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Iraqi Foreign Policy: Will Moderation Last?



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An Intelligence Assessment

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*NESA 85-10181
September 1985*

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An Intelligence Assessment

This paper was prepared by [] Office of
Near Eastern and South Asian Analysis. It was
coordinated with the Directorate of Operations.
Comments and queries are welcome and may be
directed to the Chief, Persian Gulf Division,
NESA []

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**Iraqi Foreign Policy:
Will Moderation Last?**

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Key Judgments*Information available
as of 23 July 1985
was used in this report.*

The trend toward moderation in Iraqi foreign policy that has been evident over the last decade is likely to continue even after the war with Iran ends, assuming the present Iraqi regime remains in power. The principal factors behind this moderating trend will be:

- Continued threats from Iran and Syria that will require Baghdad to maintain good relations with the moderate Arab states for economic and logistic support.
- Construction of the Iraqi oil pipelines through Saudi Arabia and Turkey, which will further intertwine their economic and political fortunes.
- Need for Western technology and expertise to carry out Baghdad's ambitious economic development plans.
- Baghdad's aspirations to leadership in the Arab world and in the Nonaligned Movement. Iraq will try, for example, to forge a moderate Arab coalition to counter Syrian policies.

Nevertheless, Baghdad's attempts to attain a regional leadership role, once hostilities with Iran end, will bring it into conflict with the moderate Arab states on some issues. A principal source of friction will be Iraq's desire to participate in and perhaps dominate the Gulf Cooperation Council.

Iraq is not likely to resort to terrorism or subversion in the Gulf as it did in the 1960s and 1970s. Baghdad realizes that trying to subvert the Gulf Arabs would play into the hands of Iran, which is working through Gulf Shias to destabilize those regimes.

Iraq is likely to continue to sponsor terrorism against Syria and Libya because of their support for Iran. Iraqi hatred of Israel and its desire to counter Syrian policies could also prompt it to resume sponsoring terrorism against Israel by Arafat's wing of the PLO after the war.

Baghdad will seek to reduce its military dependence on the Soviets once it has sufficient funds to purchase additional equipment from the West. The USSR, however, will remain Iraq's major arms supplier into the 1990s. Iraq realizes that, in the event of another war with Iran, only Moscow can supply arms in the quantities Iraq would need.

Iraq's interest in improved ties to the United States is likely to outlast the war. Baghdad is eager to acquire US technology to aid its agricultural and oil sectors and is also interested in getting US military equipment.

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Nevertheless, Iraq's ambitions for regional leadership will lead it to oppose US efforts to strengthen military ties to the Arab Gulf states. Baghdad will be suspicious of US moves to improve ties to Iran and probably would respond by seeking stronger ties to the USSR. A warming between Washington and Tehran probably would not significantly damage US-Iraqi relations, however, unless Washington offered to sell Tehran significant quantities of weapons.

Should Iraqi President Saddam Husayn fall to an assassination or coup, a successor regime—most likely a coalition of civilian and military leaders—probably would not make major changes in Iraqi foreign policy while the war lasted. After the war, the new regime—less sure of its internal support than Saddam—would pursue a less moderate policy, but it would be constrained from a return to radicalism by continued Iranian hostility.



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Contents

	<i>Page</i>
Key Judgments	iii
Evolving Moderation	1
Strategic Vulnerability	1
Increased Oil Revenues	2
Leadership Goals	2
Will Moderation Last?	2
Factors Encouraging Continued Moderation	3
Hostile Rivals	3
Iran	3
Syria	4
Economic Ties to the Moderate Arabs and the West	5
Leadership Aspirations	7
Potential Sources of Conflict With the Moderate Arabs	7
Terrorism	8
Support for Ba'thist Organizations	10
Implications for the Superpowers	11
Reducing Dependence on the USSR	11
Seeking Better Ties to the United States	11
Potential Problems Between Iraq and the United States	12

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[Redacted]

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**Iraqi Foreign Policy:
Will Moderation Last?**

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In the mid-1970s Iraq was the most radical state in the Middle East. Baghdad was involved in efforts to subvert the Arab Gulf states, was a haven for radical Palestinian terrorist groups, supported their efforts to assassinate PLO moderates, and adopted the hardest line toward Israel of any Arab state. The regime refused to renew ties to the United States, broken in 1967, and turned to the USSR and its allies for almost all military purchases and substantial economic trade. [Redacted]

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Turkey to the Mediterranean. In the late 1970s, Iraq also began improving ties to Jordan in hope of securing an economic lifeline through the port of Al Aqabah. Before the outbreak of Iraq's war with Iran in 1980, Baghdad loaned Amman several hundred million dollars to improve the port and the road system connecting Jordan to Iraq, according to the US Embassy in Amman. The Iraqis also stepped up efforts to expand ties to Saudi Arabia and the Gulf Arabs. [Redacted]

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Evolving Moderation

Over the last decade, a gradual moderation has taken place in Iraqi foreign policy. Three factors have contributed to the Iraqi regime's shift from its earlier radicalism. [Redacted]

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The need to ensure moderate Arab support in its protracted struggle with Iran accelerated this moderate trend and forced Iraq to abandon key elements of its policy. Iraq has resumed good relations with Egypt, after orchestrating Arab ostracism of Cairo in 1978 for its signing of the Camp David accords with Israel. A major factor behind this dramatic Iraqi shift was Baghdad's need for large quantities of Egyptian military supplies during a critical juncture in the war with Iran. Baghdad has become a major supporter of the moderate wing of the PLO, publicly backing a Jordanian-PLO agreement on negotiations with Israel

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[Redacted]

Strategic Vulnerability

Iraq became increasingly concerned over the vulnerability of its oil and supply routes to interdiction by its frequently hostile rivals, Iran and Syria. In 1975 Baghdad publicly threatened military action to prevent a Syrian plan to divert water from the Euphrates River, on which many Iraqi farmers depend. In 1976 Damascus closed the Iraqi oil pipeline through Syria in a dispute over transit fees. The pipeline did not reopen until 1979 and was shut down again in 1982. The emergence in Iran in 1978 of a regime hostile to Iraq's President Saddam Husayn and his secular Ba'athist government greatly heightened Baghdad's sense of vulnerability. [Redacted]

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Iraq also has made a major bid for US support, largely in recognition of US efforts to establish an embargo on Western arms sales to Iran, which has played a key role in reducing Tehran's ability to prosecute the war. [Redacted]

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[Redacted]

Iraq responded to these threats by gradually improving economic and political ties to its moderate neighbors. Press reports indicate that Baghdad initiated talks with Saudi Arabia in 1975 to resolve the dispute over the neutral zone on their common border. Iraq also began to reduce its assistance to opposition movements in the Arab Gulf states. [Redacted]

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[Redacted] In 1977, Iraq and Turkey completed a pipeline to carry Iraqi oil through

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Figure 1. Iraqi President Saddam Husayn, Egyptian President Mubarak, and King Hussein of Jordan meeting in Baghdad, spring 1985.



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Increased Oil Revenues

Beginning in the mid-1970s, burgeoning revenues from rising oil prices gave Iraq political and economic options not previously available. Annual revenues soared from \$600 million in 1972 to about \$9.5 billion in 1977. As a result, Iraq undertook an ambitious economic development program and began to expand economic ties to the West, whose superior technology it could afford to purchase. By 1980 the regime was importing three-fourths of its civilian goods from the West, a significant shift from the early 1970s when we estimate that about half came from the Soviet Union and Eastern Europe. Baghdad also began to reduce what we believe it regarded was a potentially dangerous dependence on the Soviet Union for arms. We estimate that, by 1980, Iraq was purchasing one-third of its arms and materiel from non-Communist countries, up from about 5 percent in 1974.

Leadership Goals

Saddam's ambition to establish Iraq as a leader in the Arab world also has encouraged Baghdad to reduce its isolation in the region and improve ties to Arab moderates. Saddam's first major opportunity to play a leadership role came in 1978 when Egypt signed the Camp David accords with Israel. Iraq organized two

Arab summits on the issue, and, to forge a united Arab opposition to Cairo's move, it restored relations with Arafat and the mainstream PLO and moderated its rhetoric on the Palestine question. Saddam also worked hard behind the scenes with moderates such as Jordan's King Hussein and then Saudi Crown Prince Fahd to develop an Arab consensus on policy toward Egypt, according to the US Embassy in Baghdad. We believe this cooperation helped lay the foundation for the development of closer ties between Baghdad, Amman, and Riyadh.

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Will Moderation Last?

We believe the factors that stimulated Iraq's turn toward more moderate policies will continue to influence Baghdad even after the war with Iran ends. The major constraint Iraq is likely to confront is long-term Iranian and Syrian hostility. This will require Baghdad to maintain good ties to its moderate Arab allies and the United States. Iraq's leadership aspirations and plans for economic development are major goals

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Alternative Scenarios Should Saddam Fall

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Should Saddam fall in an assassination or a coup, a coalition of Ba'thist civilian and military leaders is likely to take power. Deputy Prime Minister Ramadan probably would play a major role.

between itself and the United States and Egypt to avoid criticism from hardline Iraqi Ba'thists. The leadership probably also would be more aggressive in supporting Ba'thist organizations in the Arab Gulf states.

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A Ba'thist successor regime probably would not make major changes in Iraqi foreign policy while the war lasted. The regime would continue to need moderate Arab financial and logistic support, as well as US efforts to curtail Western arms sales to Iran. A new regime might seek improved ties to Syria to reduce the latter's support for Iran, but it is unlikely to move far in this direction while President Assad is in power. Relations with the Soviets probably would improve if the reputedly pro-Soviet Ramadan became President. Ramadan, however, is also a strong nationalist and is likely to maintain most of Iraq's independent policies.

Should Iran install a fundamentalist regime in Baghdad, Muhammad Baqr al-Hakim, leader of Iraq's Shia dissidents, probably would be named Acting President. He would rule in conjunction with various Iraqi dissident organizations and Iranian clerics.

Such a government would pursue a radically anti-US foreign policy and probably would assist Iran in subverting the regimes in the Arab Gulf states and in Jordan. Syria might improve ties to Jordan and Saudi Arabia to counter the fundamentalist threat.

Syrian President Assad opposes a fundamentalist regime in Baghdad, believing it would support efforts by the Muslim Brotherhood in Syria to topple him.

Relations with the USSR would deteriorate as Iraqi policy began to reflect Iranian enmity toward the Soviets, though Baghdad might be constrained by its dependence on Moscow for arms. The new regime probably would reduce the number of Soviet military and economic advisers in Iraq.

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After the war, a successor regime probably would pursue a less moderate policy than Saddam, but it would be constrained from a return to radicalism by continued Iranian hostility and the need to concentrate on rebuilding the economy. Saddam's firm grip on power has made moderation possible. A less secure collegial regime probably would put distance

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that also will encourage Iraq to project a responsible image and seek moderate Arab and Western support.

Moreover, in our judgment, senior and middle-level Ba'th Party and military personnel will not favor postwar adventurism after the sacrifices made fighting Iran. Although these people are not policymakers, the regime must take their opinions into account. We estimate Iraq has suffered some 300,000 casualties in the war, which means that virtually every family in this country of 15.5 million has experienced the death or injury of a relative. The war has brought significant economic hardship as well; Iraq has slashed civilian imports by almost half in the last two years.

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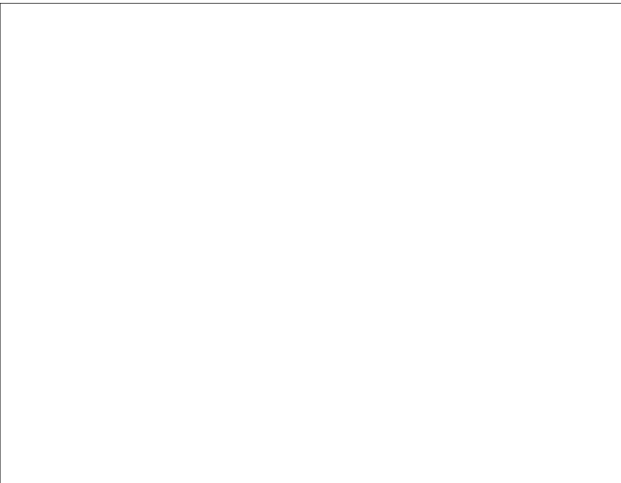
Factors Encouraging Continued Moderation**Hostile Rivals**

Iran. The continuing threat from Iran will be a considerable drain on Iraq's financial resources and will limit Baghdad's ability to commit significant ground forces in a war with Israel or in adventures against the Arab Gulf states through the rest of this decade. After the war with Iran, Iraq will demobilize sizable numbers of troops from its 750,000-man Army, but we believe it will maintain a standing army of at least 450,000, approximately 30 percent larger than before the war. Baghdad will keep a sizable portion of its forces at the Iranian frontier to guard

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against the possibility of renewed fighting. Iraq also is engaged in a major expansion of its Air Force, and, even after the war ends, most of its airpower will be deployed at 12 airbases it is building near the Iranian border. [redacted]

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Syria. Syrian support for Iran during the war makes postwar reconciliation between Baghdad and Damascus unlikely so long as the current regimes remain in power. In 1981 Syria allowed Iran to use Syrian airspace to stage an air raid on an Iraqi airbase in which a few Iraqi military personnel were killed. The following spring Damascus closed the Iraqi oil pipeline through its territory, costing Baghdad about \$6 billion a year in revenues and dealing a sharp blow to its economy. [redacted]

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In our judgment, a major Iraqi aim after the war will be to counter Syrian policies and undermine the Assad regime. The deep hostility between these Arab and Ba'thist rivals is reinforced by the personal hatred between Saddam and Syrian President Assad, according to the US Embassy in Damascus. Saddam has publicly stated that, after defeating Iran, Iraq will confront those Arabs whose "grudges and sick minds" have led them to support Tehran. Baghdad will use its

Implications of Improvement in Ties to Iran or Syria

A more moderate regime in Tehran willing to improve ties to Baghdad would allow Iraq to reduce the military and economic resources it would otherwise devote to defending against an Iranian threat. Baghdad could then turn more of its attention to undermining Syria and to Arab-Israeli and Palestinian issues. Iraqi concern over the Iranian threat to the Gulf Arab regimes probably also would ease, encouraging Baghdad to increase support for its own Ba'thist organizations in the Gulf. [redacted]

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Nonetheless, Iraq's rivalry with Iran is longstanding, and the Iraqi leadership would expect contention for leadership in the Gulf to continue. Moreover, a more moderate Iran would be a more serious rival to Iraq for Gulf leadership, since the Gulf Arab regimes probably would find it an attractive counterweight to Iraq. [redacted]

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An improvement in ties to a post-Assad regime in Syria would not produce a dramatic change in Iraqi policy in the short term. Iraq would remain extremely wary of the motives of its longtime Arab and Ba'thist rival. Both countries exploited their last period of improved ties—10 months in 1978 and 1979—primarily to score propaganda points against the other. Their rapprochement fell apart when Saddam accused Assad of conspiring with members of the Iraqi Government to mount a coup. Nevertheless, an improvement in ties probably would bring a cooling in Iraqi relations with Arafat, Egypt, and the United States. Baghdad probably also would step up hostile rhetoric toward Israel and would give the obligatory pledge of support to Syria in the event of a war between Damascus and Tel Aviv. Syria might reopen part of the Iraqi-Syrian pipeline, lessening Baghdad's dependence on its moderate neighbors for oil export routes and financial aid. [redacted]

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backing for Arafat to thwart Syrian efforts to dominate the Palestinian movement and to isolate and weaken Syria. Iraq, in our judgment, will also renew its support to Syrian opposition groups such as the Muslim Brotherhood and dissident Syrian Ba'thists.

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In our judgment, Iraq will give only token support to the Assad regime in the event of another Arab-Israeli war, even if it is largely freed from the Iranian threat.

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[Redacted]

Economic Ties to the Moderate Arabs and the West

The oil pipeline Iraq is building through Saudi Arabia to offset the closure of its Syrian and Gulf oil export routes and the expansion of the existing pipeline through Turkey will link Baghdad's interests more closely with these regional moderates and increase Baghdad's interest in their stability. The first Iraqi-Saudi pipeline, which probably will be carrying oil by the end of this year, will expand Iraq's export capacity by 500,000 barrels per day (b/d) by March 1986. A 500,000-b/d expansion of the pipeline through Turkey is scheduled for completion in early 1987, and the second phase of the Iraqi-Saudi line, which will allow Iraq to export an additional 1.1 million b/d, is planned for 1987. These lines, which will give Iraq a potential export capacity of 3 million b/d even without its now closed Gulf export terminals, also will greatly reduce Baghdad's susceptibility to future Syrian blackmail.

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Iraq will seek to maintain its supply line through Jordan's port of Al Aqabah.

[Redacted]

[Redacted] Baghdad's need for the port will diminish once the war ends, but Iraq is

Developments That Could Undermine Iraq's Relations With the United States or Arab Moderates

An Israeli attack against Iraqi territory—such as occurred when Israel destroyed Iraq's nuclear reactor in 1981—would severely damage US-Iraqi relations, since Baghdad tends to view Israel as a stalking horse for US policy in the region. Iraq probably would at a minimum recall its ambassador to the United States. Baghdad also would retaliate against Israel by supporting terrorist attacks against Israeli territory or Jewish targets in Europe as it did following the 1981 incident.

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Should the Arab Gulf states rebuff Iraqi efforts to serve as their protector or begin improving ties significantly to a more moderate regime in Iran, Baghdad probably would signal its displeasure by stepping up support for opposition movements and Ba'thist organizations in the Gulf states.

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Any improvement in ties between the United States and Iran would arouse Iraqi suspicions. Baghdad might respond by seeking stronger ties to the USSR. Warmer US-Iranian ties probably would not cause major damage to US relations with Iraq, however, unless Washington offered to sell Tehran significant quantities of arms.

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acutely aware that in a future conflict Iran could shut off Iraqi imports through the Gulf.

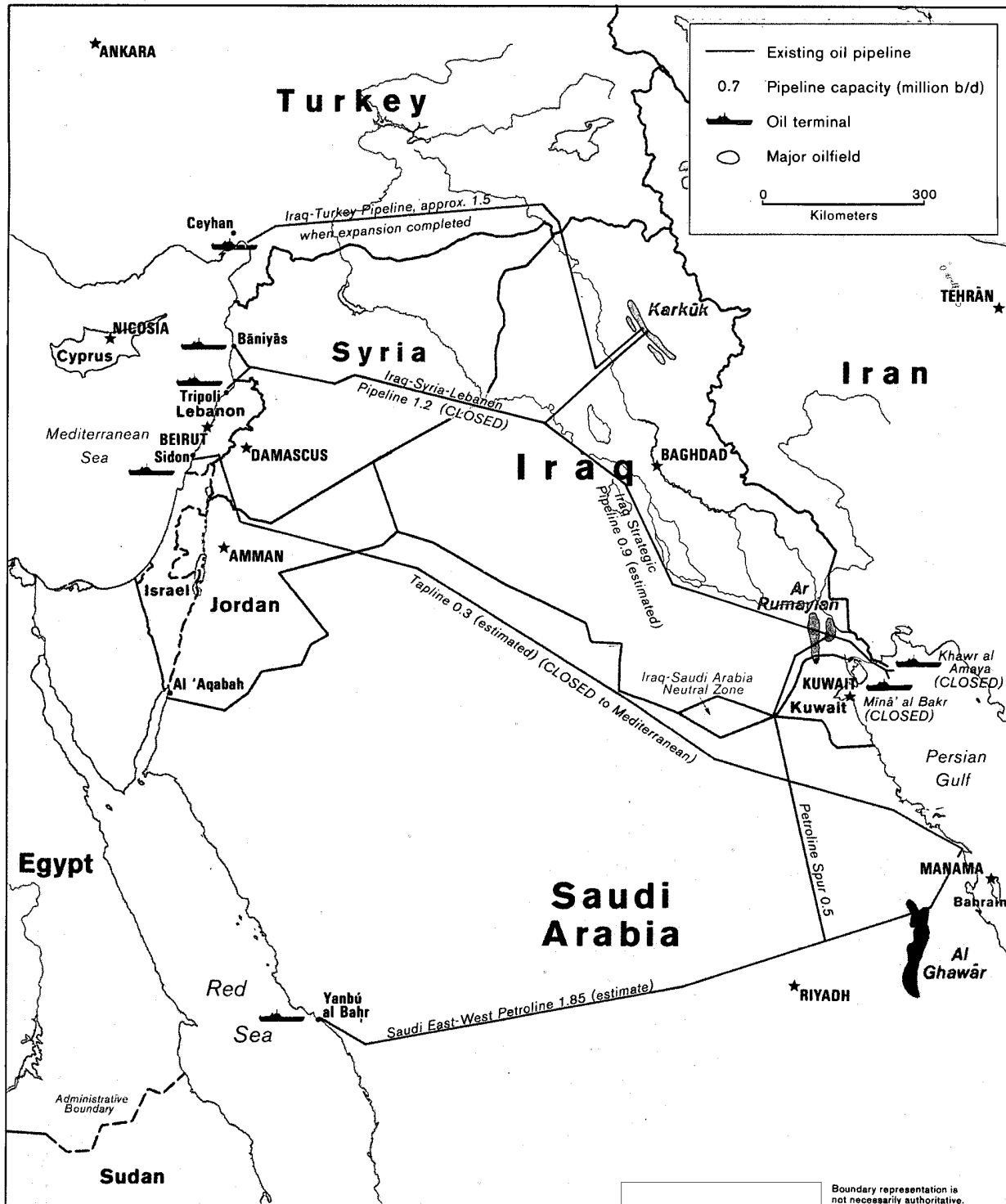
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An Iraqi oil pipeline to Al Aqabah also remains a possibility, although Baghdad is reluctant to proceed, fearing that Israel would try to destroy the line, according to US diplomats in Baghdad. This pipeline, which the Jordanians are eager to build, would expand Baghdad's export capacity by 1 million b/d and intertwine Iraq's economic and political fortunes even more closely with those of its moderate neighbors.

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Iraq also is seeking expanded economic ties to Egypt. Iraqi officials have told US diplomats that Baghdad is exploring joint industrial ventures with Cairo, beginning with fertilizer and cement plants. Iraq is heavily

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dependent on Egyptian labor—about 1 million Egyptian workers are in Iraq—to offset the shortage of industrial manpower created by the war, according to US diplomats in Baghdad. We estimate that Iraqi manpower shortages are likely to persist well into the next decade. [redacted]

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Arafat's Fatah loyalists, having taken in an estimated 2,000 of his men since they were evacuated from Lebanon in late 1983. Moreover, Baghdad is one of the few countries that permits the PLO to conduct military training [redacted]

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In addition to developing long-term economic ties to its moderate Arab neighbors and Turkey, Baghdad is likely to turn primarily to Western companies for the technology and expertise it will need to rebuild its economy. The Iraqis have a strong preference for the sophisticated technology only the West can supply. During the war Iraq has continued its prewar trend of importing most civilian goods from Western countries. We believe Baghdad also will be turning to the West for more arms as it continues efforts to diversify its sources of military equipment. We estimate that Iraq has purchased over half of its arms from Western suppliers since the war began, up from 33 percent just before the war. [redacted]

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On Arab-Israeli issues Iraq probably will try to forge a moderate coalition to counter Syrian policies. Iraq may adopt a harder line than it is now taking on conditions for Jordanian-PLO negotiations with Israel, but it will try to avoid alienating the moderate Arabs with whom it must cooperate on the more important issue of policy toward Iran. Iraqi officials have told US diplomats they prefer an international conference on the Arab-Israeli dispute. Iraq probably views such a conference as enhancing its ability to influence the Arab-Israeli peace process. [redacted]

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Leadership Aspirations

Iraq's desire to gain a regional leadership role will encourage Baghdad to maintain good ties to Arab moderates. Iraq wants to play the role of protector of the Gulf and realizes that efforts to destabilize the Gulf states would encourage them to put distance between themselves and Iraq and draw closer to the West or to Iran—should a more moderate regime take power there—and could leave them vulnerable to a takeover by radical Shias. For their part, Gulf Arab officials have indicated to US diplomats that they fear Iraqi intentions almost as much as they do those of Iran, and the Gulf Arab regimes have traditionally regarded a balance of power between their large neighbors to be in their interest. [redacted]

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Another key postwar Iraqi goal will be to gain leadership of the Nonaligned Movement. Before the war Baghdad loaned hundreds of millions of dollars to Third World regimes to help secure the chairmanship of the movement and the nomination as host to the 1982 Nonaligned Summit Conference. The war prevented Iraq from assuming the chairmanship and serving as host, and Baghdad has recently announced it is withdrawing its bid to be host of next year's conference. The regime's aspiration to head the movement is strong, however, according to US diplomats in Baghdad, and Iraq will probably insist that it be first in line to act as host to the 1989 summit. [redacted]

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[redacted] Baghdad also sees an Iraqi-Jordanian-Egyptian axis as crucial to its goal of countering Syrian policies. Iraq probably hopes improved ties to Cairo and Amman will increase its opportunities for influencing the Middle East peace process. [redacted]

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Potential Sources of Conflict With the Moderate Arabs

Iraq's pursuit of its leadership ambitions is likely to create significant frictions in relations with the Gulf Arabs on some issues. According to US diplomats and other experienced observers, the Iraqis display great arrogance toward the Gulf Arabs and believe they can exploit the fact that the Arab Gulf states fear Baghdad almost as much as they do Iran. The Iraqis regard

Baghdad almost certainly will exploit its relationship with Arafat's wing of the PLO to further its leadership ambitions. Iraq has become a major sponsor of

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their civilization and political system as superior and consider the Gulf Arabs to be cowards. Saddam reflected the Iraqi attitude in a speech in 1983 claiming that only Iraqi bravery was preventing Gulf women from being raped by the Iranians. Saddam's interpreter and personal adviser recently told US diplomats the Gulf Arabs are cowardly for continuing their economic subsidies to Syria. [redacted]

Jordan also may cause friction. Baghdad is not likely to allow frictions with Egypt to grow into open disagreement, however, as long as Iraq is working to isolate Syria. [redacted]

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Friction with Saudi Arabia is likely as Iraq's oil export capacity increases. Baghdad is currently exporting 1 million b/d, but its Deputy Oil Minister recently stated that his country intends to export 2 million b/d as soon as possible whether OPEC likes it or not. Additional Iraqi exports over the next few years could place strong downward pressure on oil prices in what is likely to remain a soft oil market. Saudi Arabia and other Gulf Arab oil producers probably will face the problem of making room for increases by Baghdad, since other OPEC members are unlikely to cut back production to support prices. [redacted]

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Terrorism

Despite our belief that Iraq will continue to moderate its foreign policy after the war ends, Baghdad almost certainly will continue to utilize terrorism to undermine its Arab enemies—Syria and Libya—and to eliminate Iraqi exiles. [redacted]

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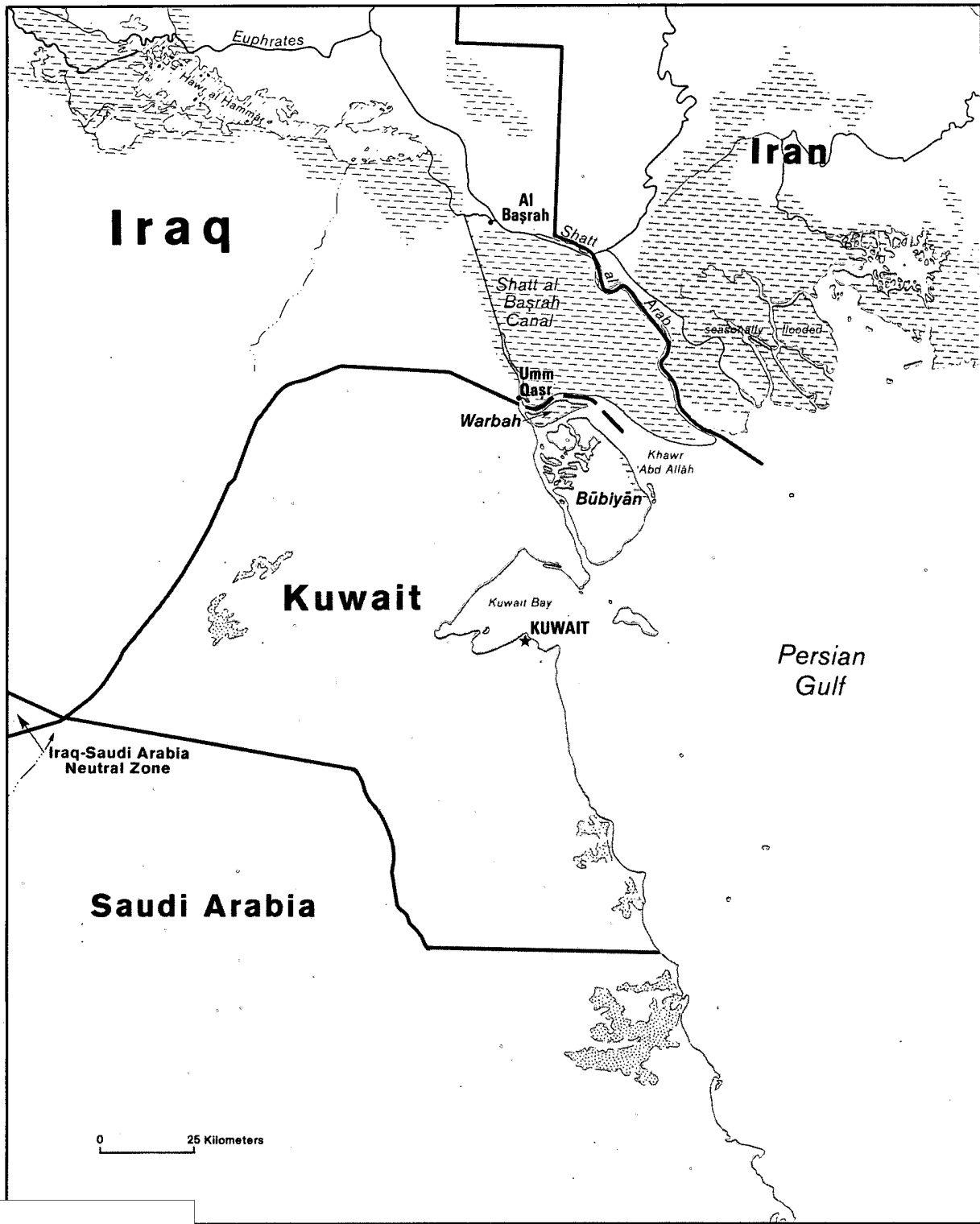
We believe Kuwait will bear the brunt of Iraqi ambitions. Once the war with Iran is over, we expect Baghdad to press Kuwait to resolve their longstanding border dispute and to lease the Kuwaiti islands of Bubiyan and Warbah to Iraq. Iraq's refusal to settle the border dispute even during the darkest days of the war suggests the importance Baghdad attaches to the issue. We believe Iraq wants to gain territorial changes to strengthen the security of its developing naval and commercial port at Umm Qasr, opposite the islands. Iraq is significantly expanding its naval base, and, following the war, it will berth its 10 warships [redacted]—virtually its entire Navy—there. We also believe Iraq intends Umm Qasr to serve as a partial alternative to its major port of Al Basrah, which is more vulnerable to Iran. It has built a shipping canal connecting the ports, which will allow small cargo ships to bypass the Shatt al-Arab. [redacted]

Baghdad will also want to participate in the Gulf Cooperation Council (GCC), an economic, political, and military grouping of the six Arab Gulf states. According to US diplomats in Baghdad, the Iraqis resent the fact that the Arab Gulf states took advantage of the war to form the Council and exclude Iraq. The Gulf Arabs almost certainly will resist full Iraqi participation, fearing that linking themselves militarily to Iraq would anger Iran or prompt it to seek membership as well. [redacted]

Baghdad's pursuit of regional leadership is likely to rekindle its longstanding rivalry with Cairo. Egypt, which has long seen itself as the protector of the Arab Gulf states, probably will be critical of Iraqi efforts to dominate them. Iraqi-Egyptian rivalry for influence in

Iraq also may back terrorism against Israel after the war. Animosity toward Israel is deeply rooted in the Iraqi leadership and populace. The Iraqis still refer to Israel as the "Zionist entity," despite abandoning their earlier rejection of Arab negotiations with Tel Aviv. Moreover, Israel's attack on Iraq's nuclear

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reactor in 1981 and its refusal to rule out a future strike humiliated and infuriated the Iraqis, according to US diplomats in Baghdad. [redacted]

alienating allies. [redacted]

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Iraq probably would only provide indirect support for terrorist acts against Israel, however—most likely operations conducted from Lebanon by Arafat's wing of the PLO—and only if it believed them crucial to bolster Arafat's standing and undercut Syria and the radical PLO groups that Damascus backs. Moreover, Iraq would carefully weigh the gains from such terrorism against the damage it could do to Baghdad's ties to the United States. Baghdad also would not want to risk provoking a direct Israeli attack on Iraqi territory. Iraq is unlikely to resume support for the radical Palestinian terrorist group 15 May—with which it currently maintains ties—unless Baghdad's relations with Arafat or the United States collapse or Israel attacks Iraqi territory. [redacted]

[redacted] According to US diplomats in Baghdad, Iraq has limited its recent support to pro-Iraqi Ba'thists in Sudan to avoid jeopardizing its ties to the government, which has complained to Baghdad about such support. Iraq does not want to encourage Sudanese Ba'thists to engage in activities that might provide an opening to Libya, according to the US Embassy in Baghdad. [redacted]

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Nevertheless, Sudan and possibly North Yemen may become targets for Iraqi-sponsored Ba'thist influence building or subversion once Baghdad is no longer preoccupied by the war. [redacted]

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We believe Iraq's need to retain its ties to Arab moderates, the United States, and the West will keep it from supporting terrorism against them even after the war ends. Iraqi leaders are concerned about the fragility of the Gulf Arab regimes. Baghdad probably realizes that efforts to subvert them would be likely to play into the hands of Iran, which is working through the large communities of Gulf Arab Shias to destabilize those same regimes. [redacted]

[redacted]

[redacted] Iraqi-backed Ba'thists were active in North Yemen before the war, and the presence of North Yemeni troops in Iraq to fight Iran has provided an excellent opportunity for Ba'thist indoctrination. [redacted]

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Support for Ba'thist Organizations

We believe Iraq will step up its support for Ba'thist organizations in some Middle Eastern countries after the war. Ba'thist ideology continues to influence policy; the decision to normalize relations with the United States was delayed in part because Saddam was concerned about the reaction of Ba'thist ideologues [redacted]

[redacted]

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Iraqi Ba'thist organizations in Jordan, Sudan, and some of the Arab Gulf states remain active but are under fairly sharp constraints from Baghdad. The leadership seems to be trying to accommodate both the desires of hardliners and the need to avoid

Baghdad probably hopes well-organized Ba'thist organizations will allow it to exploit the situation should one of the Gulf Arab regimes fall. Such organizations serve as a form of pressure on Arab Gulf states by reminding them of Iraqi capabilities should relations take a downturn. [redacted]

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Implications for the Superpowers

Reducing Dependence on the USSR

The USSR will continue to be Iraq's principal arms supplier but probably will not be able to extract significant political concessions in return. Even at the height of Iraqi dependence on Soviet arms in the mid-1970s, Baghdad granted only token representation in the government to the Iraqi Communist Party (CPI). According to US diplomats in Baghdad, Iraq forced the CPI out of the cabinet and into exile in 1979 in part to signal its displeasure with Soviet support for Marxist coups in South Yemen and Ethiopia in the late 1970s. [redacted]

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We believe Moscow's arms embargo early in the war and the poor performance of some Soviet equipment have persuaded many Iraqi leaders to further reduce Baghdad's dependence on Soviet weapons after the war. Since the war began, Iraq has continued its prewar efforts to diversify its sources of arms supply. Non-Communist countries have accounted for about half the value of Iraq's arms contracts since the war began. [redacted]

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Iraq nevertheless will continue to count on the Soviet Union as an important ally. Only the USSR can supply arms in the quantities Iraq would need in the event of another war with Iran. Baghdad also does not want to give Moscow added incentive to improve ties to Iran, according to US diplomats in Baghdad. Moreover, Saddam appears to believe good ties to Moscow will enhance Iraq's standing with many Third World regimes and increase its leverage with the United States. [redacted]

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Iraq's continuing dependence on the USSR probably will be reflected in its support on most issues important to Moscow in the United Nations and other international forums. Iraq did not support last year's

UN resolution criticizing the Soviet invasion of Afghanistan, and the official Ba'th press tried to shift blame for the downing of the Korean airliner to the United States. [redacted]

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Seeking Better Ties to the United States

We believe Iraq's interest in improved relations with the United States will persist after the war. Iraq's decision to normalize ties last year reflects a basic tenet of Saddam's foreign policy: a balanced relationship between the superpowers. According to US diplomats in Baghdad, the Iraqis will try to exploit Soviet concern over improving Iraqi-US ties to increase their leverage with Moscow. [redacted]

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Iraq wants to expand trade and commercial ties to the United States, especially in agriculture and oil. Deputy Prime Minister Ramadan last year told US businessmen that Iraq is particularly interested in acquiring US agrobusiness technology. Largely because its land reform program was mismanaged, Iraq has gone from agricultural self-sufficiency in the 1960s to net food importer today. [redacted]

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We believe that Iraq will try to exploit improved ties to purchase US military equipment. Iraqi officers have been impressed with the performance of some US weapons during the war. Iraq wants to obtain sophisticated electronic equipment and aircraft. It is also seeking technology that would help develop Iraq's arms industries and aid its chemical warfare and nuclear research programs. [redacted]

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Saddam probably believes improved ties to the United States will aid his aspirations to regional leadership by encouraging Arab moderates to cooperate with Iraq. The Arab Gulf states in particular have long viewed stronger Iraqi-US ties as a means to reduce Soviet influence over Baghdad and curb Iraq's radicalism. For several years before Baghdad's restoration of ties to the United States, Saudi Arabia, Jordan, and Egypt worked to reduce Iraqi suspicions of Washington, according to US diplomats in the Middle East. [redacted]

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Figure 2. Iraqi Foreign Minister Tariq Aziz and UN Permanent Representative Ismat Kitani meeting President Reagan on the occasion of resumption of normal ties between Iraq and the United States. []



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Potential Problems Between Iraq and the United States

Iraq's animosity toward Israel will complicate US dealings with Iraq. Once the war ends and Iraq's need for US support lessens, we believe Baghdad will feel freer to criticize US policy toward Israel and encourage Arafat and Jordan to take a harder line on negotiations with Tel Aviv. []

[] More-
over, Baghdad tends to see Israel as a stalking horse for US policy in the region. Stories in US newspapers in early 1984 that the United States and Israel were planning a strike on Iraqi chemical weapons facilities produced a sharp downturn in US-Iraqi relations for several months, according to US diplomats in Baghdad. Nevertheless, because of Baghdad's desire for expanded ties, it probably will not allow differences over Israel to affect the overall relationship unless Israel strikes directly at Iraq. Should Israel retaliate against Iraq for its support of terrorism against Israel, this would hurt not only US-Iraqi relations but also US relations with all the Arab states. []

Baghdad will be suspicious of postwar US efforts to improve ties to Tehran. An improvement in US-Iranian ties probably would not cause major damage

to US relations with Iraq, however, unless Washington offered to sell Tehran significant quantities of weapons. The Iraqis have indicated to US diplomats in Baghdad that they believe both superpowers regard Iran as having greater strategic value. Moreover, Iraq is still experiencing the consequences of US arms sales to the Shah. Baghdad probably would seek to limit such a US move by offering increased economic cooperation with Washington and by seeking stronger ties to the USSR. []

Iraq may have unrealistic expectations of its relationship with the United States, and Iraqi disappointment could complicate relations. Baghdad is seeking trade credits and sophisticated technology and views the US response as an important test of the relationship, according to US diplomats in Baghdad. If the United States refuses Iraq's requests, Baghdad is likely to stifle its anger because of its need for Washington's support in the war. The longer term effect, however, probably would be to convince Baghdad to turn increasingly to Western Europe and Japan for its economic needs. []

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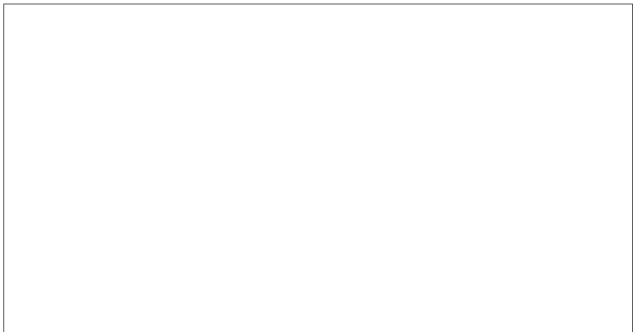


hand, they will encourage Iraq to seek closer ties to the United States to balance Baghdad's relations with the USSR. On the other hand, Baghdad is likely to support nonaligned positions critical of Washington.

the overall improvement in US-Iraqi relations has not been reflected in Iraqi behavior there, where Baghdad continues to side with Nonaligned Movement attacks on alleged US imperialism.

A US decision to put Iraq back on the list of countries supporting international terrorism would have a chilling effect on US-Iraqi relations. Iraq would consider such a move proof of its fears about US unreliability, according to US diplomats in Baghdad. We believe Baghdad would still seek to maintain correct political relations, but it would be much less willing to lend support to US initiatives in the region. Iraq would retreat from its policy of seeking expanded economic and military ties, sharply reducing the potential for increased US leverage.

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Iraq's aspiration to leadership in the region probably will lead it to oppose US efforts to strengthen military ties to the Arab Gulf states. Iraq also believes a large US presence in the Gulf would promote a superpower rivalry in the region, according to US diplomats in Baghdad.

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Baghdad's nonaligned aspirations probably will have a mixed impact on US-Iraqi relations. On the one

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