in-law, almost certainly influences at least some military decisions. First Deputy Prime Minister Taha Yasin Ramadan is no longer Iraq's economic czar, but he probably helps develop policy toward the Arabs and the USSR and its East European allies. (S)

Saddam also appears to give considerable weight to advice from selected government officials. Minister of Culture and Information Lutf Nusayyif Jasim often accompanies Saddam. Saddam similarly appears to weigh heavily the advice of his son-in-law Husayn Kamil al-Majid, head of the Military Industries Organization. The President appointed him Minister of Industry and Military Industrialization in May 1988. (S)

Saddam's views prevail. He often overrules recommendations made by RCC members. [redacted]

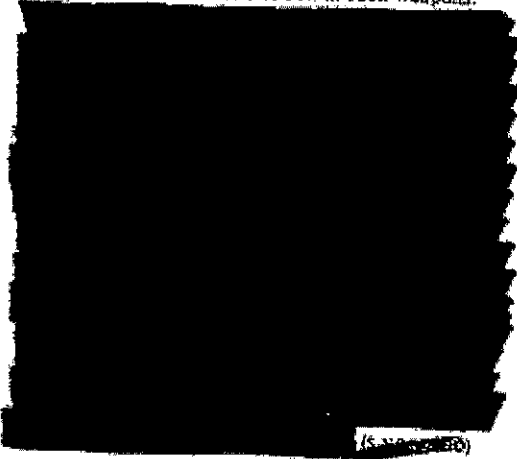
[redacted] Saddam's interference in the Iraqi military's conduct of the Iran-Iraq war is common knowledge. (S)

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weapons capabilities and longer term nuclear potential. Despite its power, we believe Iraq will be exceedingly reluctant to initiate another military conflict soon because its population is weary after eight years of a costly war and because the threat from Iran will persist. (S)

Arms Race

Iraq's intent to acquire nuclear weapons poses a serious threat to regional stability. This will almost certainly lead other nations in the region, particularly Iran, to accelerate efforts to obtain such weapons.



(S)

The conventional and unconventional arms race after the war probably will divert resources from economic and social development in both Iraq and Iran, increasing the likelihood of political unrest.

Iraq recognizes the need to satisfy the pent-up demands of the Iraqi populace for consumer goods and economic development. (S)

Iraqi Moderation

Although they probably will play a more aggressive regional role, we doubt that the leaders of postwar Iraq will revert to the radicalism of the 1960s and mid-1970s that was characterized by strident attacks against the United States and efforts to overthrow Arab moderates. In addition to the maturity gained from 20 years of state leadership, Saddam and his

lieutenants have found that many of their earlier revolutionary aims have not served the regime's national security objectives. The use of terrorism and subversion against their foes isolated Iraq and hampered efforts to gain international respect and access to sophisticated Western technology. The Iraqis, therefore, are likely to practice relative moderation in their foreign policy, giving less emphasis to efforts to subvert moderate Arab states. We believe that Baghdad will find that its interests are closer to those of the Arab moderates than Arab radicals like Libya and Syria. (S)

Still, Iraq's Ba'thist revolutionary heritage and leadership aspirations in the Arab world may lead it to tug moderates to the left and pull radicals to the right, facilitating its efforts to represent both camps. Moreover, the Iraqis have lost none of their ruthlessness and will employ terrorism against Iraqi dissidents and any state that uses terrorism against Iraq. Similarly, Baghdad will be less reluctant than many countries to resort to use of chemical agents. (S)

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The Iranian Factor

Baghdad's actions after the war will be largely determined by the perception of its strength relative to that of Iran. Iranian weakness or Iraq's clear military dominance will, in our view, lead the Iraqis to expect to have a strong voice in regional affairs, particularly in the Gulf. Iraq will depict itself as the savior of the Arabs from the Persian onslaught and justify its claim to leadership by pointing to its military and economic strength and to Iraqi blood spilled in the Arabs' defense. (S)

If Iraq's military advantage erodes significantly, we believe the Iraqis will seek closer ties to the superpowers, particularly the United States. Iranian strength would also lead Iraq to cultivate its moderate stance toward its present Arab allies—Jordan, the Gulf States, and Egypt—and tread more carefully in efforts to unseat Syrian President Assad. The Iraqis would more willingly share leadership in the Arab world with its allies. (S)

Iraq's relations with the superpowers will be heavily influenced not only by Baghdad's perception of the military balance with Iran but also by its military independence from the superpowers. Over the longer term, significant progress toward military self-sufficiency—including the acquisition of a nuclear weapons capability—would probably accelerate the trend in Iraqi foreign policy to take stands that challenge the interests of the superpowers. For instance, Baghdad may revive a prewar initiative aimed at eliminating foreign military bases on Arab soil that could be used against US military relations with the Gulf Arabs or Soviet ties to Syria or South Yemen. The development of close ties to Iran by either superpower, however, would tend to promote improved Iraqi relations with the other superpower.

Oil Policy

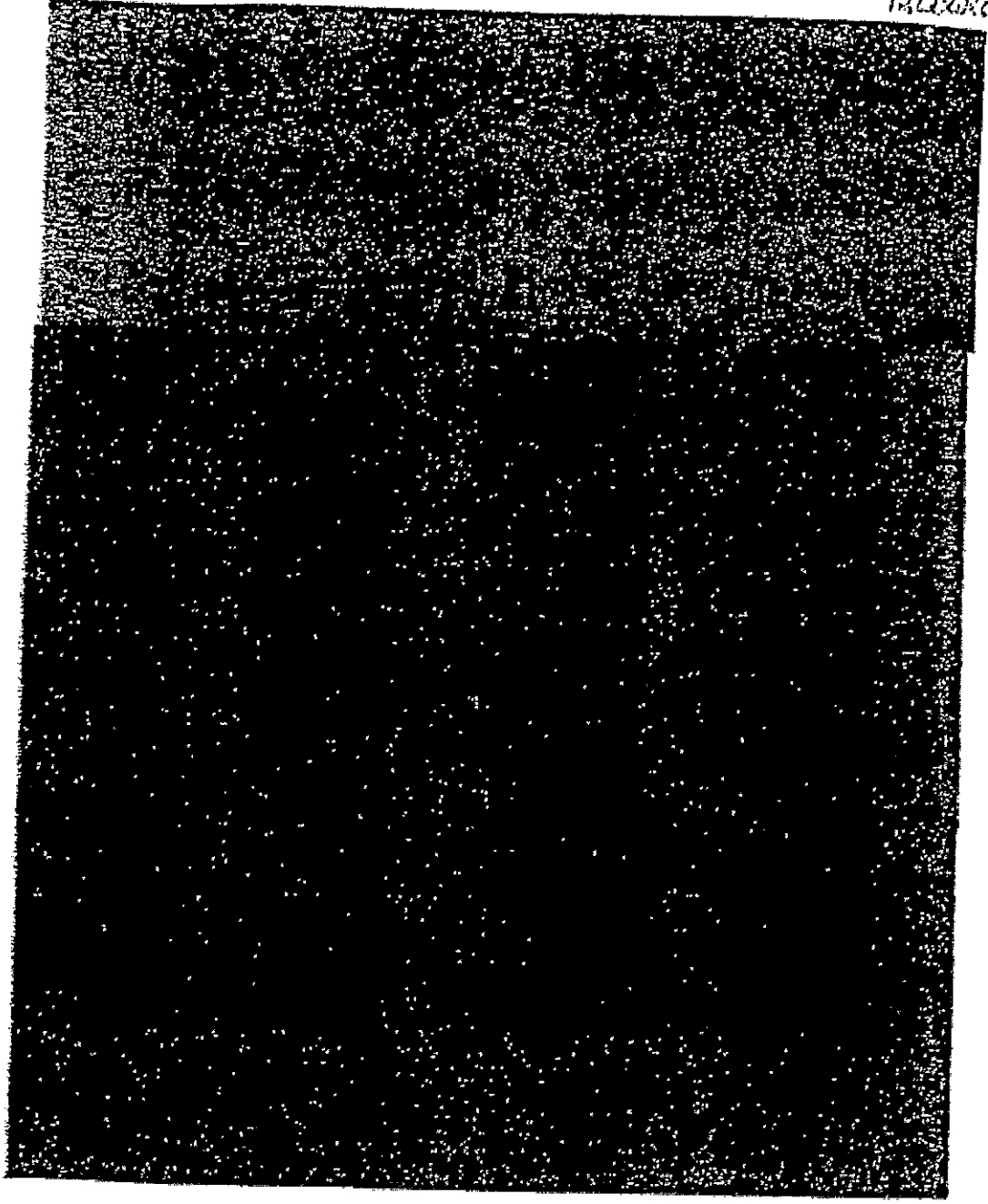
Iraq's ambitious goals must compete for scarce budget revenues. The Iraqis will want to modernize their armed forces and maintain a large standing army. They also will want to undertake a major civilian reconstruction effort after the war. Baghdad must provide sufficient economic development to fulfill the

populace's expectations of postwar improvements while simultaneously repaying interest and principal on its \$40 billion foreign debt.

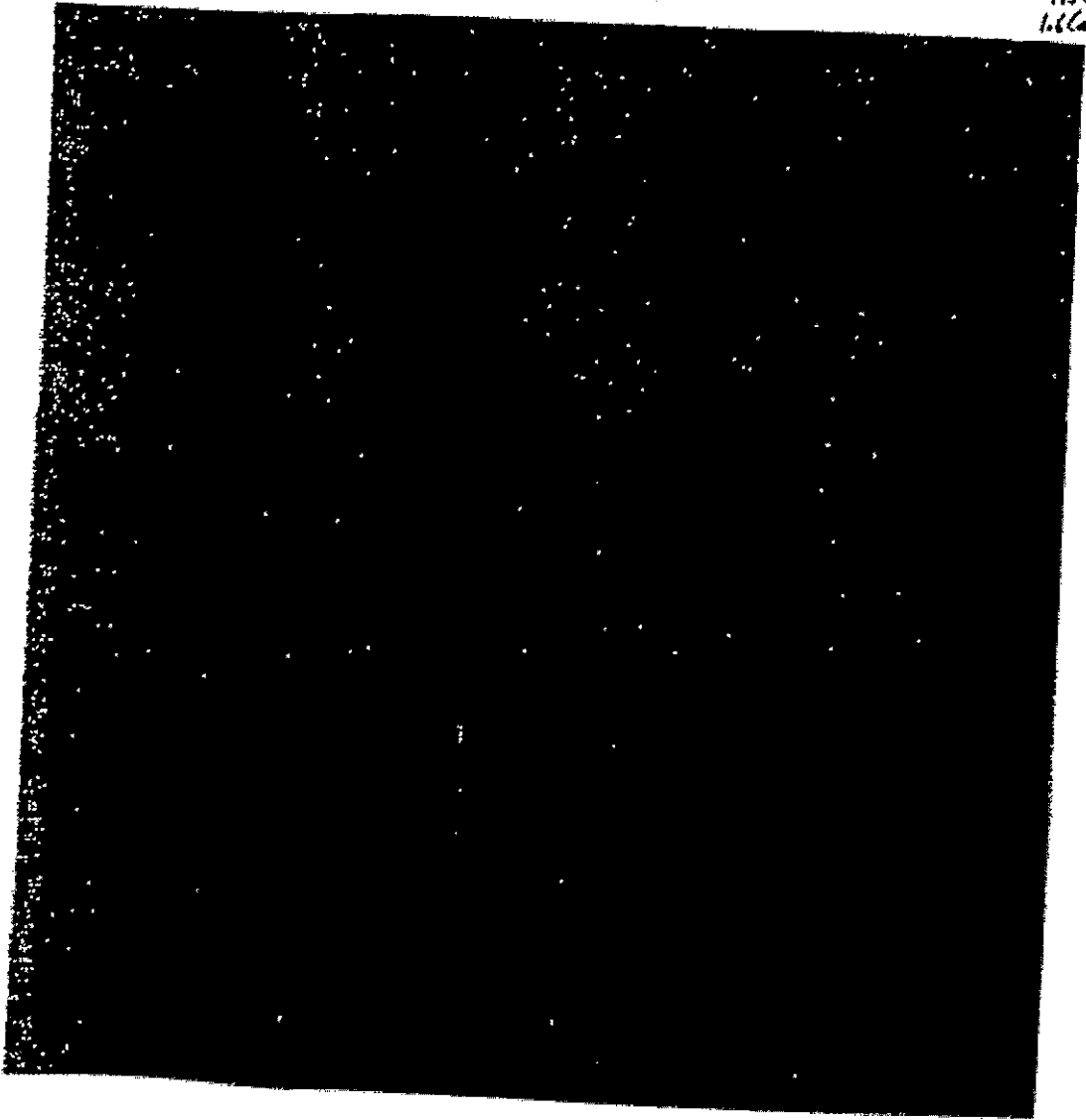
We believe that Iraq's heavy agenda of national security concerns and domestic economic reconstruction will lead it to pursue an increasingly aggressive oil policy. To meet its postwar financial requirements, Iraq probably will utilize much of its expanding oil export capacity. Iraqi officials are no doubt aware that increased exports would depress prices. Iraq will use its increasing capacity to increase its bargaining leverage within OPEC to elicit a higher production quota. In addition, Iraq is likely to try to augment its influence within OPEC, putting it at odds with Saudi Arabia.

¹ The \$40 billion foreign debt does not include \$35 billion owed to Saudi Arabia, Kuwait, the United Arab Emirates, and Qatar. Iraq almost certainly does not intend to repay these loans, which it will regard as the Gulf states' contribution to the war Iraq says it fought for all Arabs.

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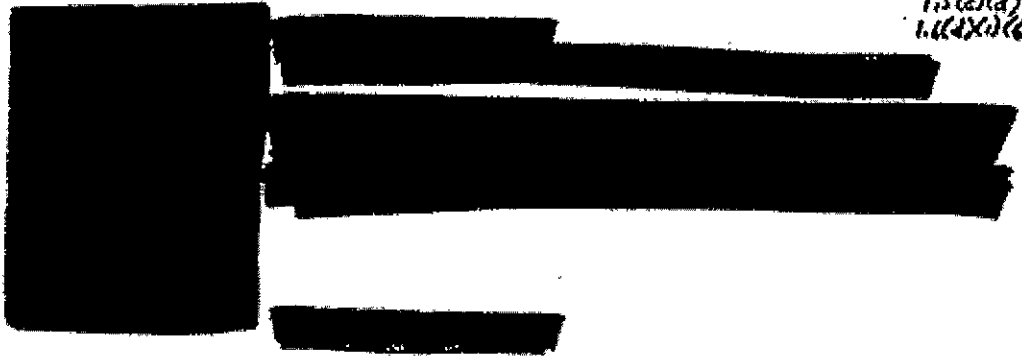


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