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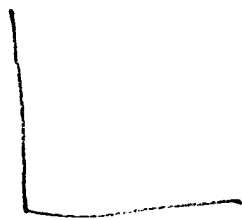
**Soviet Interests, Policies,
and Prospects With Respect
to the Iran-Iraq War**

Special National Intelligence Estimate

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SOVIET INTERESTS, POLICIES,
AND PROSPECTS WITH RESPECT
TO THE IRAN-IRAQ WAR

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KEY JUDGMENTS

The Soviets see Iran as a greater geopolitical prize than Iraq, a factor which has influenced their behavior during the Iran-Iraq conflict. While hoping to prevent an Iranian turn toward the West and to improve their own relations with Tehran, the Soviets nonetheless continue to value their ties to Baghdad.

Even before the Iraqi attack the Soviets foresaw that a war between Iraq and Iran might jeopardize their stakes in both countries and their broader Middle East objectives. At the outbreak of the war they adopted a public position of neutrality and noninterference in the war in order to buy time to preserve room for maneuver. But by early October the Soviets began to move to a position that inclined somewhat toward Iran.

The Soviets perceive that the war to date has resulted in a number of developments detrimental to their interests, including increased conservative Arab acceptance of an augmented Western presence in the region and a weakening of the anti-Camp David Arab front. Despite these developments, some believe that the Iraqi encroachment in Iran serves Soviet objectives, above all by heightening instability in Iran and thereby facilitating eventual establishment of partial or complete Soviet control of that country. Others, while recognizing that the war could offer increased opportunities for Soviet penetration of Iran, nevertheless believe that the paramount Soviet concern is that a protracted war may redirect Iran toward rapprochement with the West, extend formal NATO military cooperation to the Persian Gulf, and lead to a break with Iraq with no compensatory gain in Iran. The holders of this view believe that the Soviets perceive that an early termination of the war would best serve their long-term interests in the region.

As long as present conditions persist, Soviet policy will continue to incline toward Iran while seeking to avoid an intolerable alienation of Iraq.

To avoid alienating Tehran, the Soviets have refused to satisfy Iraqi requests for large-scale military deliveries, and their failure to do so has embittered the Iraqis from Saddam Hussein down. Moscow is presumably relying on Iraq's continued dependence on Soviet arms to prevent a rupture of relations. The Soviets probably believe that Iraq could hold its present position against any Iranian attacks for many months without incurring a critical need for direct Soviet resupply.

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If the Soviets were confronted by Iraqi demands for major arms resupply together with Iraqi threats to sever relations if these demands were not met, they would probably attempt to mollify the Iraqis with promises of a modest increase in deliveries of at least some types of war materiel. But they would not agree to a major resupply while hostilities continued unless they judged that Iran was on the brink of fragmentation. In that case, their decision would be decisively influenced by how resupply might affect the outcome of political struggles in Iran.

Available evidence strongly suggests that the Soviets do not believe that a termination of hostilities is likely in the near term. The Soviets will continue their support of Cuban and PLO mediation efforts. Should they see a realistic possibility of a cease-fire, they might attempt to play a direct mediating role. They probably recognize, however, that the suspicion of both combatants concerning Soviet intentions could preclude their playing such a role. Nevertheless, they could believe that their supply relations with Iraq and their status as a possibly critical economic benefactor of Iran could give them unique leverage with both countries.

The Soviets would probably not permit release of the hostages to affect their own inclination toward Iran unless they were convinced that it signaled a fundamental Iranian choice in favor of the West. Should continuation of the war jeopardize the Khomeini regime, the Soviets would continue to support the embattled regime so long as they continued to believe that it was more likely to be replaced by a Western-oriented than by a pro-Soviet successor.

The Soviets are not sanguine about the very near-term prospects for a leftist seizure of power in Iran. They could reasonably hope, however, that in the difficult days that lie ahead for Iran over the next year, at least some of the preconditions for such an outcome might begin to jell.

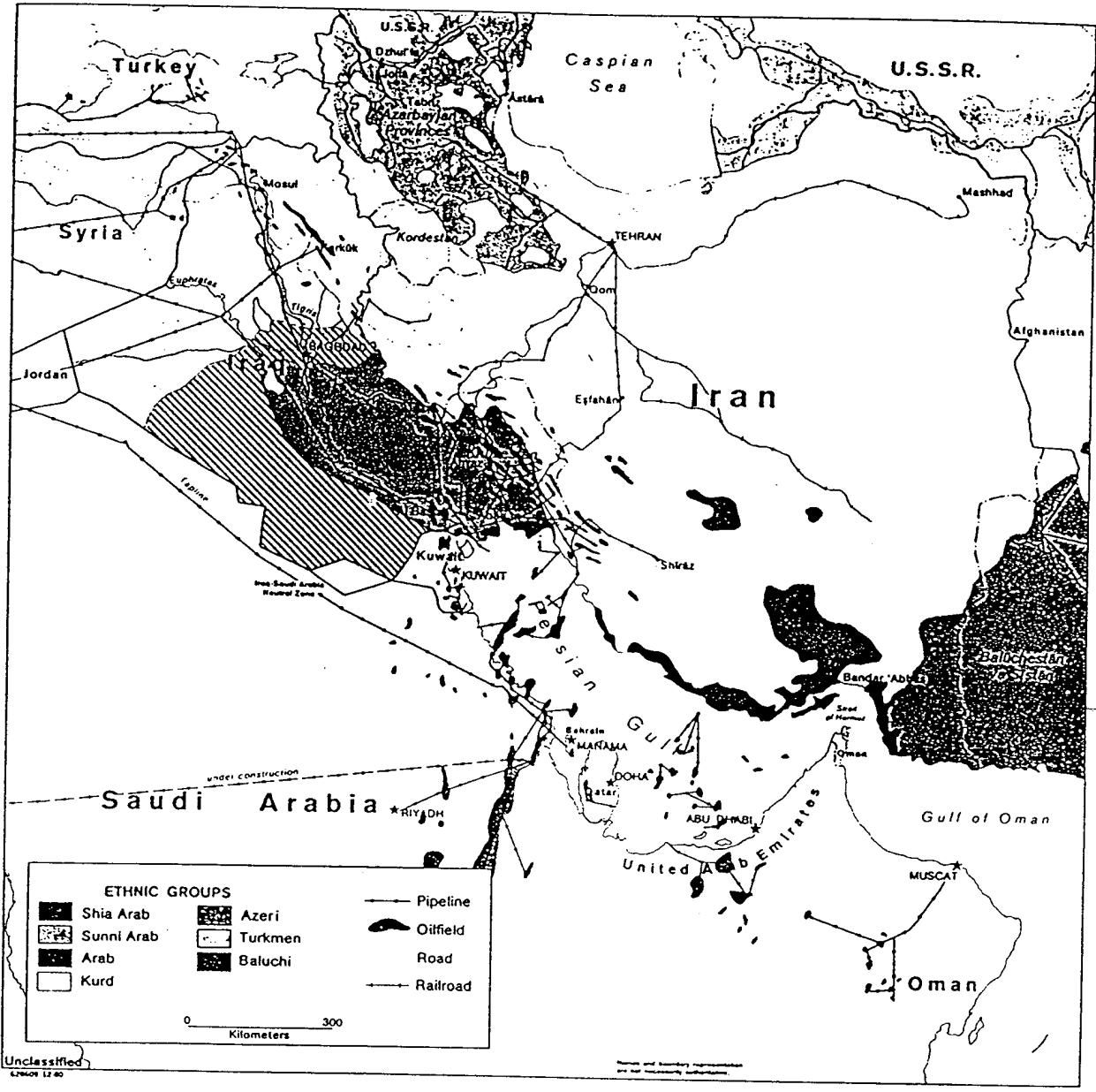
If Iran were to fragment, the Soviets would work for the establishment of pro-Soviet regional regimes.

During 1981 the chances are extremely good that the Soviets will:

- Increase their efforts to compete with the West for influence in Iran through offers of military assistance, development aid, and expanded trade relations.
- Continue covert action aimed at building the strength of the Tudeh (Communist) party in Iran while undermining moderate elements, and at expanding Soviet influence within the national minority regions.
- Attempt unobtrusively to postpone release of the hostages by reinforcing hardline opinion, and to separate the release issue from the questions of arms supply and political rapprochement.

- Try to have cease-fire and settlement talks arranged in a manner that would minimize the Western role in the process and maximize that of the USSR.
- Use the war as the occasion to resist a further buildup of US military force in the Persian Gulf, to attempt to split the Atlantic alliance, and to gain recognition of the USSR as a security guarantor of the Persian Gulf by bringing forth once again the proposal to limit military activity in key world sea lanes.
- Try to increase West European and Japanese investment in Soviet energy development projects and dependence upon Soviet energy supply (especially natural gas), by exploiting fears of interruption of oil deliveries from the Persian Gulf.

If conditions were right the Soviets might engage in a second class of actions which would be of paramount interest from the US standpoint. Because it could generate uncertainty and contention both inside the United States and within the Western alliance, the most difficult case for US policymakers to cope with would be Soviet acceptance of an "invitation" to intervene militarily, extended either by a leftist government in Tehran, or by a breakaway Iranian province. Such Soviet military moves would have a reasonable likelihood of occurring if Moscow believed these moves would not lead to direct confrontation between military forces of the Soviet Union and the United States.



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DISCUSSION

1. This Estimate discusses the USSR's attitude toward the Iran-Iraq war, the character of Soviet actions to date, the Soviet view of the current and emergent situation, and likely Soviet initiatives and responses. The perspective of the Estimate is from several months to roughly one year.

I. SOVIET INTERESTS IN THE REGION

A. Regional and Global Interests

2. Soviet interests in the Iran-Iraq war should be seen against a backdrop of broad Soviet goals. Moscow's primary—indeed historic—aim is to enhance the strategic and economic power of the USSR at the expense of the West. To this end, Soviet policy in Southwest Asia and the Persian Gulf seeks to:

- Encourage a shift of Persian Gulf states from a pro-Western to a more "nonaligned," and eventually pro-Soviet position, while at the same time helping "national liberation" movements that might seize power in the Gulf.
- Improve Soviet access to and establish control over Persian Gulf oil, with all that would mean for enhanced Soviet leverage over Western Europe and Japan.

3. In attempting to realize these objectives, Soviet policymakers have also had to take into account still broader concerns that could be affected by the war and Soviet responses to it. First, they must approach with care any move that could lead to a direct military clash with the United States—especially one that they could reasonably anticipate might escalate to nuclear warfare. Second, they must assess the impact of actions in the Gulf on their own global strategic, political, and economic interests. And, third, they must judge how they wish to affect—and to be seen affecting—Gulf oil supplies to the West.

B. Soviet Interests in Iran and Iraq

4. We believe that the Soviets see Iran as a greater geopolitical prize than Iraq, and that this perception has influenced Soviet behavior in the Iran-Iraq con-

flict. Moscow's relations with the Iranian authorities before the war were admittedly far worse than its relations had been with the Shah. Nevertheless, the Soviet interest in keeping in train the anti-Western changes that have taken place over the past two years in Iran is enormous, and potential future gains must also weigh significantly in Soviet calculations. The overthrow of the Shah meant the collapse of the major pro-Western power in the region, the elimination of a possible platform for US military action against the Soviet Union, the closing of US intelligence facilities, and the removal of a formidable obstacle to the extension of Soviet influence in Southwest Asia and the Persian Gulf.

5. Moreover, the Soviets see Iran as a candidate for an eventual pro-Soviet transformation. The opportunities for further strategic gains would then be broad: a potential base for exerting pressure on Pakistan and Turkey as well as Saudi Arabia and the other Gulf oil-producing states; possible oil acquisition at bargain prices; and naval and air facilities that would enhance the Soviets' capability to threaten an oil cutoff from the Gulf, and lend credibility to the USSR's demands to participate as a guarantor of security of access to Gulf oil.

6. The preeminent interest of the USSR in Iran does not mean that Iraq is of minor importance. Baghdad's repression of the Communist Party of Iraq, its desire to constrain the further growth of Soviet influence in the area, and its striving to reduce its dependence on the USSR by expanding arms dealings and economic ties with the West have led to growing tensions in relations between Iraq and the USSR. Yet, through their 1972 Friendship Treaty and arms supply relationship with Iraq, the Soviets still hope to exert some influence on the Israeli-Arab struggle and on Persian Gulf affairs. Iraqi attempts to constrain US political and military influence in the Gulf clearly have worked to Moscow's benefit, as has Iraq's opposition to the Camp David accords. A large number of development projects in Iraq have provided the USSR and other CEMA countries with a significant supplement to arms sales as a source of hard currency earnings. And Iraq has been one of the few reliable suppliers of OPEC oil to Eastern Europe.

II. SOVIET ROLE IN THE WAR TO DATE

7. The Soviets foresaw that a war between Iraq and Iran might jeopardize their stakes in both countries and their broader Middle East objectives. For this reason they reportedly warned the Iraqis in 1979 and 1980 against abrogation of the 1975 Iraq-Iran accord and against a military confrontation with Iran. Although not taken by surprise, they were probably unhappy with Saddam Hussein's decision to attack on 22 September, and have since complained that they were not consulted beforehand as they should have been under the 1972 Friendship Treaty.

8. At the outbreak of the war the Soviet leadership adopted a public position of neutrality and non-interference in the war to buy time to assess its likely outcome and preserve room for maneuver. When the war began, the Soviets may have estimated that Iraq would score a quick victory and impose a change of regime in Tehran. By the first week of October, the Soviets had evidently concluded that Iraq was not going to score a decisive victory, and that the war was at least temporarily rallying the Iranian people around the Khomeini regime. Correspondingly, the Soviets began to move from a position that—at least from their standpoint—was fairly evenhanded or even slightly pro-Iraqi to one that inclined somewhat toward Iran. This shift was emphasized—perhaps coincidentally—by the Soviet decision to proceed with the signing of a Friendship Treaty with Syria (8 October), despite the poisonous state of relations between Hussein and Syrian President Assad.

9. Politically, this trend has been expressed in a concerted effort to convince Tehran of the Soviet Union's sincere desire to improve and expand relations with Iran, and by a somewhat *sub rosa* but nevertheless unambiguous criticism of the Saddam Hussein regime. Implicitly or explicitly this criticism has charged Iraq with aggression against Iran.

10. In the arms supply area, the Soviets apparently told Iraq on 22 September that the USSR would not increase the quantities of military supplies destined for Iraq or negotiate new sales contracts beyond items already under discussion before hostilities broke out. The Soviets seem to have been even less responsive to Iraqi demands than they promised.

11. Moscow recognizes that the urgency of Iraq's resupply needs depends on the intensity of the war. The Soviets probably believe that Iraq could hold its present positions against any Iranian attacks for many months without incurring a critical need for direct Soviet resupply. However, Iraqi entreaties for more assistance have demonstrated to the Soviets that Baghdad is already anxious to guarantee its future arms

resupply. The Soviets probably also calculate that new Iraqi advances into Khuzestan would hasten the time when resupply from the USSR would be required.

12. However the Soviets may have viewed their own efforts to maintain a tolerable level of arms deliveries to Iraq, two things are certain: the Soviets have refused to satisfy Iraqi requests for large-scale military deliveries, and their failure to do so has embittered the Iraqis from Saddam Hussein down.

13. Although the USSR supplied the Shah with substantial quantities of ground force materiel, it has not provided any major new equipment to Iran since his fall and has in fact been reluctant to proceed with scheduled deliveries since the beginning of the war. Nevertheless, Moscow's handling of its military supply relationship with Iran strikes the Iraqis as treacherous. Since the beginning of the war Moscow and Tehran have signed at least one minor military supply agreement. More significantly, Ambassador Vinogradov did raise the possibility of a future Soviet arms relationship with Iran in his well-publicized talk on 4 October with Prime Minister Rajai, Soviet denials notwithstanding.

14. Small amounts of Soviet materiel have been funneled to both Iraq and Iran through third parties. Several East European countries have supplied military-related items—including vehicles, spares, and munitions—to Iraq via Jordanian, Kuwaiti, and Saudi ports. And the Soviets themselves have also quietly helped, or looked the other way, as Syria, Libya, North Korea, and some East European countries have begun to transfer materiel—much of it of Soviet origin—to Iran. The Iraqis are aware of Soviet complicity in arms shipments to Iran and have added complaints on this score to their already long list of grievances against the USSR.

15. Although aware that Baghdad's dissatisfaction could conceivably result in a rupture in Soviet-Iraqi relations, Moscow is presumably relying on Iraq's continued dependence on Soviet arms to prevent this. Moreover, Moscow also hopes that its restraint will prevent a pro-Western shift in Iranian policy and induce Tehran to improve its ties with the USSR.

III. CURRENT ASSESSMENTS AND FUTURE PROSPECTS

A. Perceptions of Gains and Losses From the War

16. Although the war has distracted world attention from Afghanistan, the Soviets perceive that it has re-

sulted in a number of developments detrimental to their interests:

- They have been faced by the conflicting demands of the combatants, satisfying neither and irritating both.
- The war has served to legitimize and make more acceptable to conservative Arab regimes the increased presence of American naval forces in the Arabian Sea.
- British and additional French warships have also moved to the region, conveying an impression of Western military cooperation.
- Iraq's relations with some conservative pro-Western Arab regimes have improved.
- The anti-Camp David Arab "front" has been weakened, and pressure on both the United States and Egypt has been reduced.

17. The Intelligence Community is split on how the Soviets view the war. According to one interpretation, the available evidence strongly suggests that the Soviets view the war to date as detrimental to their regional interests. The holders of this view believe that the Soviets assign greater weight to the tangible security and political losses immediately imposed on them by the war than to the more problematic and diffuse gains they might hope to reap some time in the future. The war has offered increased opportunities for Soviet penetration of Iran and could promote further change in Iran favorable to the USSR. Nonetheless, the paramount Soviet concern is that a protracted war may:

- Redirect Iran toward rapprochement with the West.
- Extend formal NATO military cooperation to the Persian Gulf.
- Lead to a break with Iraq with no compensating gain in Iran.

Therefore, the holders of this view believe that the Soviets perceive that an early termination of the war will best serve their long-term interests in the region.¹

18. According to another interpretation, the Soviets view the detrimental developments that have occurred in the region as a result of the war as "facts of life."

¹ The holders of this view are the Director, National Foreign Assessment Center; the Director, Bureau of Intelligence and Research, Department of State; and the Director of Naval Intelligence, Department of the Navy.

But Moscow believes that Iraq's continued encroachment in Iran creates major opportunities. This encroachment fosters destabilizing trends that could create the conditions for the accession of a pro-Soviet government in Iran or a fragmentation of the country. Any fragmentation opens the way to partial or complete Soviet control. Therefore, the holders of this view believe that the Soviets are opposed to an early termination of hostilities.²

B. Likely Near-Term Soviet Behavior

19. However they may view the war, the Soviets are trying to make the most of the situation. Dwelling in their propaganda on the "massive" and "aggressive" US naval deployment in the Persian Gulf-Arabian Sea area and on plans for the Rapid Deployment Force, the Soviets have attempted to sustain suspicions of US intentions, cultivate fears of American military intervention, slow the US military buildup, and fan West European apprehensions over the behavior of the United States in the Middle East and Southwest Asia. Should further destabilization occur in the region, the USSR would attempt to exploit it to increase its own presence and gain West European and Japanese recognition of its role as a "security" guarantor of the Gulf.

20. Available evidence strongly suggests that the Soviets do not believe that a termination of hostilities is likely in the near term. They are aware of the considerable remaining arms inventories of the combatants, and they probably do not yet perceive the political motivation for ending the fighting. They know that Khomeini has said that Iran will not negotiate while Iraqi forces remain on Iranian territory, and they probably take this assertion quite seriously. They also know that Saddam Hussein is unlikely to effect a voluntary withdrawal, which would mean giving up his territorial "bargaining chips," acknowledging the futility of Iraqi losses, and inviting his own overthrow. They may also suspect that Iraq might be tempted to establish its own "Arabestan" protectorate in part or all of Khuzestan. Thus, the Soviets probably believe that a resolution of the war will occur only when and if (a) an economic or political crisis brings Iran to its knees or precipitates a change of regime in Tehran or (b) internal pressures on Saddam or a coup make possible an Iraqi withdrawal.

² The holders of this view are the Director, Defense Intelligence Agency; the Assistant Chief of Staff for Intelligence, Department of the Army; the Assistant Chief of Staff, Intelligence, Department of the Air Force; and the Director of Intelligence, Headquarters, Marine Corps.

21. As long as present conditions persist, we believe that Soviet policy will continue to incline toward Iran while seeking to avoid an intolerable alienation of Iraq. Such a policy preserves a "balancing" capability. It also helps to present an image to the international community of the Soviet Union as a "responsible actor," offering no pretext for US or Western involvement in the dispute and preserving the foundations of "selective detente." However, circumstances are in fact very likely to change. Some potentially significant changes and likely Soviet responses to them are examined in the following pages.

C. Iraqi Demand for Major Arms Resupply

22. As time passes the Soviets are likely to be faced with increasingly urgent Iraqi demands for large-scale arms resupply. The longer the Soviets procrastinate in meeting Iraqi demands, the greater the strains on the Soviet-Iraqi relationship. If the Soviets continue to reject even a moderate resupply agreement, Iraqi arms dependence on and political responsiveness to the USSR will be reduced. But substantial resupply would be hard to conceal from the Iranians, and it might embolden the Iraqis to launch a large-scale offensive. This could prompt Iran to turn to the West for assistance and place further strains on Soviet-Iranian relations.

23. We estimate, therefore, that if the Soviets were confronted by Iraqi demands for major arms resupply together with Iraqi threats to sever relations if these demands were not met, they would probably attempt to mollify the Iraqis with promises of a modest increase in deliveries of at least some types of war materiel, but they would not agree to a major resupply while hostilities continued unless they judged that Iran was on the brink of fragmentation. In that case their judgment would be decisively influenced by how resupply might affect the outcome of political struggles in Iran.

24. The Soviets could underestimate the intensity of Iraqi grievances and end up once again being thrown out by an arms client. Such a development would accelerate Iraq's gravitation into the conservative Arab orbit and, unless it were offset by significant gains in Iran, would be a major setback for Soviet influence in the region.

25. Faced with such an eventuality, the Soviets would probably:

- Attempt to intensify subversion against the Iraqi regime by Communists, Kurds, and Shias.

- Take an overtly pro-Iranian stand in the war.
- Increase support of Syria that would be directly aimed at Iraq.

D. Negotiations for a Cease-Fire/Settlement

26. The Soviets probably will continue to seek to undercut international initiatives that would (a) minimize a Soviet role in the settlement, or (b) involve Western or Islamic Conference participation, or (c) force the USSR publicly to exert pressure on one or the other party. They will also continue their support of Cuban and PLO mediation efforts.³ Should they see a realistic possibility of a cease-fire and conclude that such an outcome would serve their interests they might attempt to play a direct mediating role. The Soviets probably are aware that the doubts of both combatants concerning Soviet impartiality and intentions could act to exclude them—at least directly—from mediation efforts. Nevertheless, to the extent that leverage rather than "good offices" is important in the negotiation process, the Soviets could anticipate playing a crucial role. They could believe that their arms supply relationship with Iraq and their status as a possibly critical economic benefactor of Iran, could give them unique leverage with both countries.

E. Release of the Hostages

27. From the beginning of the war the Soviets feared that military and economic needs would compel the Khomeini regime to relinquish the hostages and thus remove a key impediment to an improvement in Iranian relations, not only with the United States, but with the West in general. Regardless of the impact of a hostage release on US-Iranian relations, the Soviets would have to assume that the termination of sanctions would lead almost automatically to an expansion of Iranian-West European arms and economic dealings. We believe that the Soviets now think it possible that the hostage question will be settled in the not-too-distant future.

28. The Soviets will almost certainly continue to wage a rear-guard propaganda action against release of the hostages, playing to nationalist passions and urging Iranians to insist on financial terms that the US

³ To date, the Soviets have supported efforts at mediation by Cuba and the Palestine Liberation Organization and have encouraged the Indians to support mediation through the nonaligned movement. The Soviets have discussed with the Cubans the possibility of staged Iraqi withdrawals linked with some Iranian acknowledgement of Baghdad's claims regarding sovereignty over the Shatt al Arab.

Government may not be able to meet. They will also stress that release of the hostages should not be linked with arms questions or Iran's political alignments; for arms and political support, Iran should turn, not to the West, but to its "true friends." At the same time, Soviet-controlled media will hammer home the message of US responsibility for the war between the two fraternal Muslim peoples of Iran and Iraq. We doubt that the Soviets would permit release of the hostages to affect their own inclination toward Iran unless they were convinced that it signaled a fundamental Iranian choice in favor of the West. Otherwise, the effect of release of the hostages could be to intensify Soviet efforts to court Iran.

F. Weakening or Collapse of the Khomeini Regime

29. It is possible that a continuation of the war could jeopardize the Khomeini regime. If this occurred, we estimate that the Soviets would continue to support the embattled regime so long as they continued to believe that it is more likely to be replaced by a Western-oriented than by a pro-Soviet successor.

30. The Soviets almost certainly see economic relations as the area in which they could score the most rapid gains with the existing regime in Tehran. Even during the war Soviet specialists have continued to work on a number of major projects in Iran, and the Iranians have given signs of desiring to expand such activities in the future. In view of the likelihood that access to Iran through Persian Gulf ports will be tightly constricted for months, if not years, Soviet control over rail access to Iran might make it obligatory for Tehran to heed Soviet interests if Iran is to maintain commerce with the outside world for the duration of the war—and probably longer. In the near term, fuel and food shortages provide the USSR with an opportunity to ingratiate itself with Iran, although Soviet delivery capability is limited. In return for economic assistance, the Soviets would probably press the Iranians for future oil and gas concessions.

31. Politically, the Soviets would be likely to repeat their overtures for an arms assistance program. For Iranian consumption they might issue threats aimed at deterring US (or combined US-West European) military action in the Gulf if Tehran launched further attacks against Arab supporters of Iraq or jeopardized free passage through the Strait of Hormuz. The Soviets might also try to use their economic and arms leverage to press the clerics to relax repression against the left. Encouraging the regime to make concessions on

autonomy to national minorities, they would simultaneously step up their own efforts to increase Communist influence among these groups. Likewise, they would intensify covert action aimed at penetrating all the strategic institutions and groups in Tehran.

32. If the Soviets were confronted by a conservative military takeover, they would almost certainly attempt to blunt its anticipated pro-Western turn with a blend of bribery and pressure tactics. As incentives, the Soviets would make new offers of military assistance, economic aid, and long-term development assistance. At the same time, to induce the Iranians not to go too far in arms relationships or security ties with the United States and the West, the Soviets could:

- Threaten to increase the flow of arms to Iraq.
- Threaten recognition of Iraqi border claims.
- Threaten to use leverage against third-party countries to convince them to cut back on arms shipments to Iran.
- Delay or impede overland transportation into Iran through Astar and Jolfa.
- Increase military capabilities along the Soviet-Iranian or Afghan-Iranian borders.
- Increase Soviet assistance to the Tudeh and logistic support for "liberation movements" in Iranian regions adjacent to the USSR or Afghanistan (for example, Azarbayjan, Kordestan, Baluchestan).

Even in the face of a conservative/military regime in Tehran, the Soviets are unlikely to believe that their eventual prospects there are so dismal that they should totally shift their bets to Iraq.

33. We estimate that the Soviets are not sanguine about the very near-term prospects for a leftist seizure of power. They could reasonably hope, however, that in the difficult days that lie ahead for Iran over the next year, at least some of the preconditions might begin to jell. If a leftist coalition were able to seize power, it might well request Soviet armed assistance in establishing its control in individual regions of Iran or throughout the country. We estimate that the Soviets would probably accept such an invitation.

34. Disintegrative internal trends could lead to the collapse of Tehran's control over the national minority regions. If fragmentation occurred, the Soviets would work for the establishment of pro-Soviet regional regimes. Control of Kurdish, Azarbayjani, and Turkoman regions in northern Iran probably would be Mos-

cow's first concern. Moscow has stepped up its covert activities since the fall of the Shah and its ties to leftist elements in each of these areas would facilitate Soviet efforts to promote pro-Soviet regimes in these areas. A pro-Soviet regime in an independent Baluchestan on the Gulf of Oman would be more difficult to achieve, but would give the Soviets access to a port facility on the Arabian Sea. The Soviets would also clearly attempt to enhance their influence in Khuzestan, although their opportunities to do so would be problematic, at least, in areas occupied by Iraq.

35. Given these potential gains (and the cover of legitimacy provided by their 1921 Treaty with Iran), the Soviets might respond to what they believed to be the irreversible fragmentation of the country by actively supporting pro-Soviet forces in adjacent Iranian regions—if need be with military forces of their own. The Soviets' willingness to intervene in Iran would be critically affected by their estimate of the possibility of a direct military confrontation with the United States.

IV. IMPLICATIONS

36. The impact of possible future Soviet actions connected with the Iran-Iraq war must be assessed in terms of both the likelihood of the actions occurring and the probable magnitude of their effect. We estimate that the chances are extremely good that the Soviets will:

- Increase their efforts to compete with the West for influence in Iran through offers of military assistance, development aid, and expanded trade relations.
- Continue covert action aimed at building Tudeh strength while undermining moderate elements, and at expanding Soviet influence within the national minority regions.
- Attempt unobtrusively to postpone release of the hostages by reinforcing hardline opinion, and to

separate the release issue from the questions of arms supply and political rapprochement.

- Try to have cease-fire and settlement talks arranged in a manner that will minimize the Western role in the process and maximize that of the USSR.
- Use the war as the occasion to resist a further buildup of US military force in the Persian Gulf, to attempt to split the Atlantic alliance, and to gain recognition of the USSR as a security guarantor of the Persian Gulf by bringing forth once again the proposal to limit military activity in key world sea lanes.
- Try to increase West European and Japanese investment in Soviet energy development projects and dependence upon Soviet energy supply (especially natural gas), by exploiting fears of interruption of oil deliveries from the Persian Gulf.

37. Probably of paramount interest from the US standpoint, however, is a second class of possible Soviet actions. Because it could generate uncertainty and contention both inside the United States and within the Western alliance, the most difficult case for US policymakers to cope with would be Soviet acceptance of an "invitation" to intervene militarily, extended either by a leftist government in Tehran, or by a break-away Iranian province. Such Soviet military moves would have a reasonable likelihood of occurring if Moscow believed these moves would not lead to direct confrontation between military forces of the Soviet Union and the United States.

38. Finally, there are Soviet actions that would have a great impact on US interests but also have a very low probability of being taken within the next year. These actions include an outright Soviet invasion of all of Iran or a followup seizure of oil-producing territories farther south along the western littoral of the Persian Gulf.

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