

BUREAU OF INTELLIGENCE AND RESEARCH - ANALYSIS - MAY 18, 1982

1. THE AFTERMATH OF IRANIAN VICTORY

Iran has begun to signal its intention to be recognized as the major regional power in the Gulf. Tehran now seems inclined to hold Iranian forces at the Iraqi border while it waits for Saddam Hussein's downfall and attempts to persuade the Gulf states to cut their ties to Baghdad. Saddam Hussein, facing growing internal difficulties, continues to stall for time. If Iranian peace terms are not met, pressures will build in Tehran for incursions into Iraqi territory.

Although Iran's victories demonstrate its regional power, recent Iranian statements and behavior suggest that Tehran does not now intend to press its current military advantage to impose radical Islamic governments on neighboring states. Rather, the Iranian leadership apparently believes that the display of military prowess against Iraq, combined with the untested but potent appeal of Islamic revolution, may be sufficient to secure Iranian goals without further costs.

In the Gulf, Tehran is employing a complex mix of diplomacy and veiled threats to press the Arab Gulf states to reconsider their support for an already defeated Iraqi regime. For the moment, Tehran is refraining from retaliation against Kuwait for suspected military cooperation with Baghdad during the recent fighting.

Ayatollah Khomeini recently said that Iranian troops have no intention of pushing into Iraq. In fact, Iranian troops have halted at the border following their latest victories. The call for a march on the Shia holy cities in Iraq, trumpeted during Iraq's offensive in March by Ayatollah Montazeri, Khomeini's possible successor, has not been repeated. Nonetheless, Tehran has not permanently ruled out the option of invading Iraq should this be required to force acceptance of its basic demands.

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Saddam Hussein's regime has been seriously jeopardized by Iran's recent victories. When Khorramshahr falls, as we expect it to, it will be impossible to hide the fact that Iraq is losing the war. This defeat might stimulate popular dissidence (last week there was an unprecedented outbreak of urban violence against the regime and the war in Iraqi Kurdistan).

But the principal danger to Saddam will come from within the regime. If the Iranians finally decide to enter Iraq, Saddam's remaining support will probably erode quickly.

State Dept. review completed

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MORNING SUMMARY

May 18, 1982

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Current Reports

1. Falklands
 - A. Military Update
 - B. EC Approves Limited Extension of Sanctions
 - C. Nicaragua Offers Troops
2. Namibia
 - A. South Africa Not Prepared To Change Stance
 - B. South African Military Buildup Continues
3. Lebanon: More Weapons for the Palestinians
4. Egypt: Psychological After-Effects of the Sinai Withdrawal
5. Poland/USSR: Soviets Concerned over Recent Unrest
6. PRC: Positive Reaction to START Briefing
7. Nicaragua: Probable Libyan Arms Delivery
8. Vietnam: Le Duân Reported Ill in the USSR
9. Honduras: President Suazo Cordova Advised Not To Visit US

Analysis

1. The Aftermath of Iranian Victory
2. USSR: Mixed Economic Trends in 1982
3. Morocco: Economic Problems

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Hugh Montgomery
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