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DIRECTORATE OF INTELLIGENCE

29 June 1987

Iranian Threats to Persian Gulf States [Redacted]

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Summary

Iran believes persuading the Arab states of the Persian Gulf to distance themselves from the US protection of Kuwaiti shipping is a key element in its effort to force the US and Kuwait to back down. Tehran apparently perceives that overt opposition or even neutrality on the part of the Gulf states will weaken US and Kuwaiti resolve. Iran in recent months has intensified the use of the three principal instruments it employs to influence Gulf states' policy: terrorism and the threat of terrorism, military pressure in the Gulf, and efforts to cultivate good bilateral relations. Once the US protective regime is implemented, the prospects for Iranian-sponsored terrorism and conventional attacks against the Gulf states will increase. Military clashes between the US and Iran would further heighten the risk to the Gulf states. [Redacted]

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Kuwaiti-superpower cooperation has heightened the concerns of other Gulf states about Iranian intentions in the Gulf. Most Gulf states believe that a greater US presence in the Gulf will provoke Iran and consequently they have been

This memorandum was prepared at the request of Ambassador Robert B. Oakley, NSC, by [Redacted] Persian Gulf Division, Office of Near Eastern and South Asian Analysis. Questions and queries are welcome and may be directed to the Chief, Persian Gulf Division [Redacted]

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reluctant to raise the profile of their relationship with the United States. Many Gulf states have reacted to Iran's growing hostility by signaling their desire for accommodation rather than confrontation. Some have even taken steps to improve relations with Tehran believing such a course will deter Iranian aggression. Nonetheless, the Gulf states will look to the United States for support in the event of sustained Iranian attacks.

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Two recent events indicate Iran has adopted a more confrontational approach to the states of the Gulf Cooperation Council as the implementation of the US protective regime nears. Iran on 26 June took full control of Abu Musa island in the lower Gulf. The island is claimed by Sharjah, one of the states in the United Arab Emirates, but has been held jointly with Iran since 1971. Iranian forces lowered Sharjah's flag and expelled Sharjan workers. Tehran's transparent excuse was the alleged uncertainties created by the abortive coup against Sharjah's ruler, who has maintained friendly relations with Iran. By the time Iran seized the island, the political situation in Sharjah had been resolved with the former ruler back in power, although forced to share power with his brother.

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Also on 26 June, Assembly Speaker Rafsanjani in his weekly prayer sermon directed some of the most explicit threats against Persian Gulf states any Iranian leader has made since the US agreed to the reflagging of Kuwaiti ships. He called the states in the southern Gulf the servants of the West and asserted they were more vulnerable than Iran to attacks on their water purifiers and oil facilities. He said in the event of war, their installations would not be safe, even if the states themselves were not directly involved in the conflict.

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In our judgment, Rafsanjani's speech markedly intensified Iran's attempt to intimidate the Gulf states into opposing the US protective regime by raising the threat of expanded conflict. Rafsanjani also signaled Tehran's intensified belligerency by explicitly threatening the states of the lower Gulf. These states--the UAE and Oman--have throughout the Iran-Iraq war maintained a more moderate posture toward Iran than other Gulf states.

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Rafsanjani's willingness to antagonize the friendlier Gulf states as part of Iran's strategy for confronting the US indicates the seriousness with which Tehran views increased superpower involvement in the Gulf. It also suggests Tehran perceives that increased intimidation might push the wary Oman and UAE into working actively against increased US intervention.

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The Terrorist Threat

In our judgment, Rafsanjani's remarks are a clear indication of Iran's willingness eventually to initiate attacks against any of the Gulf states if other methods fail to force the US and Kuwait to back down. Terrorism is likely to be one of Tehran's primary instruments. [redacted]

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[redacted] Iran has substantial networks among the Shia populations of the Gulf that provide assets for terrorist operations. Some militant Shias have been brought to Iran for religious and paramilitary training and infiltrated back into their native countries. Pro-Iranian cells are most prevalent in Kuwait, Bahrain, and the United Arab Emirates. Some almost certainly exist in Saudi Arabia. Pro-Iranian Shias probably lack the capabilities to threaten the immediate survival of any Gulf government. They can, however, foment serious security problems and probably increase sectarian tension between Shias and Sunnis by conducting selective terrorist acts. [redacted]

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Oil facilities, government and commercial offices, and desalinization plants are likely to be targetted first. If Iran decides to escalate further, the assassination of officials and diplomats will become more likely. [redacted]

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Kuwait remains the most immediate target. [redacted]

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[redacted] Radical Shias this year have conducted four bombings against oil and gas facilities and commercial offices and have staged demonstrations to protest tougher government security measures. [redacted]

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Once the US protective regime is implemented, Bahrain is likely to become a target for renewed Iranian subversion because of its large Shia population and the presence of the US Middle East Force. Iranian-backed Shias in 1981 attempted the violent overthrow of the government. [redacted]

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The longer the US protection program remains in force, the more likely Iran is to activate terrorism and subversion against other Gulf states with large Shia populations--such as the UAE and Saudi Arabia. The terrorist threat will increase further if there are military clashes in the Gulf between the US and Iran; for example, US tactical retaliation against Iranian ships attempting to strike escorted ships. US retaliation against Iranian territory almost certainly would lead to sharply increased Iranian-sponsored terrorism against the Gulf states. Iran might even sponsor attacks against Saudi targets, although Saudi Arabia probably will remain a lower priority for Iranian terrorism than other Gulf states because of the value Tehran places on good bilateral relations with Riyadh. [redacted]

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The Conventional Threat

If the above methods fail to obtain Iran's objectives, the Iranians would be increasingly likely to use conventional military forces against the Gulf states. Iran has the largest naval force in the Persian Gulf, and despite equipment and personnel problems that limit the effectiveness of its ships and aircraft, it represents a significant threat to the Gulf Arabs. Moreover, the rapidly growing Revolutionary Guard naval forces pose a threat of expanded attacks on Gulf shipping and could provide support to terrorist operations. The Iranian Air Force has 50-60 operational aircraft to use against Gulf shipping or mainland targets. Iran has used these aircraft effectively in the past, but is increasingly hampered by parts shortages and unreliable munitions. [redacted]

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Some of Iran's alternatives against the Gulf states are:

- Attacks on ships in the trade of Gulf states other than Kuwait, including the mining of additional Gulf shipping lanes;
- Selective air strikes against Gulf oil or economic targets;
- The use of Silkworm missiles against Gulf shipping;
- An invasion of Kuwait's Bubiyan Island or--less likely--an invasion of Kuwait proper.

Iran is unlikely to launch systematic attacks on critical Gulf oil facilities unless its own oil exports are reduced substantially. [redacted]

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Iran's regular and Revolutionary Guard military forces have confronted Gulf Arab forces in the past. Last year, Iranian naval units twice fired on aircraft of the United Arab Emirates and an Iranian F-4 fired warning shots at an Omani reconnaissance aircraft. Iranian ships regularly challenge Omani patrol boats and trespass into Omani and UAE waters. Recently, despite limited Kuwaiti patrolling, Iranian forces laid mines in the deep-water channel leading to Kuwait's ports. Additionally, the Revolutionary Guard has employed rubber rafts and other small craft for landing infiltrators in the UAE without detection by coastal patrols. [redacted]

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While all the Gulf states will risk being subjected to some form of Iranian violence, Tehran probably will attempt to use terrorism and other forms of intimidation selectively in an effort to foster divisions among the GCC states on how to deal with the US protective regime. Iran probably will privately signal its willingness to refrain from attacks on those GCC states that oppose--or at least do not support--the US presence. Iran's ability to fine tune its operations, however, will be limited by the extent

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of the assets it can mobilize against any one of the GCC states. States with large Shia populations and those most vulnerable to conventional Iranian attacks--even if they are conciliatory toward Iran--will continue to run the risk of Iranian-sponsored subversion, if their allies in the GCC continue to show hostility toward Iran. Tehran will attempt to fuel these potential divisions; that seems to be the message Rafsanjani delivered in his speech last Friday by threatening the relatively friendly states in the lower Gulf. [redacted]

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Gulf States: Handling the Threat

Most Gulf states have reacted to the increase in diplomatic and military pressure by signaling they want accommodation rather than confrontation. Already, several Gulf states have taken steps to improve relations with Iran, weakening the Gulf Cooperation Council and reinforcing Tehran's perception that support for Iraq can be eroded further. Most are reluctant to accept a closer relationship with the United States because it would open them to Iranian charges of complicity in US military intervention in the Gulf. Gulf states generally believe that a greater US presence in the region would increase domestic threats and provoke Iran. Nonetheless, the Gulf states still view the United States as their final security guarantor against Iranian expansionism. [redacted]

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Kuwait's request for Soviet and US protection of its ships was a bold move in defiance of Iran. Over the past year, Kuwait has changed its image as a fence straddler and hardened its stand against Iran because it perceives that Tehran is threatening its sovereignty. Kuwait sought US and Soviet naval protection to deter Iranian attacks on Kuwaiti-bound shipping generally, and specifically, attacks on the most vulnerable ships in Kuwait's merchant fleet. [redacted]

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Kuwait is unlikely to curtail its support for Iraq or to renounce its deal to secure US and Soviet protection, despite increasing Iranian pressure. Kuwait is hoping to galvanize regional support for its naval protection arrangements and sent senior Kuwaiti officials on a major diplomatic offensive last week to Gulf states, as well as to Jordan, Syria, Egypt and Iraq. [redacted]

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Saudi Arabia privately has urged the United States not to cut and run, has endorsed the Kuwaiti reflagging effort, and has indicated the Gulf states might consider assisting the US effort. Nonetheless, Riyadh fears that increased superpower presence in the region will lead to greater potential for conflicts involving the Saudis. [redacted]

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[REDACTED]

Despite private expressions of appreciation for Washington's willingness to protect Gulf shipping, most GCC states, except for Kuwait, would prefer to put the reflagging plan in abeyance or limit the number of sailings if a face saving mechanism could be found. At the same time, they would oppose a public US decision to shelve the project entirely because this would be seen as bowing to Iranian pressure. [REDACTED]

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Oman has been the most eager to improve ties with Iran and play down its relationship with the United States. The Omanis have urged postponement of the reflagging plan and have also cancelled next month's joint military exercise with the United States fearing that Tehran would view it as full military cooperation. [REDACTED]

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The United Arab Emirates, which has a sizeable Iranian community, is eager to maintain its lucrative commercial ties to Tehran. An Iranian attack on a UAE oil field last fall exposed the Emirates' vulnerability and confirmed its inability to confront Iran. In the UAE, Dubai, which has the heaviest concentration of Iranians, allows the US use of its drydock facilities and occasional ship visits, but appears reluctant to approve a noticeable increase in the use of these facilities in support of US operations in the Gulf. [REDACTED]

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Bahrain may be moving toward easing tensions with Iran and is considering a high-level visit to Iran. Manama is concerned that its largely Shia population and the presence of the US Middle East Force make it a prime target. Bahrain has endorsed US presence in the region, but has indicated it has done all it can do to assist the United States. [REDACTED]

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The Gulf states are aware of the vulnerability of their petroleum and associated facilities. Nonetheless, their response to terrorist violence has generally been firm. [REDACTED]

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Significant deficiencies in the internal security services of the Gulf states, however, will continue to limit their ability to counter Iranian subversion. Manpower shortages, lack of training, and bureaucratic infighting are prevalent. [REDACTED]

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