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### Iran-Iraq: Arms Procurement Patterns After Two Years of War

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During the 26 months of the Iran-Iraq war, both Tehran and Baghdad have had to modify their arms procurement patterns to meet military hardware, munitions, and spare parts demands. Even though at least \$21 billion worth of military equipment has been purchased, military inventories of both countries are below prewar levels. Nonetheless, both sides appear to have received sufficient supplies to support their forces at current levels of combat. Iran has replaced some of its losses in US ground forces equipment with Soviet-designed hardware primarily from North Korea and Libya. Iraq has lost confidence in the USSR as a dependable supplier of military equipment and has turned to Western sources, China, and several East European nations but will require large imports of arms from the USSR to maintain its largely Soviet aircraft and land armaments inventories

sales provide badly needed hard currency and oil as well as an outlet for its expanding arms industry.

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Syria and Libya also have provided Soviet-made weaponry to Tehran because of their mutual antagonism toward Iraq. Syria also has provided ammunition, SA-7s, anti-aircraft guns, and training. Damascus does not appear affected by pressure from Saudi Arabia and other Arab states to end this activity. Libya's Qadhafi has provided military assistance to illustrate Libya's value as an "arsenal of radicalism." Ammunition, anti-tank missiles, artillery, and some tanks have been delivered, much of it free of charge

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At the outbreak of the war, the Soviets instituted an arms embargo against both countries. Given the USSR's large-scale arms agreements with Iraq, this policy constituted a tilt toward Iran. As the war dragged on, Moscow reassessed its arms supply policy and in early 1981, lifted its embargo

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#### Iran Searching for Necessary Arms

[Redacted]

North Korea probably initiated its sales in Iran with Soviet acquiescence.

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couragement from Moscow, however, because arms

Moscow agreed in June 1981 to sell an estimated \$200 million worth of artillery, ammunition, and infantry equipment; deliveries of this equipment are continuing. We believe that the USSR has suggested the possibility of another major arms deal to Iran, but Tehran has largely rebuffed the offer.

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with training. Moscow welcomes the increased dependence on Soviet-style equipment, while much of Iran's US equipment is in disrepair

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The only other major suppliers of military equipment that are available to Iran are China and Western Europe. China sold \$36 million of artillery

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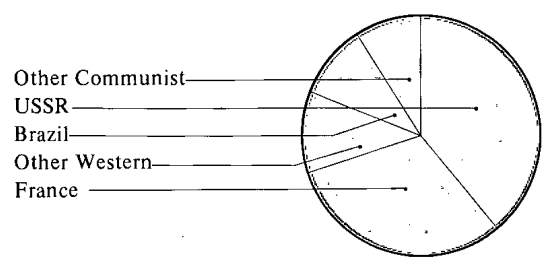
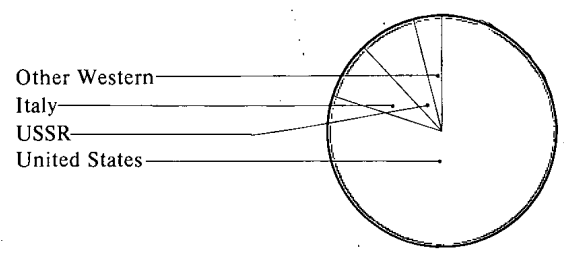
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### Iran-Iraq: Arms Purchases, 1977-October 1982

Percent

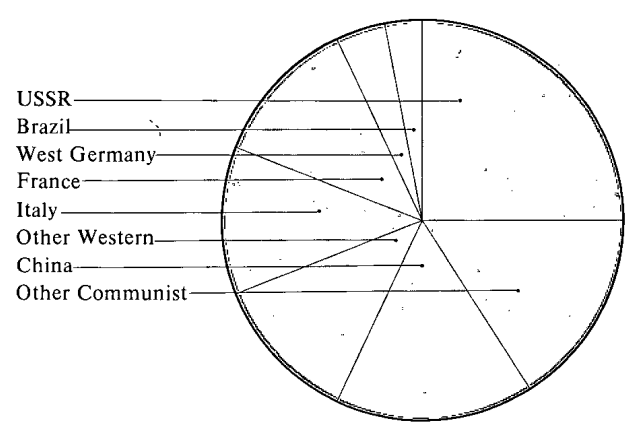
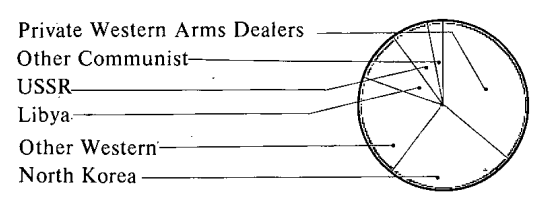
**Iran**  
1977-21 September 1980  
US\$5.8 Billion

**Iraq**  
US\$6.3 Billion



22 September 1980-October 1982  
US \$2.0 Billion<sup>a</sup>

US \$17.8 Billion



<sup>a</sup> In addition, an undetermined amount of military equipment and support material has been purchased from private arms dealers.

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ammunition in mid-1981 after lengthy negotiations. Iran probably has lost any opportunity for large deals because China is now selling to Iraq.

The major Western suppliers have been lukewarm to Iranian requests, although companies in Greece, Switzerland, Portugal, and South Korea have sold \$500 million worth of military equipment to Tehran since the war began.

some older equipment from its inventories, Switzerland provided air defense guns, and Portuguese and South Korean shipments have consisted mainly of explosives and artillery munitions

In the short run, Iran has turned to Israel and private arms brokers for critical spare parts and other support items for its Western equipment. Israel may have sold up to \$50 million in arms to Tehran, mostly US-designed maintenance items and munitions.

### **Iraq Increasing Western Purchases**

Iraq is trying to reduce its dependence on the USSR for military equipment. Moscow's near monopoly on Iraq's arms inventory was broken by several large purchases from France in 1974 and 1975. Soviet-Iraqi relations, already deteriorating, reached a low point in September 1980, when the USSR imposed an embargo on arms deliveries on prewar contracts.

In response to the Soviet embargo on the direct shipment of arms to Iraq, Baghdad increasingly turned to Western sources of supply, to China, and to several East European nations. Almost \$16 billion worth of military equipment was purchased from these sources during the war. France continues to receive large orders because of its reputation

as a reliable supplier. In contrast to the USSR, France not only continued to deliver arms after the war began, but also signed new contracts and sent technicians to help maintain Iraqi equipment. Since September 1980, deals worth almost \$4.5 billion were concluded for Roland missile systems, self-propelled 155-mm howitzers, helicopters, additional Mirage F-1 fighters, ammunition, and electronics gear.

Italian sales have come to \$2.2 billion and cover helicopters, artillery, personnel carriers, and naval ships, according to Italian arms brokers and Embassy reporting. The bulk of these contracts are related to a late 1980 order by the Navy for ships that will not be delivered before the mid-1980s. Additional sales would have been completed if the United States allowed Rome to export equipment and components produced under US license.

China is the major new entrant into the Iraqi arms supply sweepstakes. Beijing has signed contracts for fighter aircraft, tanks, artillery, ammunition, and spare parts totaling almost \$3 billion. Several reports indicate that China is committed to supply 2,000 tanks over the next five years, some of which have already arrived. Its equipment is attractive because they are similar to much of Iraq's Soviet-supplied arsenal. This avoids the loss of combat effectiveness that would occur if Western equipment were substituted too rapidly for Soviet items. Arms ordered from Egypt, Poland, Romania, and Yugoslavia provide a similar advantage.

The USSR sought to offset the negative impact of their embargo by encouraging deliveries of Soviet-made arms to Iraq by third countries. Several sources indicate that East European nations were allowed by Moscow to prevent a permanent break by fulfilling outstanding arms contracts, concluding new deals for badly needed ammunition and spare parts, and signing a few agreements for major equipment. During the course of the war, \$2 billion

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in sales were concluded with East European suppliers. Romania, in particular, has taken advantage of this opportunity by providing more than \$850 million in primary support equipment and ammunition. [redacted]

market, will provide equipment only as long as it does not offend their other large Arab buyers. The suppliers of Soviet-style equipment will probably maintain their strong position. [redacted]

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Moscow moved one step further in April 1981 when it resumed direct deliveries of ammunition, spare parts, and logistics items. The visit of several high-level Iraqi delegations to Moscow beginning in May were followed by deliveries of MIG-23 and MIG-25 aircraft and T-72 tanks under existing contracts [redacted]

Iraq will have to remain dependent on Moscow or other suppliers of Soviet-designed arms for at least ground force equipment if it wants to maintain its capabilities. [redacted]

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In April 1982 the USSR and Iraq finally concluded a new deal worth at least \$2 billion. Although Iraqi bitterness over the embargo lingers, the Soviets are delivering contracted arms at a steady pace. The Soviet Deputy Minister of Defense Industry is due in Iraq in the near future, probably to discuss another military purchase that would include an advanced ground attack aircraft [redacted]

[redacted]

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**Market Prospects**

When the conflict ends, arms purchases by Iraq and Iran will almost certainly increase as these countries attempt to rebuild depleted inventories. Declining oil revenues and the continued softness of the oil market will impose some restraint on their arms purchasing efforts and almost certainly will encourage them to try to barter oil for military equipment. The war has highlighted the need for both nations to stockpile large quantities of spare parts and other materiel to provide a cushion against supplier manipulation of arms deliveries. In addition, substantial purchases of radars and command and control equipment are likely because both nations have discovered their inadequacies in these areas. [redacted]

Baghdad has experienced the consequences of excessive dependence on one nation or bloc of nations for arms, however, and is still likely to seek greater diversification in its arms supply. Large deals with West European nations and Brazil for tanks, artillery, aircraft, and other types of equipment are under negotiation. Over the longer term, Iraq also hopes to build a domestic arms industry through licensed assembly and coproduction arrangements with France, Italy, and the United Kingdom. An arms inventory balanced between Eastern and Western suppliers is the probable Iraqi goal [redacted]

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Iran is not likely to build inventories as large as those acquired by the Shah. We believe Tehran probably will want to increase its direct dealings with Western suppliers when the war ends. Western suppliers, already involved in the lucrative Iraqi

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