



**Director of
Central
Intelligence**

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Prospects for Iran

Interagency Intelligence Memorandum

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PROSPECTS FOR IRAN

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SCOPE NOTE

This Memorandum assesses the current situation in Iran and the prospects for Iran over the next year. The Iran-Iraq war is dealt with primarily as it affects internal developments in Iran.

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The Memorandum was prepared under the auspices of the National Intelligence Officer for the Near East and South Asia. It was coordinated at the working level with the Central Intelligence Agency, the Defense Intelligence Agency, the National Security Agency, State Department's Bureau of Intelligence and Research, the Department of the Treasury, and the intelligence organizations of the Army, Navy, and Air Force.

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KEY JUDGMENTS

The ruling clerics in Iran have largely consolidated their control and should be able to maintain power during the period of this estimate:

- Organized resistance in Iran has been weakened substantially, although violence continues. The Islamic socialist Mujahedin, leader of last summer's terrorist campaign, was crushed through brutal regime repression. Other internal dissidents have been similarly contained or forced into silence. Except for the Kurds, ethnic minorities are quiescent, and even Kurdish fighters are on the defensive.
- Even if the fractious Iranian exile leaders were willing to unite, they would probably still lack adequate popular support inside Iran to challenge the regime.
- The war has raised the status of the regular military, ensuring its separate existence for the foreseeable future, but the regime remains suspicious, and additional purges are likely. The Revolutionary Guard, a power in its own right, provides the regime with an effective counterbalance to the regular military.

The struggle for political power is now centered exclusively among the ruling clerics. They seem well aware that controlling their differences is crucial for the survival of the Islamic Republic. Each faction has supporters within the regular and paramilitary forces whose loyalties could trigger violent confrontations if clerical rivalries slip out of control after Khomeini's death.

- The struggle centers on the ruling Islamic Republic Party, on activist clerics in Qom, and on several others whose personal ties to Khomeini and power bases in revolutionary organizations allow them to operate with some independence.
- The clerics know that arranging a smooth succession to Khomeini will solidify their consolidation. They have yet to agree on a nominal heir or heirs, but real power is likely to be held in any event by the main factional leaders in the government and revolutionary institutions.

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The ruling clerics are in agreement on the principle of clerical rule and on broad policy goals. Their disagreements, centering on personal rivalry and on differing interpretations of Shia doctrine, are not likely to threaten the regime within the time frame of this estimate.

The clerics have moved on a broad front to ensure the continued support of the urban lower classes, the core of Khomeini's power base.

- They have exploited and expanded extensive nationwide religious and revolutionary networks that provide essential goods and services to the poor. Such networks also manage pervasive propaganda and domestic intelligence-gathering programs, and direct the activities of the ubiquitous Revolutionary Guard.

The clerics have advanced their program of fundamental social reorganization of Iran. We expect that over the next year they will quicken their efforts to impose strict Islamic law, eradicate Western cultural influences, and create a more egalitarian society.

The clerics' ultimate success may depend largely on their management of the economy, where severe problems remain. The regime seems more attentive to these problems now and is stressing self-sufficiency and diversified foreign trade. Still, given the regime's ideological goals and clerical interference, we do not expect much improvement over the next year. Unresolved economic problems could ultimately lead to a weakening of lower class support for the regime.

The war with Iraq has so far rallied support for the regime. Even if Tehran's invasion of Iraq bogs down, the clerics will retain power. There will, however, be an intensification of clerical infighting over how to achieve the revolution's domestic and foreign goals.

Soviet-Iranian relations remain strained despite the increase in economic and military dealings. Significant improvement in bilateral relations over the next year is unlikely.

The Iran-Iraq war has complicated Soviet policy in the Persian Gulf region. The Soviets have criticized the Iranian drive into Iraq but realize they have very little leverage over the situation. Moscow is not likely to take any steps in an attempt to halt the invasion that would risk jeopardizing its chances for future gains in Iran. Moscow probably still hopes to see a negotiated settlement that undermined Iraqi President Saddam and led to his replacement by a pro-Soviet figure.

Soviet policy toward Iran acknowledges the preeminence of the Khomeini regime inside Iran and gives priority to the improvement of

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bilateral relations, but the Soviets will continue to develop their covert assets. Soviet ties to leftist elements among the minorities give the USSR limited influence and some assets in place. Tudeh, the pro-Moscow Communist party, lacks significant popular backing and has faced growing government repression over the past year. Under these circumstances, Moscow almost certainly believes that Tudeh and its other assets in Iran will be unable over the next year to mount a successful challenge to the government.

The presence of substantial Soviet military forces on Iran's northern border is a major asset; it gives the USSR the capability to influence US policy decisions and to intervene. Nonetheless, it is highly unlikely that the Soviets will intervene militarily in Iran in the next year. There are circumstances, however, under which the Soviets might consider introducing forces into Iran. These include: a perceived threat of a US military move into Iran, a seizure of power by a leftist coalition that sought their assistance, or a collapse of the government in Tehran with no clear successor regime emerging. Short of actual use of force by Moscow, the Khomeini regime's policies are not likely to be influenced by Soviet military pressure.

Tehran's intense hostility toward the United States is likely to continue through the next year and beyond. The Iranians' suspicions of US intentions toward their regime are unlikely to ease. Demonstrations of US resolve in the Persian Gulf region are unlikely to forestall Iranian attempts to promote Islamic revolution in the Gulf, but could lead the clerics to consider more cautiously direct military efforts to achieve their aims. Tehran is likely, therefore, to pursue its objective of regional predominance primarily through subversion, threats, and diplomacy.

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Selected Minority Groups



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DISCUSSION

The Current Situation

Consolidation

1. The clerics who dominate Iran's government no longer face serious opposition to the consolidation of their control. They brutally repressed widespread terrorist challenges in mid-1981. By September, official spokesmen admitted to 2,000 executions—probably an understatement—and imprisonment of thousands more. Continuing arrests and executions throughout Iran illustrate the growing effectiveness of the regime's internal controls. Nonetheless, random violence, assassinations, and raids continue.

2. The opposition collapsed because of government repression and because it lacked broad popular support. The largest and most important group, the Islamic socialist Mujahedin, had at its peak only an estimated 10,000 committed members. The Khomeini regime co-opted much of the Mujahedin's political program and successfully labeled the group as violent and leftist.

3. The Mujahedin's alliance with former President Bani-Sadr came at the end of his political career and probably hurt the group rather than broadened its support. The surviving Mujahedin leader, Masud Rajavi, and Bani-Sadr have languished in Paris for more than a year. Like other Iranian exiles—royalists, military leaders, and Westernized politicians—they have issued public pronouncements, drafted programs, and sought international sponsors, but none of the exiled leaders have been able to organize an effective coalition or demonstrate an ability to affect events inside Iran.

4. Tehran's control in the ethnic areas on Iran's periphery is incomplete, but only the Kurds have sustained an armed opposition. Current operations against the various dissident Kurdish groups by regular Iranian forces and the Revolutionary Guard are pushing the dissidents back into the hills. Moreover, many young Kurdish men have been conscripted and sent south to the war front. The government's economic blockade of Kurdish-populated territory and promises

of reconstruction and development aid have weakened popular support for the dissidents.

5. Other minorities are quiescent. In May 1982 the Khomeini regime was able to prevent protests by the Azarbayjanis when it "defrocked" Ayatollah Shariat-Madari, their spiritual leader, who had become the symbol of moderate opposition to the Khomeini regime. Militant Qashqai leaders have died or have been exiled or imprisoned. Baluchis, Turkomans, and Arabs remain opposed to the regime, but do not now have the capability to threaten it.

6. Of the traditional power brokers—major bazaar merchants, lay politicians, and conservative clerics—only the last retain important influence within the Islamic Republic. The regime's attack on Shariat-Madari, however, is a threat to the conservative clerics—especially to those "grand" ayatollahs who have opposed domestic reforms sponsored by the government.¹

7. The only influential lay figures in Iran now are religious revolutionaries and technocrats helping the clerics to implement their broad policy outlines. Politicized merchants and lay politicians who oppose the regime have been arrested or executed; others have been harassed into silence. The government is considering legislation nationalizing foreign trade, which would help it control the political and economic power of the bazaar—which had largely funded the clerics' own anti-Shah movement.

8. In contrast to the ineffective opposition, the ruling clerics have moved on a broad front to ensure the continued support of the urban lower classes. Success in consolidating power even while fighting the war with Iraq and ending a terrorist campaign has given the regime an air of invincibility. This has helped maintain at least the passive support of the

¹ These elderly clerics rose to prominence through traditional rather than revolutionary activities. They include Ayatollahs Khonsari in Tehran; Golpayegani and Marashi-Najafi in Qom; and Shirazi and Tabatabai-Qomi, in Mashhad. Their contacts with the Shah's regime and with opponents of the Khomeini regime have been less provocative than Shariat-Madari's, but all are vulnerable to attack.

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lower classes—essential to the survival of the Islamic Republic. Past successes, however, are no guarantee for the future. Serious economic problems, coupled with popular perceptions that Iran was defeated in Iraq, for example, could weaken lower class support for the regime.

9. The clerics have effectively used their nationwide religious and revolutionary networks. Mosques are used for political indoctrination—sermon topics are controlled by the regime and attendance is mandatory. The mosques also are distribution centers for goods and services to the urban and rural poor. The regime emphasizes the redistribution of wealth and the personal austerity of prominent clerics.

10. Monopoly of the media allows the clerics to conduct a pervasive internal propaganda campaign. Activists—based in a local revolutionary cell (komiteh) or mosque—gather information on local inhabitants for the security forces. The ubiquitous Revolutionary Guard, moreover, is a constant reminder of government power.

11. The regime has established a domestic intelligence organization. It has been relatively successful in monitoring the activities of Iranian leftists and Communist diplomatic and technical personnel in major Iranian towns.

12. The Khomeini regime has also demonstrated impressive resilience by replacing the several hundred of its members who were killed by terrorist attacks. In a three-month period late last year, one parliamentary and two presidential elections were held and two cabinets formed, while slain senior military leaders and leading clerics in several cities were replaced. The regime apparently has not suffered from the turnover.

The War: A Threat to the Regime?

13. The war with Iraq has permitted the clerics to continue to focus popular frustration on external enemies and to justify austerity at home. We do not yet see domestic pressure to end the war. When Iran took the initiative in the fighting last September, the government's confidence and popularity rose.

14. The outcome of the current Iranian operations in Iraq is still uncertain. Defeat of Iraq and the ouster of Iraqi President Saddam Husayn would, of course,

have wide impact. The clerics' confidence in their policies and in their ability to withstand internal and external attacks would be strengthened.

15. Iraqi ability to withstand the Iranian offensive would break Khomeini's impressive chain of victories, but the clerics' domestic controls—especially monopoly of the media—will allow them to impose an expedient interpretation of events and blunt negative popular reactions. Infighting among the ruling factions will intensify as their leaders maneuver to apportion blame for perceived failures. The debate will focus on how best to achieve Tehran's goals rather than the goals themselves.

Factionalism: Under Control

16. The Iranian power struggle is now centered exclusively among the clerics. They seem well aware that controlling their differences is crucial for the survival of the Islamic Republic. Each faction has supporters within the regular and paramilitary forces, raising the possibility of civil war if the power struggle were to polarize and become violent after Khomeini's death.

17. Clerical disagreements center largely on personal rivalries and on differing interpretations of Shia doctrine defining governmental powers under an Islamic regime. Iranian leaders admit that such disagreements impede the decisionmaking process, especially when lacking Khomeini's guidance.

18. The clerics and their lay allies agree on the fundamental principle of clerical rule and on the broad institutional and policy outlines established by Khomeini. They are xenophobic and particularly suspicious of the West. All of the most prominent figures have repeatedly and publicly advocated continuation of Iran's strong anti-US orientation.

19. The clerics seem now to be working out means for negotiating compromises within the legislative and bureaucratic structure or the informal channels that exist among the factions. The Constitution gives the Majles (Assembly) institutional primacy in setting foreign and domestic policies.² It has developed under

² The Majles has 270 seats, but an estimated 40 to 50 are empty because of resignations, expulsions, deaths, or unstable conditions that have prevented elections. Most members' terms expire in early 1984. Byelections were to be held from 21 April to 21 May, but there is no evidence that they have taken place.

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Speaker Rafsanjani into a generally effective forum for debate. The executive has also become more effective since President Khamenei and Prime Minister Musavi took over late last year.

20. Three loosely formed groups are involved in the political maneuvering: the most important is the Islamic Republic Party (IRP), a cleric-led coalition that dominates the executive and legislative branches of the government. The IRP is probably divided into at least two subfactions centering on President Khamenei and Majles Speaker Rafsanjani. In the second group are activist clerics, led by Ayatollah Meshkini, who are associated with the Qom theological center and dominate the judiciary, mosque networks, and propaganda units. Finally, there are independent clerics, such as Ayatollah Mahdavi-Kani, with personal ties to Khomeini and separate power bases in the revolutionary and paramilitary groups and in the media.

Succession

21. Despite differences, the clerics must come to grips with such current problems as the succession to Khomeini, reordering the economy and social structure, and control of the regular and paramilitary forces. The clerics know that arranging a smooth succession to Khomeini will complete their consolidation of power. Although the Constitution mandates that the individual or individuals³ serving as supreme religious and temporal head of the Islamic Republic provide legitimacy for the state's programs and institutions, no successor will equal Khomeini in charisma and authority. His departure may at least initially cause a significant diffusion of power among prominent clerics and some of their lay allies. Still, Khomeini's advance blessing of at least a nominal successor or successors would dampen factional struggles immediately after his death.

22. The ruling clerics have not yet agreed on a successor, and Khomeini has been unwilling to intervene in the process. Preparations for selecting a successor were aborted in mid-1981 by the assassination of scores of IRP officials and again this spring by clerical

³ The Constitution provides for a single successor if the clergy and people agree overwhelmingly on his right to the post. Otherwise, a "Leadership Council" of three to five senior clerics will be chosen by a 70-man "Assembly of Experts" in religious law.

infighting that resulted in the discrediting of Shariat-Madari. According to one senior ayatollah, the selection process was to have been resumed in late July.

23. Supporters of Ayatollah Montazeri—for years assumed to be Khomeini's choice—continue to advance his name. Khomeini's son, Ahmad, gave Montazeri an unprecedented public endorsement just after the Shariat-Madari incident. Most observers believe Montazeri lacks political acumen, religious credentials, and charisma.

24. If Khomeini dies during the next year⁴ without endorsing an heir, the transition to a new era will be more difficult for the clerics—unless one faction quickly becomes dominant. In any event we believe the clerics will restrain their infighting and prevent those now outside the political structure from gaining power. The regime's orientation will not change significantly.

Goals of the Islamic Society

25. The clerics have embarked on a fundamental social reorganization in Iran, based on imposition of strict Islamic law, eradication of Western cultural influences, and creation of an egalitarian system. Published accounts indicate the regime plans to:

- Direct substantial resources toward improving the lot of the urban and rural poor, reducing the exodus to the cities, and developing self-sufficiency in agriculture and basic industries.
- Reorder property ownership and foreign trade laws to end the influence of the traditional secular and religious elites by governmental control of property "on behalf of the oppressed" and by regulating relationships with foreign exporters.
- Apply universally Shia religious law to deter "un-Islamic behavior," provide swift and public justice, and eradicate Western values embedded in the Shah's legal code.
- Expand internal propaganda/control networks through a monopoly of the media reinforced by mosque sermons and intensive collection of information on all citizens.

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- Impose "Islamified" academic programs while emphasizing engineering, science, and medicine to decrease the need for foreign expertise substantially reduce the numbers of students sent abroad; oust known leftist teachers and students; and broaden seminary curriculums.
- Reform provincial government, permitting some decentralization of power, local initiative, and other limited concessions to the largely Sunni minorities in the Iranian periphery.

26. Khomeini has set March 1983 as the deadline for completing all legislation authorizing and defining the regime's programs. The clerics' consolidation should now allow them to speed implementing these programs. The regime's success will be limited, however, by Iran's severe economic problems and shortages of trained clerical and lay personnel.

Economic Restructuring

27. In recent months the regime has increasingly emphasized economic matters. The clerics know that extended austerity, inflation, and unemployment could eventually threaten popular support for the Islamic Republic. Late last year, the regime faced serious cash flow problems because its high oil prices and political instability had reduced oil exports. Tehran then substantially undercut the OPEC benchmark price and won back customers, ensuring its ability to provide a minimum of essential goods and services to the lower classes and obtain adequate military supplies. (See figure 1 for Iranian crude oil production and export statistics.)

28. Current monthly revenues are about \$1.8 billion, and import restrictions on consumer and industrial goods have been eased somewhat. Nevertheless, most food and consumer items—except those provided to the urban poor by the mosque-based welfare system—are still strictly rationed or obtainable only at high black-market prices.

29. Overall economic activity remains severely depressed. Gross domestic product is now less than half the 1977-78 level of about \$47 billion. Shortages of material and skilled labor have stalled industrial production at less than half the prerevolutionary level. Nationalizations and imposition of "Islamic" political/

ideological committees in workplaces have also hurt production. More than 30 percent of the adult work force is estimated to be unemployed and an equal number underemployed. The inflation rate is at least 70 percent.

30. Efforts to reach self-sufficiency by expanding large-scale industries—such as power generation, steel, and nonferrous metallurgy—have haltingly resumed. The result, however, will probably be rising import requirements and costly, inefficient industries unable to compete in the world markets without state subsidies.

31. The agricultural sector has not been as hard hit as industry, but food production levels have stagnated because of chronic shortages of fuel, fertilizers, seeds, and spare parts. The regime's insistence on low food prices for the urban poor and continued confusion over its land reform plans leave little incentive for farmers to maintain or increase production. Consequently, the exodus to the cities continues.

32. Tehran must sustain its aggressive petroleum marketing and price discounting in the face of sluggish world demand to reach the export levels of 2.5-3 million barrels a day needed for even a moderate reconstruction program.⁵

33. The speed and extent of any near-term recovery will depend mostly on the clerics' willingness to delegate authority to technocrats, most of whom have been trained in the West. The regime has recently relaxed its demands for Islamic credentials from such individuals and its limitations on their day-to-day authority, but domestic repression will continue to discourage the return of technocrats in exile. The regime will also limit the number of foreign experts in Iran and is prepared, therefore, to accept for now the resulting reductions in potential economic growth.

Foreign Policy Orientations

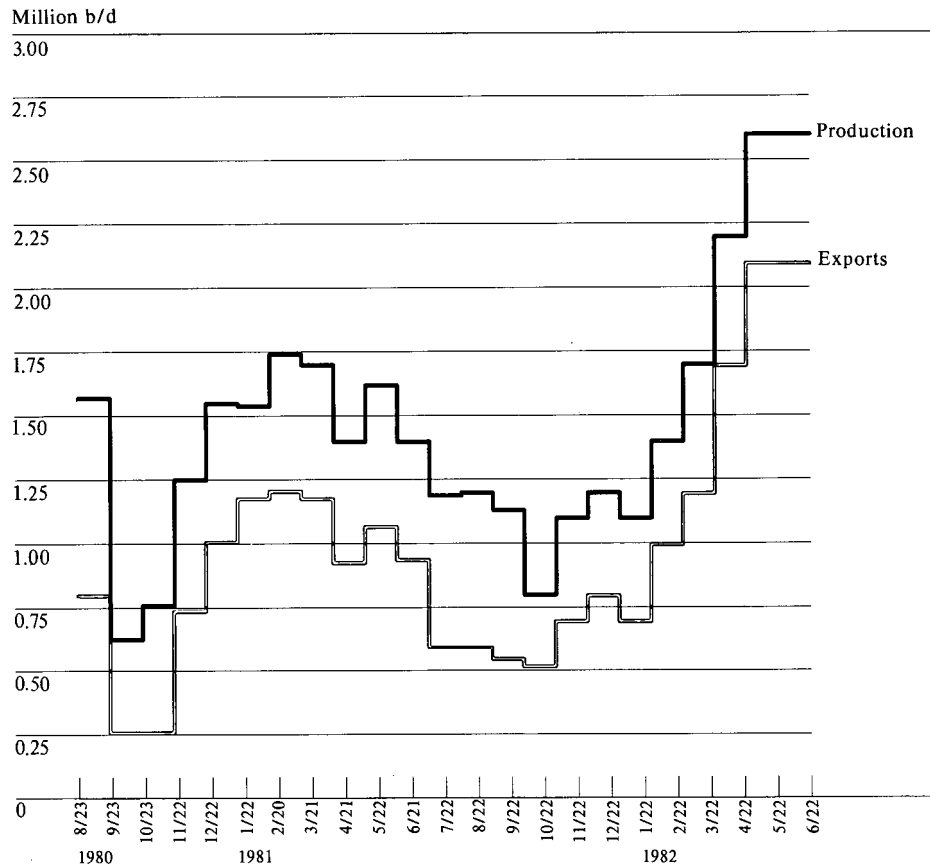
34. The Khomeini regime believes that the Iranian revolution serves as a model for all Islamic countries. Iran has a special mission to propagate the ideas of the revolution abroad to all "oppressed" Muslims. This revolutionary zeal, coupled with traditional Iranian

⁵ With foreign help, the Khomeini regime could make up for three years of inadequate maintenance within about 12 months and restore oil production capacity to 4-5 million barrels a day.

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Figure 1

Iran: Crude Oil Production and Exports^a

^aIncluding product exports. Data are an average for period.

aspirations in the Persian Gulf, impels the regime to seek regional predominance. Tehran's immediate target is Iraq and the secular Ba'hist regime of Saddam Husayn. Tehran also seeks to redirect the other Arab regimes in the Gulf away from cooperation with the United States and toward accommodation with Iran. We believe the Khomeini regime will pursue its objectives through diplomacy, economic incentives, subversion, threats, and, if appropriate, military action.

35. Iraq is the most important test of Tehran's ability to promote revolutions in other Islamic countries. To accomplish its goals, the Iranian leadership

has exchanged largely self-imposed isolation for a flexible and sophisticated attempt to limit Gulf support for Iraq, strengthen ties with sympathetic regimes in the area, and blunt international efforts to mediate a compromise settlement of the war.

36. Tehran has sought to divide the Gulf states, encourage appeasement, and sever their financial and political links with Iraq. Tehran has employed both the carrot and the stick, seeking in particular to reassure, from time to time, the United Arab Emirates and Kuwait. Nonetheless, Iranian clerics provided the impetus, as well as training and supplies, for the Shias who infiltrated Bahrain in late 1981, hoping to foment

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a coup. Tehran has also repeatedly threatened Kuwait with retaliation for its financial and logistic support for Iraq. Tehran also is likely to concentrate on Saudi Arabia because of Riyadh's close ties to the United States and its leading role in both OPEC and the Gulf Cooperation Council, and because Shias constitute a majority of the population in Saudi Arabia's oil-producing Eastern Province.

37. The fundamentalists see themselves as radical members of the Third World and believe Iran's diplomatic gains are to be made there. In the Middle East, Tehran has associated itself with Libya, Syria, and South Yemen, as well as with Algeria and the PLO, but its invasion of Iraq could strain some of these ties.

38. Iran has vigorously pursued diplomatic ties with many nonaligned nations and has resumed attending international conferences on Third World issues. Agreements signed recently with Turkey, Syria, and Pakistan reflect a deliberate effort to expand Third World commercial ties. The Syrian deal, which led to the closing of the Iraqi oil pipeline through Syria, illustrates the strong political content of some agreements.

39. Relations with the USSR are limited by the clerics' hostility toward Communism and their abiding suspicion of Moscow's intentions toward Iran. Substantial political differences between the two countries persist over specific issues such as Afghanistan and the USSR's provision of weapons to Iraq. (See section beginning at paragraph 52 for a more detailed discussion of Iran's relations with the USSR and other Communist countries.)

40. Nevertheless, the Khomeini regime has renewed, and in some cases expanded, relations with Communist nations. Much of this growth was initially due to Western trade restrictions, coupled with East European receptivity to barter trade with cash-short Iran. Trade with the USSR has rebounded to prerevolutionary levels, and work has resumed on many joint industrial projects suspended or slowed during the revolution.

41. The Communist nations' desire to boost trade with Iran is constrained by their inability to meet Iran's heavy requirements for foodstuffs, sophisticated industrial equipment, and petroleum technology.

More than three years after the revolution, Tehran still obtains more than two-thirds of its import requirements from the West. (See tables 1 and 2.) Economic reconstruction will probably push the share of Western trade with Iran even higher. West Germany, Italy, and Japan will probably reap a substantial portion of new contracts because they are major buyers of Iranian crude and already preferred trading partners.

42. But Tehran will continue its general policy of expanding and diversifying trade contacts to avoid dependence on any one nation or bloc. In particular, the clerics' willingness to develop economic ties and, in some cases, better bilateral political relations with Western states will not give these nations influence on Iranian domestic and foreign policy initiatives. Iran will remain an authoritarian state with little regard for Western diplomatic and legal norms, values, or interests.

43. The regime's strong bias against the United States is unlikely to change and will limit direct trade contacts, although sales of grain and other goods through European middlemen are likely to be brisk over the next several years. In such critical areas as petroleum technology, and military equipment, however, there is some evidence the Khomeini regime may be willing to deal directly with US firms.

The Role of the Military

44. Iran's military victories over Iraq have both raised the prestige of the regular military and the Revolutionary Guard and reestablished Iran, in the eyes of most of the Persian Gulf states, as the pre-eminent military power in the Gulf region. Tehran's ability to mold the Revolutionary Guard and the professional military into a relatively cohesive fighting force following the flight of former President Bani-Sadr in mid-1981 has been instrumental to Iran's military successes. The war has forced Tehran to greatly expand both the regular military and the Revolutionary Guard.

45. No single military leader seems likely to be able to challenge the regime. The Army and the Guard balance each other militarily. Clerical control over the regular military has been tightened by recurring purges, a system of informers, and the installation of

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Table 1

Iran: Oil Exports
(thousand barrels a day)

	1978	1979	1980	1981 ^a
Crude	4,522.4	2,407.0	874.0	830
Developed West	3,848.9	1,894.9	719.1	573
Eastern Europe	148.0	63.7	87.0	65
USSR	—	—	—	40
Developing World	525.5	448.4	67.9	152
Refined products ^b	127.5	172.6	226.0	—
Total	4,649.9	2,579.6	1,100.0	830

^a Crude/refined product breakdown is not available.^b Exports breakdown by destination is not available.

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Table 2

Iran: World Trade
(million US dollars)

	1978	1979	1980	1981 ^a
Total Trade	43,526	30,305	26,681	22,050
Imports	18,561	8,578	11,461	10,970
OECD	15,487	5,807	7,572	7,400
Non-OPEC LDCs	1,670	1,648	2,187	1,600
Other OPEC	287	372	460	400
USSR	636	416	399	380
Eastern Europe ^b	481	335	843	1,190
Exports	24,965	21,727	15,220	11,080
OECD	18,915	15,204	10,217	6,900
Non-OPEC LDCs	5,044	5,608	3,673	2,600
Other OPEC	106	127	96	80
USSR	350	210	116	630
Eastern Europe ^b	550	578	1,118	870

^a Estimated.^b Excluding data for East Germany.

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loyal officers at all levels. The regime also has intentionally not publicized the exploits of any commanders to prevent heroes from emerging from the war to challenge the regime.

46. The Guard's authority in major cities, where it normally is the largest armed force, places it in a

powerful position if Khomeini's death is followed by clerical infighting. Over the past year the regime has attempted to strengthen its control over the Guard and lessen factional infighting within its ranks. The Guard, however, has resisted efforts to subordinate it to the Army. After Guard units fighting in the war were

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brought under the Ministry of Defense, Guard leaders successfully lobbied to ensure the creation of a separate Revolutionary Guard Ministry.

47. The Khomeini regime probably will keep much of the military along its western border even after the war with Iraq ends. Tehran believes the return of large numbers of battle-hardened Army and Guard personnel could, if they are disaffected, pose a threat to the regime. Tehran may try to absorb many military personnel into the vast reconstruction projects that will be necessary in southwestern Iran following the war.

48. The regular military is sorely in need of equipment to replace war losses but after the war will have to compete with other interests for the government's limited resources. Following the fighting, Iran is likely to consider rebuilding the economy and repairing war damage more important than rebuilding the military. We expect the Army and possibly the Guard to be reduced in size, although both will attempt to improve their armament. (See table 3.) To avoid dependence on

any one supplier, Iran will continue to try to diversify its sources of armaments and advisers.

US Options

49. US ability either to influence domestic events in Iran or to lessen Iranian hostility to Western regional interests has been severely limited since the Khomeini regime came to power. Tehran believes the worst of US intentions, suspecting the United States of:

- Seeking the overthrow of Iran's government.
- Directly supporting Iran's enemies—especially Iraq.
- Being behind each problem Iran encounters.

All of these conditions are likely to obtain in Iran over the next year and beyond.

50. Washington's resolve to protect US interests in the Gulf region is unlikely to forestall Iranian attempts to promote an Islamic revolution in the Gulf, but could lead the clerics to consider more cautiously direct military efforts to achieve their aims. At the same time, reaffirmation of US interest in the independence, territorial integrity, and stability of Iran will not soon evoke a positive response from the clerics.

51. Neither the present level of clerical factionalism nor any of the exile leaders appear to provide moderate alternatives to the Khomeini regime in the coming year. The "US Satan" is too important a symbol for the regime to allow any near-term relaxation of its anti-US orientation.

The Soviet Factor

52. The Soviets consider Iran a significant geopolitical prize and viewed the US ouster as a major strategic gain. However, they have had little success thus far in gaining influence because of the Khomeini regime's deep suspicions of Soviet intentions and its hostility toward Communism.

53. Moscow's ultimate aim, to see Iran securely in the Soviet orbit, is highly unlikely to be accomplished in the next year. In the interim, the Soviets are working to promote good bilateral relations and to encourage Iran's continued anti-US orientation. At the same time, they are seeking to develop clandestine assets and to bolster pro-Soviet leftist forces in Iran.

Table 3

Iran: Status of Forces (Estimates of 25 May 1982)

Ground forces	
Personnel	200,000 ^a
Division headquarters	8
Armored	4
Infantry	4
Maneuver brigades	31
Main battle tanks	825-1,000
Armored personnel carriers	1,200-1,400
Artillery (over 100-mm)	665-775
Self-propelled	255-275
Towed	450-500
Air and air defense forces	
Personnel	75,000-80,000
Fighter aircraft	260 ^b
Attack helicopters	60
Major naval combatants ^c	15

^a Excludes Revolutionary Guard and other paramilitary forces that total about 250,000 men.

^c Includes destroyers, frigates, and missile boats.

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Bilateral Ties

54. Soviet-Iranian relations remain strained despite increased economic and military dealings and lessened Iranian public invective aimed at the USSR. Moscow continues to be frustrated by the Khomeini regime's anti-Soviet attitudes, its support of Afghan insurgents and its recent crackdown on the Tudeh (Communist) party. Since early 1982 the Soviets have vented these frustrations publicly on a number of occasions. The Iranian leaders, for their part, remain angered by Moscow's provision of substantial amounts of weapons to Iraq and its continuing military presence in Afghanistan. As a result, any significant improvement in bilateral relations over the next year is unlikely.

55. The Iran-Iraq war has complicated Soviet policy in the Persian Gulf region. The USSR's policy toward the war, which has mixed public neutrality with periodic private tilts slightly in favor of one side, then the other, has been resented by both Baghdad and Tehran. At the same time, the war, as the Soviets have frequently lamented, has made a US military presence in the region less objectionable to some of the conservative Gulf states and further diluted Arab "unity" against Israel.

56. The Soviets have criticized the Iranian drive into Iraq and presumably view it as detrimental to their interests. It could result in serious setbacks for Soviet objectives in the region, particularly if Tehran succeeds in installing a pro-Iranian, fundamentalist regime in Baghdad:

- Although Moscow has no love for Iraqi President Saddam Husayn and apparently wants to see him ousted, his replacement by a clerical regime would further undermine Soviet influence in Iraq.
- The Soviets probably calculate that, if the Iranians become predominant in Baghdad, Tehran would be even less susceptible to Soviet inroads.
- Among the Persian Gulf states, the immediate impact of such an Iranian victory would be to push some Gulf countries closer to Washington. This would be reinforced if Washington achieves a resolution of the conflict in Lebanon that results in an Israeli withdrawal and/or a stronger political voice for the Palestinians.

On the other hand, an Iranian victory over Iraq could aid the Soviets by destabilizing conservative Gulf

regimes or by inducing them to accommodate Iran's anti-US stance.

57. A protracted confrontation could offer some benefits to the Soviets:

- Tehran would have to play down its differences with Moscow and continue to expand military and economic dealings with the USSR.
- Baghdad's reliance on Soviet arms would continue.
- Conservative Gulf states would continue to face pressures, which might offer Moscow some opportunities, especially if US negotiating efforts in Lebanon fail.

58. However Moscow assesses the outcome, it knows that it has very little leverage in the current conflict. The Soviets are not likely to take any steps to halt the invasion that would risk jeopardizing their chances for future gains in Iran. They are likely to try to make the best of the situation and seek to minimize strains with Tehran. If possible, Moscow would hope to see a negotiated settlement that undermined Saddam and led to his replacement by a pro-Soviet figure.

59. Western reluctance to provide assistance and the war with Iraq impelled the Iranians to step up their economic and military dealings with the USSR and its East European allies. Bilateral trade with the Soviet Union increased to a record \$1.1 billion in 1981, more than double the abnormally low \$515 million for 1980 and slightly above the prerevolutionary average of approximately \$950 million. At the same time, trade with Eastern Europe has doubled over the prerevolutionary level. There are now 2,500 to 3,000 Soviet economic advisers working in Iran on 55 economic and technical projects. This number is fewer than the estimated 4,000 there under the Shah but a substantial increase over the number present during the early days of the revolution. The types of assistance provided are virtually unchanged from the prerevolutionary period.

60. Iran's trade with the USSR and Eastern Europe will probably show some growth during 1982. Imports of industrial raw materials, machinery, and equipment from the USSR and Eastern Europe will grow as work progresses on existing projects. Tehran, however, appears to be making a concerted effort to diversify its

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trade relationships, actively cultivating trade agreements with friendly Islamic states and other developing countries. The Communist nations' ability to boost trade with Iran will be limited by their inability to meet Iran's requirements for food, sophisticated equipment, and technology.

61. The Soviets have had some success in expanding their arms relationship with Iran. Under the Shah, the Iranians had ordered a total of about \$1.7 billion worth of Soviet weapons—mostly ground force equipment. Some continued to trickle in after the revolution, but the flow was halted when Moscow imposed an embargo on arms deliveries to Iran and Iraq at the outbreak of the war in September 1980. In mid-1981 the embargo was lifted, and Tehran and Moscow reportedly concluded a new arms deal, including air defense equipment.

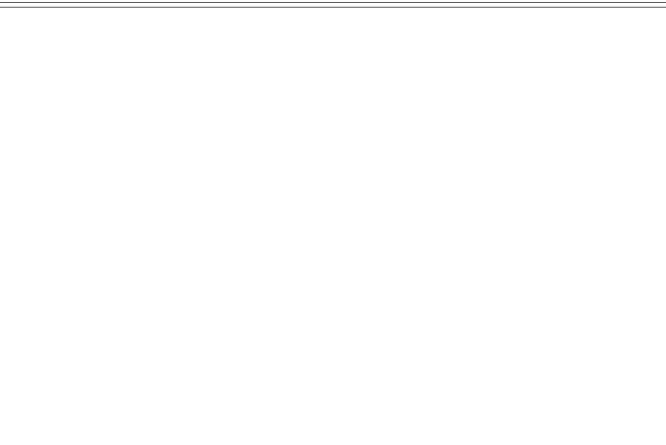
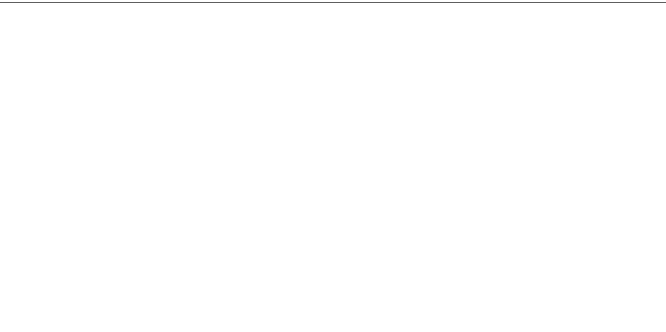
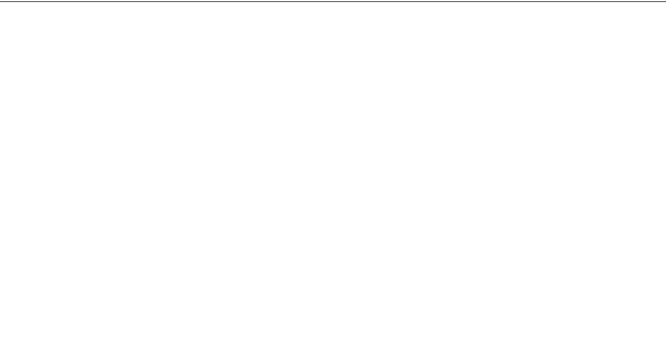
62. The USSR also has encouraged its East European clients to provide additional military equipment to Iran and presumably approves of Libyan transfers of Soviet-made weapons to Iran and intermittent shipments from Syria. Iran's largest supplier is North Korea. These sales help increase Iranian reliance on Soviet-type weaponry, improving Moscow's prospects for future arms deals with Iran. Our information on Soviet military advisers and technicians in Iran is scanty, but there appear to be 100 to 200—about the same number as under the Shah.

Covert Activity

63. The United States' [redacted] [redacted] lack of diplomatic representation, and the hostile, repressive environment limit our understanding of covert Soviet activity in Iran. Consequently, our judgments are tentative.

64. Iran is a major target of Soviet espionage and covert political activity. In addition to the 2,500 to 3,000 economic and 100 to 200 military advisers and technicians, the USSR maintains about 440 accredited diplomats, attaches, journalists, and trade representatives in Iran. Of these, 40 were carried on the January 1981 diplomatic list (the latest available) for the Soviet Embassy in Tehran and Consulate in Esfahan.⁶ [redacted]

⁶ In the summer of 1980, Iran forced the Soviets to close their Consulate in Rasht and, reportedly, to reduce their Embassy staff as well.



67. The USSR has long cultivated contacts with national minorities in Iran—Kurds, Azarbayanis, Turkomans, and possibly Baluchis. It established short-lived "people's republics" at the end of World War II in Iranian Azarbayjan and Kordestan. Although the Soviets give less emphasis to support for minority rights today than they did under the Shah, they maintain their contacts. The Soviets continue covert activity in these regions: this varies from propaganda to the infiltration of agents and the supply of arms and money to dissidents. In doing this, they seek assets to gain information about these groups, to influence them in the hopes of gaining leverage over the central government, and to build equities throughout Iran in

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case of fragmentation. Moscow, however, has extended only limited military aid, in part because the risks are high that this would be detected, and would strain relations with Tehran even further. Soviet ties to leftist elements in each nationality—such as the Azarbayjani Democratic Party and small factions of the Kurdish Democratic Party—give the USSR limited influence and some assets in place. As long as the clerical regime remains in control, these Soviet assets will have little ability to change the status quo.

68. The Soviets also try to shape popular opinion in Iran through their covert and overt propaganda. In 1959, the Soviets established the *National Voice of Iran* (NVOI), which purports to be an independent radio station. It broadcasts in Farsi and Azeri from Baku in Soviet Azerbaydzhan. Expatriate Tudeh party members make up part of its staff. Since the Shah's fall, NVOI has consistently argued for improved Soviet-Iranian relations but has been more critical of Iranian leaders than the official Soviet media. Official Soviet media outlets promote good bilateral ties with Iran and attempt to reinforce the Khomeini regime's anti-US orientation. In addition, Soviet-controlled Radio Kabul also broadcasts propaganda into Iranian Baluchistan.

Role of Tudeh

69. Tudeh, the Iranian Communist party, was created under Soviet auspices in 1941 after the Soviet Army occupied northern Iran. It is a direct descendant of the Communist Adalat Party, which was formed with Bolshevik assistance from a nucleus of Iranian oil workers returning to Iran from Baku in 1917 and banned by Reza Shah in 1931. Tudeh follows Moscow's political guidance and remains dependent on the USSR and its East European allies for financing, training, and asylum.

[redacted] The party is small, well organized, and tightly disciplined and is likely to remain loyal to the USSR.

70. Tudeh played an insignificant role in the February 1979 revolution. Many members who had fled to Eastern Europe in the 1950s were sent back to Iran after the Shah's fall. Reportedly, only those totally sympathetic to Soviet objectives were allowed by Moscow to return. To reduce its vulnerability to government suppression, Tudeh has sought, on Soviet

instruction, to align itself with the clerics and Khomeini, hoping to ingratiate itself into a position of influence, fuel Khomeini's anti-Americanism, and gain time to build strength. As a result, Khomeini has allowed the party to maintain a legal existence and, until the past year, exempted it from most of his frequent and harsh crackdowns on leftist groups.

71. Tudeh lacks significant popular backing and has failed to rally other leftists behind its leadership. Tudeh's only known success to date has been its alliance with a faction of the Charik Fedayeen-e Khalq, a small radical leftist group that split in late 1980. The party leadership's willingness to continue backing the regime despite Khomeini's harsh policies against opponents has reportedly alienated some younger party members.

72. The regime's repression of Tudeh activities over the past year has made it more and more difficult for the party to operate. Most of its publications have been banned, some of its members have been executed and numerous others arrested, and its party headquarters have been occupied by Revolutionary Guards. In addition, Tudeh candidates for the Majles elections were rejected on the grounds that atheists could not be members, and in early 1982 the assembly enacted new laws regarding government employment that are clearly aimed at weeding out Tudeh members. The Tudeh has had no known success in developing allies among the ruling clergy, but we believe that Tudeh members are in some government positions, including the broadcasting and educational systems.

Military Pressure

73. The presence of substantial Soviet military forces on Iran's northern border is a major asset that gives the USSR the capability [redacted]

[redacted] to intervene. The Soviet Union does not recognize Iran's annulment of articles 5 and 6 of the 1921 Soviet-Iranian Treaty. These articles grant the USSR the right to send troops to Iran in certain circumstances, including intervention by a third party. The Soviets clearly want to retain this legalistic pretext for direct intervention. At the same time, the presence of Soviet forces on the border (see foldout map) and Moscow's refusal to annul articles 5 and 6 of the treaty fuels Tehran's inherent distrust of the USSR, all of which undercuts the Soviet goal of improving government-to-government relations with Iran. Short of

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actual use of force by Moscow, the Khomeini regime's policies are not likely to be influenced by Soviet military pressure.

Soviet Options

74. The Soviets apparently believe that, as long as Khomeini remains in power, there will be few opportunities for them to improve their position in Iran. The Soviets presumably realize, however, that over the longer term radical changes in Tehran could occur.

75. Moscow almost certainly believes that Tudeh and its other assets in Iran will be unable over the next year to mount a successful challenge to the government. It probably also reasons that, even if central power in Iran collapsed, Tudeh would be unable to seize and hold power without direct Soviet military intervention. Accordingly, Soviet policy toward Iran acknowledges—as it has since the revolution—the preeminence of the Khomeini regime inside Iran and gives priority to the improvement of government-to-government relations, but the Soviets will continue to develop their covert assets.

76. Over the next year, the Kremlin probably will continue with this two-track approach, making occasional adjustments and trying to seize opportunities as they arise. This remains Moscow's most attractive option as long as there is some prospect of ultimate gain. Although the Soviets are frustrated by the Khomeini regime's view of the USSR as its number-two "Satan," Tehran's strident anti-Americanism and ties to radical Third World regimes serve Soviet interests.

Military Intervention

77. We believe it is highly unlikely that the Soviets will intervene militarily in Iran in the next year. The Soviets might consider introducing combat forces into Iran, however, if there were a perceived threat of a US military move into Iran, a seizure of power by a leftist coalition that sought their assistance or a collapse of the government in Tehran with no clear successor regime emerging. The most likely scenario for Soviet intervention would be an invasion of Azarbayjan. This would be militarily easier than a full invasion of Iran and would make an effective Western military response more difficult. Such an attack could be launched by about five to seven divisions after two to three weeks of preparation.

78. We believe that the Soviets are developing new strategic concepts for military campaigns in the Persian Gulf region. They apparently are considering contingency plans for the seizure of the entire Persian Gulf littoral and have envisaged the possibility of encountering US ground forces in the region. Although there have been only modest increases in the readiness status and equipment inventories of Soviet combat forces in the region since 1979, the forces the Soviets have opposite Iran are sufficient, if mobilized, to invade that country in the face of only local opposition.

79. A full-scale invasion of Iran to the Gulf would require some 20 Soviet divisions and at least a month of preparation. Although the balance of forces in the area favors the USSR, there are major political and military disincentives for a Soviet invasion of all of Iran. Such a direct challenge to vital Western oil interests would represent a radical shift in Soviet foreign policy vis-a-vis the West, and the Soviets would expect the West to respond with force. Moreover, the rugged terrain and poor transportation network would make the campaign an arduous one, even against only light Iranian resistance, Soviet troops would face enormous, long-term problems in pacifying the population.

80. In a relatively unopposed situation—that is, with a fractionalized Iran putting up only local resistance—it would take the Soviets about six weeks to overrun the country. If Iran were to remain fairly unified (no matter what the orientation of its leadership), a Soviet invasion becomes even more difficult. Under these circumstances, *if Iranian forces had redeployed to prewar positions and acquitted themselves in the same manner they have displayed in ousting Iraq from its borders, a Soviet conquest of all of the country including the Western part would take nine to 14 weeks.* In an all-out Soviet invasion, the Soviets would face the least resistance in the eastern part of the country where Iranian forces are weakest, the terrain is less difficult, and occupation of the southeastern coast would give the Soviets access to Arabian Sea ports: this would take about seven weeks.⁷

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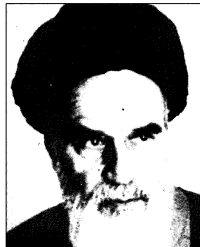
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Figure 2

Iranian Leaders

Khomeini, Ruhollah



Hashemi-Rafsanjani, Ali Akbar (cleric) 40s



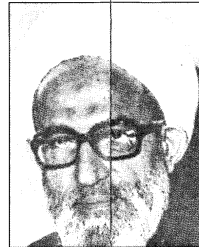
Speaker of the Majles (Assembly) and a founder of the Islamic Republic Party (IRP); member of the Supreme Defense Council; has ties to the Revolutionary Guard; possibly son-in-law of Montazeri.

Khamenei, Ali (cleric) 40s



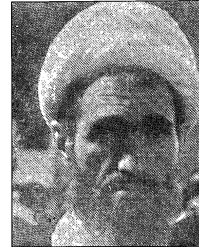
President; a founder and secretary general of the IRP; chairman of the Supreme Defense Council; Friday prayer leader of Tehran, but has spoken rarely since being seriously wounded in June 1981; has ties to the Revolutionary Guard.

Mahdavi-Kani, Mohammad (cleric) 50s



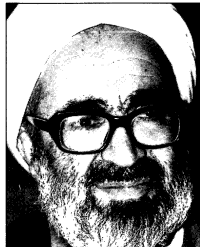
Head of the Revolutionary Committee system and of the Tehran militant clerics society; acting prime minister in fall 1981; Interior Minister 1980 to 1981; has ties to the Revolutionary Guard and Revolutionary Courts.

Meshkini, Ali (cleric) 40s or 50s



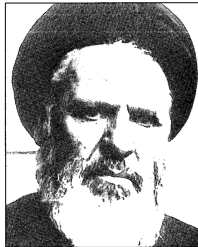
Friday prayer leader of Qom and head of Qom militant clerics society; shares with Montazeri authority from Khomeini to name Revolutionary Court judges; a drafter of land reform legislation; supervises selection of weekly sermon topics for nationwide use.

Montazeri, Hussein Ali (cleric) about 60



Former Friday prayer leader of Tehran and Qom; delegated by Khomeini the authority to select candidates for the Supreme Judicial Council and to name Revolutionary Court judges; supervises Revolutionary Guard ideological training; close ties to radical Arab states, especially Libya; in poor health; possibly father-in-law of Rafsanjani and brother-in-law of Khomeini.

Musavi-Ardabili, Abdol Karim (cleric) 50s



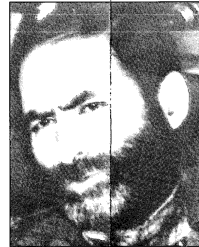
Head of Supreme Judicial council and a founder of the IRP; appears strongly antileftist; may have a special interest in economic issues.

Musavi-Khamenei, Mir Hussein (layman) about 40



Prime Minister and member of IRP central committee; former editor of IRP newspaper; may be related to President Khamenei.

Nabavi, Behzad (layman) 40s



Newly appointed Heavy Industries Minister; former economic planning chief and Executive Affairs Minister; involved in the negotiation of the release of the US hostages; a leader of an Islamic paramilitary group.

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