

[REDACTED]

may 17, 1986

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Special Analysis

IRAN-GULF STATES:

Prospects for Expanded Conflict

Iran's reaction to the growing threat it perceives from Saudi oil policies and Iraqi air and ground operations will raise the likelihood of a wider and more intense war in the Persian Gulf. Saudi and Iraqi policies are not being coordinated, but both are adding significant new strains to Iran's already troubled economy. Tehran's choices include more frequent attacks on shipping in the southern Gulf, increased use of terrorism and subversion, and new ground, air, and missile attacks.

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Since March, Iraq's sporadic air attacks have struck targets that are vital to Iran's domestic economy, including oil refineries at Tehran and Esfahan, Iran's rail link to Turkey, and possibly pumping stations that move oil to the refineries.

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The Iraqi attacks appear to be aimed more directly at undermining Iranian civilian morale than were previous raids on Khark Island and Iranian tankers. The loss of gasoline and fuel oil supplies and imports through Turkey would be felt immediately; damage to Iran's oil export capacity has a more indirect impact. Iraq will have to sustain an effective bombing campaign, however, to inflict enough damage to force the clerics to reconsider their war policy

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Iranian Options

As its economy declines further, Iran is likely to intensify its campaign against Gulf shipping, including more attacks in the southern Gulf.

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If attacks on Gulf shipping fail to change Riyadh's policies, Iran is almost certain to turn to terrorism against Saudi Arabia and other Gulf states.

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Iraq's more aggressive tactics probably will prompt Iranian leaders to try to regain the initiative. Tehran is likely to launch a series of limited attacks at various points along the border, hit Baghdad with Scud missiles, or strike at Iraqi economic targets. A major offensive during the summer is unlikely but cannot be ruled out.

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Prospects

The confrontation between Iran and Saudi Arabia threatens to broaden the Iran-Iraq war and turn it into an Iranian-Gulf states conflict—a development Iran had attempted to avoid until recently by seeking good relations with the littoral states. Tehran's willingness to take such risks now indicates the seriousness of the threat to its economy from declining oil revenues and more effective Iraqi attacks. The conflicting objectives of the parties—Iran's determination to oust the Ba'athists in Baghdad, Iraq's hope of crippling the Iranian economy.

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[REDACTED] DIA believes the likelihood of Iranian-Gulf states hostilities is overstated and ignores the ongoing Saudi-Iranian diplomatic efforts to defuse tensions. Tehran does not want to widen the war and is unlikely to provoke hostile responses at this time. Additionally, while some Saudi Shias have been trained for subversive purposes and could carry out isolated acts of terrorism, Saudi security forces are well aware of the threat and should prove capable of dealing with it.

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