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Talking Points for the DDCI for 18 September NSPG Meeting

17 September 1987

Update on the Situation in the Persian Gulf

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The prospect is high for further escalation. Iranian leaders avoided rejecting outright UN resolution 598 in their discussions with UN Secretary General Perez de Cuellar in Tehran. Iraq has concluded that the Secretary General's trip to Tehran was a failure.

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Tehran wants to appear sufficiently flexible on the issue of ending the war in the hope of preventing a consensus for imposing sanctions by the Security Council members.

- Tehran says it will agree to a comprehensive ceasefire, but only after the UN implements section six of the resolution, which calls for identification of the party responsible for starting the war.
- Iran, however, envisions such a process as similar to the Nuremburg Tribunal, with power not only to name, but to try and to punish Iraq--particularly Iraqi president Saddam Husayn--as the aggressor.
- Iran is also trying to deflect pressure onto Iraq by indicating its willingness to abide by a ceasefire in the Gulf--an approach that Iraq rejects. Tehran continues to try to separate the war in the Gulf--where Iran is most vulnerable--from the land war, in which it has the initiative against Iraq.

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If Baghdad perceives efforts to impose sanctions are ^{flashing} flagging, it will probably intensify attacks against Iranian shipping.

- Baghdad continues to see such attacks as its trump card to obtain vigorous superpower support for its position and for ending the war.
- The Iraqis hope that Arab Foreign Ministers at their meeting on Sunday will agree to break diplomatic relations with Iran.

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Iran has not thus far responded to Iraq's most recent airstrikes. Earlier this month, however, it did fire three Silkworm missiles at Kuwait from launch sites on the Iranian-occupied portion of the Al Faw peninsula.

- One of the missiles overflowed the reflagged tanker Surf City at an altitude of about 150 feet. In this case, we definitely benefitted from good luck.

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-- No Silkworm launchers or missile transporters have been seen at any of the sites near the Strait of Hormuz in the past month, but construction of personnel bunkers and equipment shelters is continuing [REDACTED]

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-- Beijing is urging Tehran to use restraint and to employ the Silkworm missiles only in a defensive capacity, as the Iranians pledged they would when the weapons were purchased [REDACTED]

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[REDACTED] At the same time, China just signed a new \$200 million arms deal with Iran, and over the past few months has been negotiating other arms contracts worth over half a billion dollars. [REDACTED]

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Iranian mine warfare operations, which have declined in recent weeks, could pick up again now that Tehran has acquired sophisticated mines from Libya.

(9) -- A Libyan aircraft took a limited supply of probably bottom influence mines to Iran between 10 September and 12 September.

-- Influence mines--magnetic or acoustic--are more difficult to detect and would increase significantly the risk to ships in the Persian Gulf and Strait of Hormuz. [REDACTED]

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Other players

The expanded European presence in the region has complicated Tehran's calculations on forcing the US to back down.

-- Iran is downplaying the impact of the European presence and trying to play the Europeans off against one another.

-- Tehran is almost certain to intensify pressure on Kuwait in the coming weeks with further missile attacks, terrorism, or sabotage. Iran may also begin focusing attacks on Saudi Arabia as relations decline further.

-- Tehran's approach in the Gulf so far suggests that any Iranian actions against escorted Kuwaiti ships or US ships will probably remain indirect--at least in the near term. [REDACTED]

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Intelligence sharing with several European nations and certain Gulf Arab states has been either initiated or increased in the wake of recent events in the Persian Gulf.

-- At the direction of the NSC Policy Review Group, and with the concurrence of the Intelligence Community, CIA sent a team of

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analysts to six European capitals--Rome, Paris, Bonn, Brussels, The Hague, and Ankara--to brief policymakers in those countries on Iranian mine warfare efforts, the resulting threat in the Persian Gulf, and recent Libyan-Iranian military exchanges. The briefing also is to be presented to NATO's North Atlantic Council and its Military Committee.

[REDACTED]

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-- General assessments of the situation in the region, and in some instance detailed intelligence, are also being provided periodically not only by CIA, but by DIA, defense attaches, and the US military to Persian Gulf and European governments.

[REDACTED]

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Background on Delivery of Libyan Naval Mines to Iran

[redacted] a Libyan 707 cargo plane left Tripoli for Tehran, carrying 15 unspecified boats and 9 Soviet-made probable sea-mines [redacted]

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- The delivery was part of a plan to coordinate the use of these mines with a Libyan effort to mine the Red Sea and approaches to the Suez Canal.
- In exchange, Iran agreed to provide chemical weapons to Libya for use in the war with Chad.

The type of mine sent is probably a large Soviet-built Type 995 magnetic-acoustic mine.

- Libya used the Type 995 to mine the Red Sea in 1984.
- The Type 995 is a bottom mine with an advanced firing system that delays detonation until the most vulnerable part of a ship is directly above it. This mine also has other advanced features, such as a ship counter and arming-time delay.
- The mine has a 1,500-pound (700 kilogram) warhead--about seven times the size of the moored contact mines Iran currently uses. It could probably damage a supertanker beyond repair.
- This type of mine is easy to lay and difficult to defend against. They must be hunted by sonar and then destroyed.

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Iran-China Arms Transfers 1981-1987

In the past seven years China has become Iran's largest supplier of military equipment. Since late 1985 the Chinese have made more than \$1.5 billion in arms sales to Iran and arms transfers since 1981 have totaled more than \$2.5 billion. [REDACTED]

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Year	Agreements*	Deliveries*	Comments
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1981	50.0	NA	Contracts were for small arms and ammunition.
1982	7.0	50.0	Ammunition and small arms again purchased and delivered.
1983	447.9	175.3	China agreed to provide through North Korean and other intermediaries larger amounts of artillery, ammunition, and small arms in 1983-1984.
1984	62.0	315.6	
1985	430.0	26.0	Iran took delivery of rest of 1984 arms deal. Major contract signed for HY-2 Silkworm missiles, CSA-1 surface-to-air missiles, artillery, and ammunition.
1986	1,174.0	650.0	China agreed to provide HY-2s, CSA-1s, artillery, ammunition, and possibly fighter aircraft and surface-to-surface missiles. HY-2s and CSA-1s delivered.

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*Million US dollars

Iran and China have continued contract discussions in 1987. Negotiations are under way for \$97.5 million worth of additional HY-2s and contracts were signed in June for \$336 million worth of equipment that may include a new Chinese short-range ballistic missile. Another contract for \$203 million was also signed this summer. Although it probably involved only ammunition, the deal may include Chinese antiship missiles similar to the French Exocet. [REDACTED]

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Iraq-China Arms Transfers

During the same period China provided Iraq with over \$3.5 billion worth of military equipment including more than 2,000 tanks and 1,000 armored personnel carriers, approximately 40 fighters and 4 long-range bombers, several HY-2 batteries and large amounts of artillery, antiaircraft guns, and ammunition. Sales to Iraq lagged between 1983 and 1985, but Beijing sold arms worth over \$1.4 billion in 1986.

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Iran/Soviet Relations Update

Iran and the USSR are continuing their efforts to cultivate better relations.

- Soviet First Deputy Foreign Minister Vorontsov has visited Tehran--as well as Baghdad--in June and August, and he also talked with Iranian Deputy Foreign Minister Larijani in Geneva at the end of June.
 - On 8 September Larijani visited Moscow to continue discussions between the two sides on gas and oil pipelines and another rail link between their two countries.
 - The Soviet press has cast Iran's response to the UN Secretary General in a favorable light, noting that Tehran has indicated its willingness to accept UN resolution 598 and quoting Iranian assessments of the Secretary General's visit as "useful."
 - Moscow is continuing to cultivate the Arabs as well as the Iranians, however, and does not want to be forced into actions--such as a sanctions resolution--that might damage relations with either party.
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ALLIED FORCES IN THE PERSIAN GULF AND ARABIAN SEA

In Persian Gulf or Arabian Sea

France

4 frigates^a
 1 destroyer
 3 minesweepers
 2 replenishment ships
 3 support ships
 Carrier battle group
 1 aircraft carrier
 10 fighters
 14 fighter-bombers
 2 air-defense destroyers
 1 replenishment ship

UK

1 air-defense destroyer^b
 2 frigates
 4 minesweepers
 2 replenishment ships
 2 support ships

En Route/Projected

Italy

3 frigates
 3 minesweepers
 1 replenishment ship
 1 support ship

Netherlands

2 minesweepers

Belgium

1 or 2 minesweepers

^a The carrier battle group is currently in Djibouti for a two-week maintenance period. Three frigates, a minesweeper, a replenishment, and the support ships are also at Djibouti. A second destroyer is on a training and defense equipment marketing cruise in the Indian Ocean and would be available in an emergency.

^b Two British warships normally are in the Gulf area while the third is outside the region for maintenance--typically at Mombassa, Kenya. One replenishment ship and one support ship are expected to leave the area in the near future.

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