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Kuwait-Iran: On a Collision Course

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Summary

Iran has apparently concluded that Kuwait's request for US and Soviet protection of its ships and its continued support for Iraq pose serious threats to Iranian interests. Iran has directed its attacks in the Gulf largely against Kuwaiti shipping, undertaken a campaign of subversion and sabotage in Kuwait, and increased its hostile rhetoric against Kuwaiti leaders. Kuwait's main line of defense against Iranian aggression traditionally has been to avoid confrontation, but a growing perception that Tehran is threatening its sovereignty has led to a hardening of Kuwait's position. Under current circumstances, Kuwait will continue to seek areas of agreement with Iran, but will steadfastly refuse to forego its support for Iraq and will maintain its tough stand on terrorism. If Kuwait remains defiant, Tehran may increase its pressure on Kuwait with more ship attacks, increased terrorist activities, and possibly even an air strike against Kuwaiti oil facilities. Kuwait

This paper was prepared by [] the Peninsula Branch, Persian Gulf Division, Office of Near Eastern and South Asian Analysis. Comments and queries are welcome and may be directed to the Chief, Persian Gulf Division, NESA []

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[REDACTED]

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might be compelled to renounce its tanker protection arrangements with the US and the USSR if Iran undertook a sustained campaign of terrorism and airstrikes against Kuwaiti ships and its oil facilities. [REDACTED]

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Relations between Kuwait and Iran have deteriorated sharply over the past year due to increased Iranian attacks on Kuwaiti-bound ships and Iranian-sponsored subversion in Kuwait brought on, in part, by continued Kuwaiti support for Iraq. Kuwait's request for Soviet and US protection for its shipping, the issue of Shia prisoners, and Kuwait's cheating on oil production quotas have also fueled Tehran's anger. [REDACTED]

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Sources of Antagonism

As Iraq's militarily weak but generous financial backer, Kuwait has been singled out as a primary target of Iranian antagonism since the outbreak of the Iran-Iraq war. Since the start of the war, Kuwait has provided at least \$10 billion in financial assistance to Baghdad and has allowed massive amounts of military and civilian goods bound for Iraq to transit Kuwaiti territory. Kuwait's tacit permission to allow Iraqi combat aircraft to overfly Kuwaiti territory en route to attacks on Iranian ships and oil targets has infuriated Tehran as well. Kuwait has also given diplomatic support to Iraq in the United Nations, the Arab League, the Nonaligned Movement, and the Islamic Conference Organization. Moreover, Tehran has been irritated by Kuwait's treatment of its Shia population and its refusal to release Shia prisoners implicated in terrorism. Kuwait's refusal to grant refuge to Khomeini following his expulsion from Iraq in 1978 has contributed to Tehran's contempt of Kuwaiti leaders. [REDACTED]

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Iranian aggression toward Kuwait has been demonstrated in several areas over the past several years.

--Iran has directed the preponderance of more than 200 attacks in the Gulf against commercial vessels serving Kuwaiti ports, including at least 60 tankers since it began targeting Persian Gulf shipping in 1984.

--Iran has sponsored numerous terrorist acts by local Shia supporters intended to destabilize the Kuwaiti government. [REDACTED]

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[REDACTED] Iranian-backed terrorists were responsible for the bombings of the US and French Embassies in 1983, the car-bomb attack on the Amir's motorcade in 1985, and a series of explosions at oil facilities and commercial offices this year.

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[REDACTED]

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[redacted]

--Iran embarked on a heavy-handed, but unsuccessful campaign to disrupt this year's Islamic Conference held in Kuwait by threatening reprisals against visiting Arab dignitaries and launching two missiles from Al Faw at Kuwait. Iran probably also was behind several explosions in the city of Kuwait and neighboring oilfields shortly after the conference opened.

--Most recently, Iran has stepped up its public rhetoric against Kuwait's efforts to seek US and Soviet protection for its shipping and has warned of retaliation if Kuwait draws the superpowers into the Gulf. [redacted]

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Kuwait and Iran have long held opposing views on oil production and pricing policy in OPEC. Iran has traditionally advocated higher prices at any cost, while Kuwait has held the more moderate position of lower and more sustainable prices. Although the two camps joined forces at last year's OPEC meeting, diverging Iranian and Kuwaiti views have resurfaced in recent months. Iran's efforts to increase oil prices could be an irritant at this year's OPEC meeting scheduled for June and in bilateral tensions with Kuwait. [redacted]

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Longstanding mercantile interests between Kuwait and Iran have ensured that trade between the two countries has remained fairly stable over the years, despite stormy political relations. Although Kuwaiti exports to Iran declined from a peak of \$260 million in 1980 to only \$68 million in 1982, they rose again in 1985 to \$204 million. We estimate that trade levels with Iran remained at about the same level last year. According to the US Embassy, local exporters of oil and related equipment have found ways to circumvent the war's disruption of trade by shipping products through Dubai. In return, Iran has continued its exports of foodstuffs--primarily pistachios, caviar and dates--to Kuwait. [redacted]

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Handling Tehran's Aggression

Kuwait's main line of defense against Iran has been to avoid confrontation. In an effort to limit Iranian harassment, Kuwaiti leaders and the press have generally ignored Tehran's hostile rhetoric. Kuwait has maintained strict public silence over its support for Iraq and its role as a transshipment point for Soviet military supplies to Iraq. Kuwait has vehemently denied Iranian allegations of Kuwaiti collusion in Iraq's military activities. Although Kuwait has made little effort to stop Iraqi overflights and has permitted emergency refueling of Iraqi planes, Kuwaiti leaders probably believe that denials deprive Tehran of an internationally sanctioned justification for attacking Kuwait. [redacted]

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In contrast to the traditional image of Kuwait as fence-straddling or capitulationist, the country has hardened its stand against Iran as a

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[redacted]

result of a heightened perception that Tehran is threatening its sovereignty. The ruling family's legitimacy is largely based on the country's mercantile tradition rather than ideological positions, fostering the lack-of-commitment image. To maintain popular support, the royal family first and foremost must preserve Kuwait's economic integrity. Kuwaiti leaders have viewed the sustained attacks on Kuwait's vital oil shipments, the attempted assassination of the Amir in 1985, and Tehran's public condemnation of Kuwaiti leaders as direct threats to Kuwait's political and financial survivability. Kuwaiti leaders also are under considerable Iraqi pressure and believe that any reduction of support to Baghdad, which continues to maintain territorial claims over Kuwait, would risk alienating Iraqi leaders. [redacted]

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Kuwait's request for Soviet and US protection of its ships traveling in the Gulf was an uncharacteristically bold move in defiance of Iran. Kuwaiti leaders were concerned about increased Iranian attacks on Kuwaiti shipping and apparently calculated that a more active superpower presence in the Gulf would deter Tehran from further escalating its attacks. The Kuwaiti request and US agreement, however, has only increased Iranian threats that now include warnings of direct Iranian retaliation. Recent statements by Iranian leaders and media commentary have focused almost exclusively on the threat to regional security posed by increased superpower presence in the Gulf and on Kuwait's responsibility for heightening tensions. [redacted]

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Kuwaiti leaders realize that the country's military forces are no match for Iran's military strength, and, for the most part, Kuwait has refrained from responding militarily to Iranian attacks. Nevertheless, Kuwait's liberal rules of engagement, which allow pilots and air defense commanders to fire on unidentified aircraft without higher authority, indicate that Kuwait is prepared to engage Iranian aircraft. Kuwait's military has on at least two occasions fired missiles on what were believed to be Iranian aircraft. Kuwait, however, can do little on its own against Iranian ship attacks. [redacted]

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Domestically, Kuwait's tough response to Iranian-sponsored terrorism has increased sectarian tensions, posing serious problems for the government. The US Embassy reports that tensions between Sunnis and Shias sharpened noticeably following the arrests of 12 Kuwaiti Shias for oilfield bombings in June 1986 and January 1987. Some local Shias demonstrated against alleged government torture of the detainees and the confiscation of cash and jewelry from their families. [redacted]

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[redacted] We believe Tehran's repeated warnings to Kuwait about its treatment of local Shias and Iranian expatriates probably include an implied threat to exploit these tensions. [redacted]

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[redacted]

Kuwait has refrained from publicizing Iran's involvement in subversive activities to help preserve bilateral relations. For example, Kuwaiti authorities appear to have allowed the four Kuwaiti Shias who sought refuge in the Iranian Embassy shortly after being charged with the oil field explosions in January to leave the country, according to the US Embassy. Kuwaiti leaders probably believed that an assault on the Iranian Embassy or public exposure of Iran's role in the affair would only exacerbate tensions and perhaps spark sectarian violence in Kuwait. [redacted]

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The Kuwaiti government has kept diplomatic channels open and active, despite having recalled its ambassador in Tehran early in the war. Kuwaiti leaders believe a dialogue is essential to mitigate Iran's hostility, gauge Iranian intentions in the war, and discuss OPEC oil policy. Kuwait, as chairman of the Islamic Conference for the next three years, views itself as a possible mediator in the Iran-Iraq war and hopes to encourage Iranian responsiveness to peace efforts. [redacted]

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Prospects

Relations between Kuwait and Tehran are likely to remain tense for some time. Iran will probably attempt to intensify its attacks on Kuwaiti shipping, increase its support for Shia dissidents in Kuwait, and sponsor more terrorism against Kuwait. If terrorism fails to change Kuwait's policies, Tehran probably is prepared to implement existing contingency plans for limited air attacks against Kuwait, last undertaken in 1981. Iran may calculate such attacks would not provoke US or Soviet retaliation. [redacted]

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Kuwaiti leaders can ill afford to appease Iran by going easy on Kuwait's Shia community. Faced with the possibility of increased Iranian-sponsored subversive activities, Kuwait has little choice but to continue tough security measures such as deporting Iranian and Shia workers and removing local Kuwaiti Shias from jobs in the oilfields, military, and government institutions. [redacted]

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Kuwaiti leaders probably believe Iraq is its only defense against Iranian expansionism and hope that support from the superpowers will help deter Iranian attacks. Nonetheless, Kuwait probably realizes it would get little tangible international support against a more aggressive Iran or following an Iranian attack. Kuwaiti leaders, therefore, will maintain their support for Iraq while attempting to avoid further antagonizing Iran.

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[REDACTED]

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--Kuwait will probably play down the trials of Shia terrorists and the reflagging of Kuwaiti ships.

--Kuwait will continue to project the reflagging venture as a defensive move and downplay the prospects of increased superpower involvement in the Persian Gulf. [REDACTED]

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--Kuwait is unlikely to urge the Gulf Cooperation Council to take a stronger public stand against Iran or to support superpower involvement in the Persian Gulf. [REDACTED]

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Kuwait is unlikely to completely cut off support to Iraq. Kuwaiti leaders might be compelled to rethink the extent of their support to Iraq, however, and their turn to the superpowers if Iran undertakes a sustained and effective campaign of terrorism and subversion coupled with periodic military strikes that threaten to shut down Kuwait's oil production. In that event, Kuwait might place conditions on or even restrict Iraqi use of Kuwaiti airspace. Kuwait could also limit the number of convoys transporting arms to Iraq through Kuwaiti territory and insist more shipments be routed through the Saudi port of Yanbu. [REDACTED]

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Kuwait's mercantile mentality will restrain Kuwaiti leaders from undertaking actions that might damage long-term commercial relations. Kuwait almost certainly will try to keep relations healthy enough to profit from post-war activities. Kuwait recognizes that Iran is a major regional power that will have considerable political and economic influence in the region regardless of the war's outcome. Moreover, Kuwait's merchant elite, an important source of support for the ruling family, relies partly on trade with Iran, and their support could wane if their business ventures are frustrated by government. Regardless of who wins the war, Kuwait would quickly look for ways to exploit the new-found peace, hoping to benefit economically from post-war reconstruction efforts in Iran as well as Iraq. Kuwaitis probably believe, however, that no significant improvement in bilateral ties is likely until the current Iranian leadership changes or the war is over. [REDACTED]

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