

Page Denied

Next 1 Page(s) In Document Denied

Central Intelligence Agency



Washington, D. C. 20505

DIRECTORATE OF INTELLIGENCE

2 June 1987

Iranian Intentions in the Persian Gulf



25X1

Summary

Iran apparently has decided that US and USSR protection for Kuwaiti shipping, if unchallenged, will pose a threat to vital Iranian interests. We believe Iran prefers to try to force Kuwait and the superpowers to back down short of a military clash but is prepared to risk a confrontation with Moscow or Washington if other measures to secure Tehran's objectives prove inadequate.



25X1

Iran at a minimum is likely to attack unescorted Soviet- and US-flag commercial shipping, sponsor more terrorism against Kuwait, and continue its efforts to drive a wedge between Iraq and the Gulf Cooperation Council states by playing on their fear that superpower involvement in the Gulf

This memorandum was prepared at the request of Ambassador Robert B. Oakley, NSC, by [redacted] the Iran-Iraq Branch, 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]

25X1

25X1

NESA M 87-20059C



25X1

Copy 8 of 33



25X1



25X1

[Redacted]

25X1

increases the prospects that they will become involved in an expanded conflict. [Redacted]

25X1

Iran's recently improved relations with Oman and GCC wariness about endorsing Kuwaiti-superpower cooperation bolsters Tehran's confidence that a critical part of its policy already is working. This attitude probably will encourage Iranian boldness toward the superpowers, in the belief that heightened tension will force the Gulf Arab states to choose between accepting even greater superpower protection or accommodation with Iran; Tehran seems to believe the Gulf States will opt for accommodation. [Redacted]

25X1

We also believe Iran will cautiously probe for opportunities to attack escorted Soviet- and US-flag commercial shipping in an effort to humiliate the superpowers. Tehran might sponsor terrorism against US targets, such as embassies or military facilities. Iran would anticipate retaliation for either conventional or terrorist attacks, but probably believes it will be below the threshold that would deal a crippling blow to its ability to continue attacks on shipping or the war with Iraq. [Redacted]

25X1

There has been little reaction in the oil markets to recent events in the Gulf. Oil prices will not react sharply unless tankers begin to be severely damaged by attacks. [Redacted]

[Redacted]

25X1
25X1

In our judgment, Iran perceives benefits from military confrontation with the US that outweigh the likely damage from US retaliation. These are:

- Intensified domestic American concerns about overcommitment in the Gulf, possibly leading to a break in US resolve over time and a US withdrawal.
- Increased fears among the Gulf Arab states about spiraling conflict and US resolve, leading to Arab pressure on Kuwait to rescind its superpower agreements.
- A rallying of popular Iranian support behind the Islamic regime, in the face of provocation by the "great Satan."

[Redacted]

25X1

[Redacted]

25X1

25X1

The Superpower Threat

In our judgment, the US and Soviet agreements to protect Kuwaiti shipping altered some of Iran's key perspectives. Iran has tried to avoid open superpower involvement in the seven-year old war. The superpowers' willingness to come to Kuwait's aid, however, coupled with Kuwait's steadfast support for Iraq probably convinced Iran it faced some hard choices. It could back off from its attacks on Kuwaiti shipping and suffer a humiliating loss of face and a decline in its ability to intimidate Kuwait and other Gulf states; or it could continue its anti-Kuwait crusade and run the risk of confrontation with the superpowers. The clerics' past history of refusing to back down in the face of threats, their recent hostile rhetoric, and the attack on a Soviet ship suggests to us Iran has chosen the latter course. [redacted]

25X1

Iran is pursuing several objectives that it considers sufficiently important to risk escalating tensions with the superpowers. It wants to:

- Bring an end to US and USSR protection of Kuwaiti shipping.
- Force Kuwait to cease--or at least reduce--its military and financial support for Iraq.
- Intimidate the other Gulf states by demonstrating that increased superpower involvement in the region risks dragging the Arabs into an expanded conflict and making them potential targets for Iranian terrorism or military action.
- Protect Iran's goal of becoming the dominant power in the region by showing that it cannot be intimidated by the superpowers. Tehran fears superpower involvement in the Gulf will increase, if it is unchallenged, and this would eventually foreclose an Iranian victory over Iraq. [redacted]

25X1

Statements by Iranian leaders and media commentary since Kuwait announced its intention to seek US and USSR protection have focused almost exclusively on the threat to regional security posed by increased superpower intervention and on Kuwait's responsibility for increasing regional tension. Even the comments by Assembly Speaker Rafsanjani, who usually keep the door ajar for some improvement in relations with Moscow and Washington, sound like the militant speeches following the 1979 revolution, when Iran seemed almost to welcome isolation as proof of the purity and justness of its cause. The verbal attacks seem intended to provide the rationale for hostile actions against the superpowers, as well as for increased pressure on Kuwait. [redacted]

25X1

The Iranians are sensitive to currents in US politics, and political

25X1

25X1

developments here are likely to reinforce Iranian willingness to be bold. Assembly Speaker Rafsanjani in a recent speech on the US role in the Gulf noted the "usual differences" between Republicans and Democrats. He said it is obvious the Republicans are "afraid of something" while the Democrats are asking, "Why did we enter that dangerous region?"

25X1

The Iranian perception that the US is becoming overcommitted militarily, with serious Congressional and popular reservations, creates an atmosphere for the Iranians to believe some dramatic act against the US might crystallize US opinion against an expanded role in the Gulf. Tehran hopes to force a US retreat from protection of Kuwaiti ships or at least force the US to avoid an expansion of its involvement.

25X1

Iranian leaders and media commentary have drawn parallels between events in Lebanon in 1983 and current developments in the Gulf. In the Iranians' view, they with their Shia allies forced the withdrawal of US military forces from Lebanon, dealing a humiliating defeat to the idea that the US through the projection of its military forces could influence political developments in the Middle East. The Iranians probably believe they have a chance to do so again. We believe they are aware of the differences between Lebanon and the Persian Gulf: the lack of plausible denial, the importance of oil, and the risk of direct US attacks on Iran. These differences are likely to cause the Iranians to be more cautious in their choice of tactics, but not alter their strategic perception that the US is working against vital Iranian interests and must not be allowed to prevail.

25X1

Dealing With the Gulf States

Although threatening confrontation with the superpowers, Iran is energetically pursuing its policy of combining intimidation with diplomacy to persuade the Gulf states to distance themselves from Kuwait and Iraq. Iran apparently has concluded that the prospect of increased hostilities in the Gulf has given it additional leverage.

25X1

Iran is sponsoring sabotage and subversion in Kuwait by pro-Iranian Shias, in an attempt to inflame sectarian tension between the Shia community and the ruling Sunnis. Tehran hopes destabilization will force Kuwait to rescind its agreement with the superpowers and end or reduce its military and financial support for Iraq. Iranian-backed terrorists are responsible for a series of bombings this year against oil facilities and commercial offices. The government's arrest of 12 Shias for participation

25X1

[Redacted]

25X1

in the bombings and its heighthened security measures have increased tension between Shias and Sunnis, a development Iran will try to exploit. Tehran has warned Kuwait about its treatment of the Shias and requested freedom for those in prison. [Redacted]

25X1

Kuwait is not likely to curtail its support for Iraq or to renounce its deal to secure US and Soviet protection. Kuwait is likely to urge the Gulf Cooperation Council to take a stronger stand against Iran, but its request probably will fall on deaf ears. [Redacted]

25X1

Iran is likely to intensify its attacks on Kuwaiti shipping, increase its support for Shia dissidents in Kuwait, and sponsor more terrorism against Kuwait. It may even try a major terrorist bombing or an assassination attempt against Kuwaiti officials. If terrorism fails to change Kuwaiti policies, Iran probably is prepared to launch limited air attacks against Kuwait. Iranian aircraft last bombed a Kuwaiti oilfield in 1981. [Redacted]

25X1

Other GCC members over the past few months have reacted to Iran's growing hostility by signaling their desire for accommodation rather than confrontation. The USS Stark incident has dampened their initial enthusiasm for US protection of Kuwaiti tankers and has increased their concern that such a move will provoke Iran and not provide sufficient protection. Some Gulf states have taken steps to improve relations with Iran. [Redacted]

25X1

Saudi Arabia has remained quiet regarding the USS Stark incident and has avoided endorsing the Kuwaiti reflagging effort. Riyadh fears an increased superpower presence in the Gulf would lead to a growing militarization of the region and draw the Saudis more directly into the war. Even before the attack on the USS Stark, Iran had intensified its efforts to convince the Saudis to press Iraq to end its attacks on ships engaged in the Iranian oil trade and to press Kuwait to abandon its request for superpower protection. [Redacted]

25X1

[Redacted]

Improved relations with Oman is Iran's most recent success in its efforts to drive a wedge between Iraq and the GCC states. Oman, which has wanted to improve relations with Iran since 1985, is trying to take advantage of the furor over the US arms sales to Iran [Redacted] [Redacted] Omani Minister of State Yusuf bin Alawi visited Tehran in mid-May, resulting in an agreement to develop jointly a gasfield in the

25X1

25X1

25X1

[Redacted]

[Redacted]

25X1

Strait of Hormuz and to establish a communication link. Following the visit, a senior Omani official told US officials that Washington should neither break nor implement the agreement with Kuwait, arguing that the reflagging would goad Tehran into taking more aggressive action against the Gulf states. [Redacted] 25X1

Oman fears getting drawn into the Iran-Iraq war and believes that improved relations with Tehran will deter Iranian aggression. Muscat's neutrality and low-key response to Iran's preparations to deploy Silkworm missiles in the Strait of Hormuz are intended to signal Iran that Muscat desires an accommodation. [Redacted] 25X1

The UAE, which has a sizeable Iranian community, is anxious to maintain its lucrative commercial ties with Tehran. An Iranian attack on a UAE oilfield last fall exposed the Emirates' vulnerability to Iranian aggression and probably has confirmed their unwillingness to confront Iran. [Redacted] 25X1

Bahrain may also be moving toward improving relations with Iran.

[Redacted] Bahrain is concerned that its largely Shia population and the presence of the US Middle East Force make it a prime target for Iranian subversion. [Redacted] 25X1

[Redacted]

The Gulf states privately say they appreciate Washington's willingness to help protect Gulf shipping, but they clearly are reluctant to raise the profile of their relationship with the US. Even so, they would look to the US for increased support if confronted with more Iranian attacks against their shipping and oil facilities. [Redacted] 25X1

Iran will interpret the GCC states' attempts to reduce bilateral tensions as an indication of the success of its policy of cultivating ties to Council states to persuade them to distance themselves from Iraq. Their favorable response to Iranian overtures and reluctance to endorse increased superpower involvement in the Gulf will increase Tehran's confidence that it will not face joint Council military or political action contesting its prosecution of the war and its efforts to intimidate Kuwait with ship attacks and terrorism. [Redacted] 25X1

Impact on Oil Market


There has been little reaction in the oil markets to recent events in

[Redacted]


25X1



25X1


the Gulf. Few oil tankers have suffered serious damage, and although charter rates have risen slightly, there are enough tankers willing to lift oil at Gulf ports including Kuwait. Oil prices will not react sharply unless tankers begin to be severely damaged by attacks and oil flows are markedly curtailed. 

25X1


Relatively firm oil prices over the past few months have eased Iranian concerns about the oil market and OPEC policy. Relations between Saudi Arabia and Iran regarding oil policy have been fairly cooperative since Riyadh ended its high oil production strategy late last year. Differences over the level of prices remain and Iraqi exports through its Saudi pipeline continues to be an issue between Tehran and Riyadh. Nonetheless, Iran appears reluctant to antagonize the Saudis prior to the OPEC meeting on 25 June, and this is reflected in the tone of recent Iranian pronouncements on oil policy. 

25X1


Implications

In our judgment, Iranian leaders are confident they will be able to deal successfully with the increased involvement of the superpowers in the Persian Gulf with a blend of the same instruments they have used in the past to deal with the GCC states and with the US and France on hostage issues: military muscle flexing, terrorism and intimidation, and diplomacy. Iran probably believes its ability to initiate conventional military action and terrorism will allow it to drive events and set the political agenda in the Gulf. Iran will not be reckless toward the US or USSR but will attempt to use conventional military action and terrorism selectively to serve its broader political objectives: an end to the superpowers' protection of Kuwaiti shipping--and over time their elimination from the Gulf--and a wider breach between the Gulf states and Iraq. 

25X1

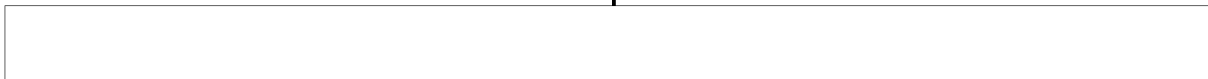
Iran is likely to fuel tension with attacks on shipping, sabotage in Kuwait, and harsh propaganda while its diplomats portray Iran as the aggrieved party willing to negotiate. Tehran's strategy will be to maneuver its interlocutors into accepting conditions Iran has sought all along but surrendering nothing of substance beyond open ended promises of less tensions and improved bilateral relations. 

25X1

This strategy seemed apparent in President Khamenei's speech on 29 May. He said Iran was ready to cooperate with other countries to keep the Gulf open for free navigation and the flow of oil but ruled out a role for the superpowers. He said the war on the ground would continue until the ouster of the Ba'thist regime in Baghdad but indicated the war in the Gulf could come to an end. 

25X1

Khamenei's remarks were a reiteration of standard Iranian rhetoric.



25X1

25X1

[REDACTED]

Iran has always supported freedom of navigation in the Gulf in principle and blames Iraq for beginning the warfare there by attacking Iranian tankers. In any negotiations on navigation, we believe Iran would demand, as the first order of business, a halt to Iraqi attacks on its shipping and a rescinding of Kuwait's request for superpower protection of its shipping. Tehran has long sought to separate the Gulf war from the ground war. Iran has supported the idea of an interim agreement that would end Iraqi attacks on Iranian ships, leaving Iran free to continue a ground war of attrition against Iraq. [REDACTED]

25X1

Khamenei was playing on fears of expanding conflict in the Gulf by calling for a negotiating process that is tilted toward Iran's positions, particularly its call for nonintervention by the superpowers. The Iranians probably concluded that the time was propitious for such a gesture because GCC and US Congressional concerns over developments in the Gulf were being intensely expressed and the media were reporting that the US had decided to postpone the reflagging of Kuwaiti ships. [REDACTED]

25X1

Iran is likely to increase its attacks on non-escorted shipping in the Kuwaiti trade, including US- and Soviet-flag vessels, and it might also lay mines near Kuwait. Iran probably will be content to pursue this approach for some time if, as seems likely, these attacks continue to increase the Gulf states' concern that they may be dragged into the war. Tehran hopes these fears eventually will cause the GCC states to press Kuwait to reconsider superpower protection and seek some accommodation with Iran. Iran also will seek GCC support for Iran's position that the Gulf war should be dealt with separately from the ground war, including an end to Iraqi attacks on Iranian ships. [REDACTED]

25X1

Iran also will probe cautiously for opportunities to attack escorted US- and Soviet-flag ships. The Iranians probably believe that a successful strike, even if they lose a patrol boat or aircraft or suffer US retaliation against their naval forces or other military facilities, will increase significantly the Gulf states concern and intensify the debate in the US on the wisdom of US involvement. Tehran is likely to expect that such a US debate would lead over time to a weakening of US resolve. [REDACTED]

25X1

If the above measures fail to achieve Tehran's objectives, we believe Iran will be faced with a choice between accepting superpower protection of Kuwaiti shipping as a fact or escalating its attacks on escorted ships or even combatants. When Iran would make such a decision is uncertain. We believe, however, that Iran is likely to choose escalation over retreat. Iran could escalate by using its Seakiller missiles, naval guns, or missiles fired from helicopters or aircraft, or suicide attacks by helicopters or small ships loaded with explosives. The risk that Iran will use its Silkworm antiship missiles also will increase. [REDACTED]

25X1

25X1

25X1

[REDACTED]

The possibility that Iran will conduct terrorism against US targets is growing. Iranian leaders will weigh the impact such acts would have on US public opinion and will try to choose a time that is most likely to cause a backlash that would weaken public support for US activities in the Gulf. The most likely US targets for any Iranian terrorism are those in the Persian Gulf and the Middle East, but there will be an increased threat to US interests elsewhere, especially in Western Europe. [REDACTED]

25X1

Radical elements in Tehran probably will push for a more aggressive terrorism campaign against the US. There is a good chance that renegades, remembering how the seizure of US Embassy hostages in 1979 enhanced the radicals' power, will conduct unauthorized attacks in the belief it would bolster the radicals in the domestic Iranian power struggle. [REDACTED]

25X1

Khomeini's speech on 29 May is likely to be interpreted by radicals in Tehran and elsewhere in the Middle East as a sanction by the Ayatollah for anti-US acts. Khomeini taunted the superpowers to "do what ever damn thing you want to do" because "a nation that seeks martyrdom is not afraid." He labeled the US as barbaric and said that to Americans, a terrorist is someone who does not obey them. He said that "if we were to compromise, we would be crushed." [REDACTED]

25X1

In our judgment, Iranian leaders will expect US retaliation for Iranian military or terrorist attacks against US interests. They probably hope to achieve their objectives short of taking acts that are likely to bring retaliation, but concern over US retaliation will not deter them if they conclude direct confrontation is necessary to show that Iran will not be intimidated by the superpowers. They probably calculate that a nation that has suffered massive material damage and over 700,000 casualties in the war with Iraq--50,000 in recent battles near Al Basrah alone--will be able to absorb even the strongest punishment the US is likely to inflict. We believe Tehran would consider destruction comparable to the US strike against Libya as an acceptable risk. [REDACTED]

25X1

Iranian leaders' overconfidence might lead to a serious miscalculation of their ability to manipulate events to Iran's advantage. Their view is shaped by the perception of a string of Iranian successes against Tehran's enemies. They ousted the Shah; forced an end to the Israeli and the US military presence in Lebanon; and beat back the Iraqi invasion of 1980 and took the fight to Iraqi soil. Until Iran receives some dramatic setback, this perception is almost certain to incline Iranian leaders to boldness in dealing with the superpowers, Kuwait, and Iraq. [REDACTED]

25X1

25X1

[Redacted]

25X1

SUBJECT: Iranian Intentions in the Persian Gulf [Redacted]
NESA M 87-20059C
[Redacted]

25X1

25X1

Distribution:

- Copy 1 - Ambassador Robert Oakley, NSC
 - 2 - DDI
 - 3 - NIO/NESA
 - 4 - NIO/CT
 - 5 - C/PES
 - 6 - C/NID
 - 7 - C/PDB
 - 8-13 - CPAS/IMC/CB
 - 14 - D/NESA
 - 15 - DD/NESA
 - 16 - C/PPS/NESA
 - 17-18 - NESA/PPS
 - 19 - C/NESA/SO
 - 20 - C/NESA/IA
 - 21 - C/NESA/AI
 - 22-33 - NESA/PG
- DI/NESA/PG/I [Redacted] (2June87)

25X1

[Redacted]

25X1