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The Terrorist Threat to the Gulf Cooperation Council States: The Next 18 Months

National Intelligence Estimate

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*NIE 39-86
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THIS ESTIMATE IS ISSUED BY THE DIRECTOR OF CENTRAL INTELLIGENCE.

THE NATIONAL FOREIGN INTELLIGENCE BOARD CONCURS.

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The Central Intelligence Agency, the Defense Intelligence Agency, the National Security Agency, and the intelligence organization of the Department of State.

Also Participating:

The Assistant Chief of Staff for Intelligence, Department of the Army

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The Assistant Chief of Staff, Intelligence, Department of the Air Force

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NIE 39-86

**THE TERRORIST THREAT TO THE
GULF COOPERATION COUNCIL STATES:
THE NEXT 18 MONTHS**

Information available as of 16 January 1986 was used in the preparation of this Estimate, which was approved on that date by the National Foreign Intelligence Board.

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SCOPE NOTE

This National Intelligence Estimate examines the prospects for terrorism in the Arab states of the Persian Gulf over the next 18 months. It focuses on the Gulf Cooperation Council states as terrorist targets, complementing other interagency papers that examine patron-state supporters of terrorism in the Middle East and elsewhere. The Estimate details the principal internal and external terrorist threats to the GCC states and assesses the capabilities and strategies of these states in handling the threat. It examines the implications of terrorism for the stability of their governments, the implications for the United States in the region,



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KEY JUDGMENTS

During the period of this Estimate, the Gulf Cooperation Council states are likely to experience sporadic terrorism similar to that which has taken place over the past two years. These states share characteristics—including relatively large disaffected Shia populations, strains in relations with regional states that sponsor terrorism, large numbers of expatriate workers, and close ties to the United States—that make them attractive targets for terrorism. Most of the GCC entities with the exception of Kuwait are unlikely to experience a sharp rise in the incidence of terrorism.

Incidents that would lead to an increase in terrorism could include: a dramatic worsening of fortunes for either side in the Iran-Iraq war, significant deterioration of the Arab-Israeli peace process, US retaliation against a regional state, or economic collapse in the Persian Gulf. Terrorism in Kuwait will be driven by the Kuwaiti Government's continued detention of the perpetrators convicted of the December 1983 bombings in Kuwait, who have links to the Iranian-backed radical Shia Hizballah in Lebanon and Dawa Party elements throughout the region, and by deteriorating relations with Syria.

In the past year, sporadic acts of terrorism spread to normally quiescent Saudi Arabia—the GCC state of greatest importance to US interests—but Saudi security and political countermeasures are likely to limit terrorism to infrequent, scattered acts. We judge the Saudis will continue to be successful in limiting the terrorist threat from their minority Shia community with a combination of stiff security measures, some political accommodation, and economic inducements. Their cautious and conciliatory foreign policies also are likely to keep most foreign sponsors of terrorism at bay.

No terrorist incidents occurred in 1985 in Bahrain, the United Arab Emirates, Qatar, or Oman.

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Sources of Terrorism in the Gulf Region

Iran. Iranian-sponsored terrorism will continue to be the greatest external terrorist threat to the Gulf states. Iran has not launched a full-scale terrorist campaign against the Gulf states because it is trying to wean its Arab neighbors away from supporting Iraq, and events in the Iran-Iraq war will largely dictate Iran's sponsorship of terrorism in the

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Gulf. If, for example, Iran should be backed into a corner by adverse developments in its war with Iraq—such as destruction of Iran's oil-exporting capabilities—Tehran will almost certainly use expanded terrorism in the Gulf as part of its response. Tehran, meanwhile, will not be averse to maintaining terrorist pressure on the Gulf states through surrogate groups.

Shias. The principal domestic terrorist threat in Saudi Arabia, Kuwait, and Bahrain will come from the volatile presence of Iranian and Arab Shias who have developed contacts with radical Shias in Lebanon and exiles in Iran. The danger of domestic Shia unrest will be greatest in Bahrain, where the Shias form an impoverished majority that has little to lose by a change in the status quo. By contrast, in Saudi Arabia and Kuwait many Shias have built themselves an economic stake and will probably continue to stand against terrorist acts that would only bring down on them the wrath of the security services.

Sunnis. No significant cases of terrorism by Sunni fundamentalists have occurred in the region since the takeover of the Grand Mosque in Mecca in 1979. However, cells of Sunni fundamentalists are growing on college campuses in Saudi Arabia and Kuwait, where economic downturns are focusing greater attention on their pet theme of regime corruption. We think the chances are about even that they may turn to terrorism to highlight their cause. Sunni extremists also have an intense dislike for the Shias, and rounds of violent attacks between Shias and Sunnis in the Gulf are possible and could threaten Westerners.

Expatriate Workers. Strict visa and work-permit regulations, aggressive deportation policies, and economic inducements will continue generally to constrain the expatriate communities from extreme actions. Still, the expatriate worker communities in the Gulf include many disgruntled individuals, and provide a ready pool of surrogates for state-sponsored terrorism. Most of the known perpetrators of terrorist acts in Kuwait, such as the bombing of the US Embassy in 1983, have been expatriates from Lebanon or Iraq who were paid surrogates or members of terrorist organizations. Moreover, the large-scale presence of foreigners and their frequent travel strain local security assets and provide a cover for the insertion and activity of terrorist operatives.

Leftist Groups. The Saudi Communist Party, the Popular Front for the Liberation of Oman, the local Ba'ath parties, and other leftist groups, with operational capabilities that have been markedly reduced over the past decade, will be unlikely to pose a serious terrorist threat to the Gulf states during the period of this Estimate.

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Other Groups. The GCC states also will continue to be targets of meddling and terrorist pressure from Syria, Iraq, Libya, and Palestinian groups. Of these, Syria will pose the greatest threat. Damascus is using terrorism—often through Palestinian groups—to extract financial aid and remind the Gulf states that Syria must be taken into account in their foreign policy formulation.

Possible New Factors Causing Terrorism

New factors would have to come into play for the GCC states other than Kuwait to be subject to increased terrorism in the next 18 months. Some of the more likely possibilities include:

- A dramatic worsening of fortunes for Iran in the war or a perception in Tehran that the Gulf states had substantially increased their support for Iraq. A serious crippling of Iran's oil export capabilities would make this a likely catalyst for Iranian terrorism.
- Deterioration of the Arab-Israeli peace process to another round of armed conflict. Another Arab-Israeli war would heighten anti-US sentiments in the region and increase the threat of terrorism against US interests in particular. Significant progress in the peace process probably also would unleash terrorism from rejectionist elements throughout the Middle East. Events such as the Israeli raid on PLO headquarters in Tunis and the US diversion of the Egyptian airliner carrying the Achille Lauro hijackers highlight Arab frustration with the Arab-Israeli conflict and increase anti-US sentiments in the region and the likelihood of attacks directed at US interests. The Gulf states have kept a lid on potential local outbreaks of violence as a result of Arab-Israeli tensions, but they may be unable to do so if the issue is brought closer to home by an Israeli attack on PLO offices somewhere on the Arabian Peninsula, for example, or US retaliation against a regional state.
- A dramatic worsening of the Gulf economies—an increasing possibility, given falling world oil prices. This would increase the likelihood that disgruntled local elements would take out their frustrations in the form of terrorism or sabotage.
- Domestic turmoil in any of the Gulf states, which could spur Iran to reinvigorate its policy of exporting revolution to the Gulf.

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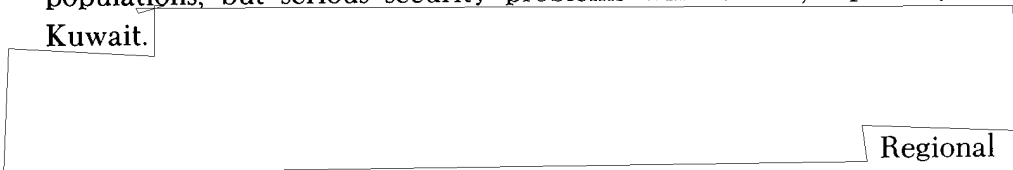


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- An event that sparks a surge in Islamic fundamentalism and the rapid politicization of religious elements—either Shia or Sunni—in the Gulf. Examples include the assassination of Khomeini or the arrest of popular clerics.

Likely GCC Responses

None of the Gulf states is likely to accede to specific terrorist demands, nor will they change their foreign policies in response to terrorism. They will continue to try to plug the gaps in their internal security capabilities, and take more measures to reduce their expatriate populations, but serious security problems will remain, especially in Kuwait.



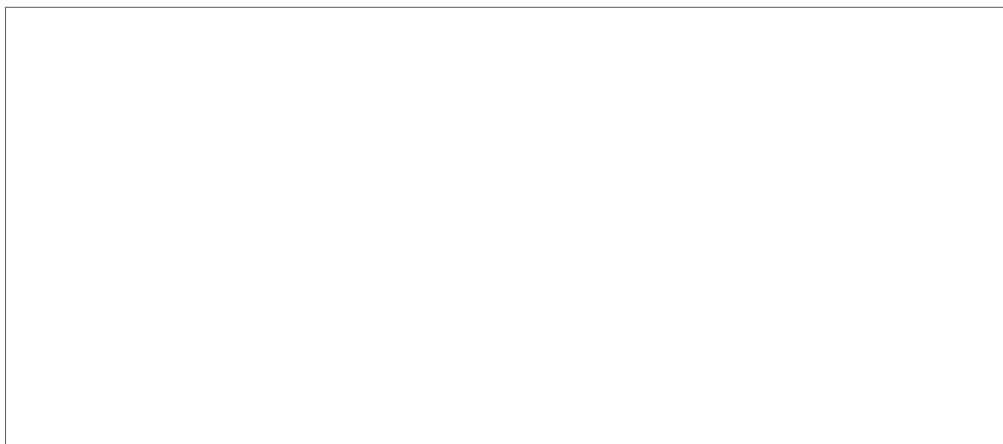
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Regional antiterrorism cooperation will probably expand, but only moderately.

Significance for US Interests

US interests in Kuwait and elsewhere will remain high-priority targets, especially for Shia terrorist groups. American diplomats, military officials, and businessmen are especially vulnerable and remain easy prey for potential assassins:

- Given the diminished US presence in Lebanon and the increasing difficulty of attacking US interests there, the attention of Shia terrorists may turn more to the large US presence in the Gulf states, especially in response to major outside events—such as the Israeli raid on PLO headquarters in Tunis, and US actions in the Achille Lauro case—that sharply stimulate anti-US sentiment in the region.



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Sustained terrorist attacks—such as could occur in the wake of one of the contingencies in this study and that are obviously tied to the US presence in the Gulf—could adversely affect US relations with Gulf countries and lead them to decrease the US military presence and draw away from agreements facilitating US operations in the region.

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Shia Muslim Population as Percentage of Native Population



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DISCUSSION

1. The states of the Gulf Cooperation Council share characteristics that make them attractive targets for terrorism from several quarters. The conservative shaykhdoms are repugnant to extremists of all stripes—leftist, Sunni, Shia. All the GCC states support Iraq in the Gulf war. Nearly all have large disaffected Shia populations (see map), stirred by the nearby Shia revolution in Iran, and large numbers of expatriate workers whose loyalties lie elsewhere. They are involved in the Arab-Israeli peace process and inter-regional struggles, increasing their exposure to external terrorist threats. Most recently, the dramatic decline in oil revenues is exacerbating the disgruntlement of a wide range of domestic elements. The monarchies' close ties to the United States and the vehemently anti-US rhetoric of extremists make the many US facilities and personnel—diplomatic, military, and commercial—prime targets.

2. Over the past year the pace of terrorist activities in most of the GCC states, particularly Kuwait, has accelerated. No major terrorist incident occurred in the Gulf in the 12 months following the 12 December 1983 bombing of the US Embassy and other targets in Kuwait. But in 1985 there were four major terrorist events in Kuwait, including a nearly successful assassination attempt against the Amir. (See table 1.)

3. The current round of terrorism in Kuwait appears to be driven by two factors: the government's continued detention of the perpetrators convicted for the December 1983 bombings, who have links with the Iranian-backed radical Shia Hizballah in Lebanon and Dawa Party elements throughout the region; and deteriorating relations with Syria. The royal family faces a difficult dilemma with the prisoners. It is prevented from releasing them by public pressure against such a move as well as by its own commitment to maintain a hard line against terrorism, but carrying out their death sentences could unleash a wave of terrorist retaliation. Doing nothing—so far the least distasteful option to the Kuwaitis—ensures a continued high level of terrorist intimidation from Hizballah and Dawa attempting to force the release of the prisoners. To complicate matters, the Kuwaitis believe the Syrians are using Palestinian surrogates for terrorism in Kuwait because of Kuwaiti support for Yasir

Arafat, aid to Iraq, and reluctance to provide aid to Damascus.

4. Terrorism has spread to normally quiescent Saudi Arabia. Two Saudia Airlines planes have been hijacked—in November 1984 and March 1985—and in May 1985 still-unidentified terrorists set off bombs in front of two Riyadh restaurants, killing one bystander. No terrorist incidents occurred in Bahrain, the United Arab Emirates, Qatar, or Oman in 1985, but the security services in Bahrain and the UAE made arrests and uncovered cells of radical Shias supported by Iran, indicating that terrorist assets remain active.

5. The GCC governments generally have followed a two-track response to this upsurge in terrorism. They have adopted a harder attitude toward terrorism and enforced harsher internal security measures, while at the same time emphasizing their nonconfrontational policies to state supporters of terrorism, especially Iran.

6. The primary concern of Gulf leaders is that the Iran-Iraq war will escalate to include Iranian terrorist attacks against the Gulf states. Iraqi success in crippling Iran's oil export capability for a prolonged period or in destroying major economic targets is likely to result in Iranian retaliation. Still, Tehran wants to avoid provoking the spread of the war into the Gulf states and is therefore likely to turn at least initially to surrogates in the Dawa Party or Hizballah to carry out such attacks.

The Domestic Threat

Shia Unrest

7. The principal terrorist and subversive threat in Saudi Arabia, Kuwait, and Bahrain comes from the volatile presence of Iranian and Arab Shias. The Shias make up 70 percent of the native population in Bahrain, about half of the population of Saudi Arabia's Eastern (Ash Sharqiyah) Province (but only about 5 percent of the total Saudi population), and 30 percent of the native population of Kuwait. These local Shias have developed contacts with radical Shias in Lebanon and exiles in Iran, making them potentially more dangerous. The Shia threat also exists in Qatar and the UAE, but not to the same extent. (See map.)

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Table 1
Major Terrorist Incidents Associated With GCC States, 1983-85

Date	Location	Type of Attack	Demands	Perpetrators	Casualties	Comment
3 Sep 83	Pakistan, UAE	Probable bomb aboard Gulf Air flight from Karachi to Abu Dhabi caused plane to crash, killing all aboard.		Abu Nidal claimed credit.	Total of 111 killed, including one American.	
12 Dec 83	Kuwait	Car bombs against US, French Embassies, Kuwaiti Government facilities.		Dawa Party, Hizballah.	Six killed, 87 injured.	The car bombs exploded simultaneously at seven locations in Kuwait, including the US and French Embassies and the housing compound of a US defense contractor. The bombs were intended to cause massive death and disruption of vital Kuwaiti installations, but only one-fourth of the explosives detonated. Those tried and sentenced included 17 Iraqis, three Lebanese, three Kuwaitis, and two Palestinians, most members of the Dawa Party or Hizballah.
Feb 84	France	Assassination of UAE Ambassador	Caller claiming credit protested "UAE links to American imperialism" and expulsion of Palestinians from UAE	Abu Nidal claimed credit.	UAE Ambassador killed.	
21 Jul 84	UAE, Lebanon	Middle East Airlines flight hijacked from Abu Dhabi to Beirut.	End Israeli occupation of south.	One Lebanese Shia.	None.	Hijacker surrendered in Beirut after being granted press conference.
31 Jul 84	Spain	Kuwaiti businessman shot and wounded.		Islamic Jihad claimed credit.	One wounded.	
14 Sep 84	Spain	Saudi tourist killed.		Islamic Jihad claimed credit.	One killed.	
5 Nov 84	Saudi Arabia, Iran	Saudia Airlines flight hijacked from Jiddah to Tehran.	\$500,000, assurances that Saudi Arabia would "leave North Yemen alone."	Two Yemenis	One hijacker killed by passengers.	Hijackers probably acted alone, had no connection with terrorist/opposition groups or state sponsors.
4 Dec 84	UAE, Iran	Kuwait Airlines flight hijacked from Dubayy to Tehran.	Release of prisoner in Kuwait charged with 1983 bombings.	Shia extremists, probably members of Hizballah or Dawa Party.	Two US officials killed.	US, Kuwaiti, and British hostages beaten and interrogated during six-day ordeal. Iran sympathized with hijackers and exploited incident politically before "storming" plane to end hijacking. Plane still not returned to Kuwait.
1 Mar 85	Kuwait	Assassination of Iraqi diplomat.		Unknown; Kuwaitis suspect Iraqis.	Two killed.	Four unidentified gunmen killed the Iraqi diplomat and his son in their home.
17 Mar 85	Saudi Arabia	Saudia domestic flight from Jiddah hijacked to Dhahran.		One Yemeni.	Hijacker killed.	Lone hijacker killed at Dhahran by Saudi counterterrorist forces.
23 Apr 85	Kuwait	Attempted assassination of Kuwait's most prominent journalist.		Abu Nidal claimed credit.		Moderate journalist Ahmad Jarallah was shot six times with a submachinegun as he was leaving his office but was not killed. Attacker has not been caught.
18 May 85	Riyadh, Saudi Arabia	Bombing of two pizza parlors.		Unknown; Islamic Jihad claimed credit and later denied responsibility.	One killed, three wounded	Explosions occurred during first high-level Saudi visit to Iran (Foreign Minister Sa'ud al-Faysal) since revolution.
25 May 85	Kuwait	Attempted car bomb assassination of Kuwaiti Amir.	Release of prisoners held for 1983 bombings.	Islamic Jihad originally claimed credit.	Six killed, 12 wounded.	Suicide bomber, later identified as Iraqi Shia Dawa Party member, rammed his explosive-laden car into Amir's motorcade. Amir suffered minor injuries.
11 Jul 85	Kuwait	Bombing of seaside cafes.	That the Gulf countries "give up their policies hostile to Arab and Palestinian nationals."	Abu Nidal claimed credit.	Eight killed, 89 injured.	Bombs were placed under chairs at crowded outdoor cafes. Kuwaitis suspect Syria behind attack.
21 Jul 85	Lebanon	Bombing of Kuwait Airlines office.		Abu Nidal claimed credit.	None	

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8. Long discriminated against by the dominant Sunnis, barred from political participation except in Kuwait, often prevented from conducting religious rites, and deprived of anything near a proportionate share of the oil wealth, many Shias hold the Gulf monarchies in low regard. The danger of domestic Shia unrest is greatest in Bahrain, where the impoverished Shia majority would have little to lose by a change in the status quo.

9. We judge that an upsurge in terrorism in Bahrain would not necessarily rally the Shias behind the regime. Instead, we believe a dramatic increase in terrorist attacks, particularly if prominent members of the ruling family were killed, might lead Bahraini Shias to believe that the regime is vulnerable enough to be brought down. However, we do not believe terrorism will reach this stage in the next 18 months.

10. In both Saudi Arabia and Kuwait, the Shias have built something of an economic stake and have virtually no chance of forcibly taking and maintaining control of the government. The Shias generally will stand against terrorist acts that harm their economic progress and would only bring down the wrath of the security services. Disturbances in the Shia community occur occasionally in Saudi Arabia, however, and could again be sparked by excessively oppressive security measures or an economic setback to the community, such as an unlikely mass Aramco dismissal of Shia workers. However, Saudi sensitivity to this problem makes major Shia unrest in the Eastern Province unlikely in the near term.

Sunni Extremists

11. An outgrowth of the Islamic fundamentalist trend throughout the Middle East is the development of groups of extremist Sunnis, such as those who took over the Grand Mosque in Mecca in 1979. Like many of the Shias, they believe that the ruling families have become Westernized, corrupt, and impious. In the case of Saudi Arabia, they regard the Al Saud as unfit guardians of the holy places, and the senior establishment clerics as stooges of the regime. The goal of the extremists who took over the the Mecca mosque was to overturn the regime because of its corruption, Westernization, and close affiliation with the United States. No significant cases of violence by Sunni fundamentalists have occurred in the region, however, since the mosque incident.

12. Cells of Sunni fundamentalists who believe terrorism is an acceptable means of pursuing their goals, are growing on the college campuses in Saudi Arabia and Kuwait. The formative years of their

young members have been dominated by Pan-Islamic, rather than Pan-Arab, sentiments and news of successful Muslim terrorists, rather than the Palestinian resistance. The economic downturn is focusing greater attention on their pet theme of regime corruption. We think the chances are even that some may turn to terrorism to highlight their cause. They are most likely to act independently, however, not as surrogates for states such as Syria or Libya, and could attack US targets because of close US affiliation with the monarchies, especially in Saudi Arabia. In addition, extremist Sunni elements in the security services could in a climate of sectarian tension resort to unsanctioned attacks on the Shia populations in their countries.

13. Another feature of Sunni extremism is an intense dislike for the Shias. For example, the Salafiyin—most prominent in Saudi Arabia and Kuwait—are radical fundamentalists, who are known to harass the Shias, reportedly burning Shia mosques in Saudi Arabia's Eastern Province. As Shia and Sunni fundamentalism grows in the Gulf, violence between the two communities is more likely and could threaten Westerners.

Expatriates

14. All GCC states have large, in some cases majority, foreign communities. Most foreigners are in the Gulf to make as much money as possible, are uninterested in domestic politics, and are unwilling to engage in behavior that would jeopardize their stay. Strict visa and work-permit regulations and aggressive deportation policies have kept the expatriate communities generally quiescent. Still, expatriate worker communities in the Gulf states include many disgruntled individuals and provide a ready pool of subornable surrogates for state-sponsored terrorism. Moreover, the large-scale presence of foreigners and their frequent travel strain local security assets and provide a cover for the activity of terrorist operatives. Of Kuwait's population of about 1.9 million, for example, only 650,000 are Kuwaitis. The remainder include some 300,000 to 400,000 Palestinians (Kuwait City has the world's second-largest urban concentration of Palestinians, exceeded only by Amman), 80,000 Iranians, 170,000 Egyptians, 100,000 Iraqis, 90,000 Syrians, 30,000 Yemenis, and 250,000 South Asians. Most of the known perpetrators of terrorist acts in Kuwait, such as the bombing of the US Embassy and other targets in 1983, have been expatriates who were paid surrogates or members of terrorist organizations.

15. While the financial benefits of working in the Gulf are lucrative, expatriates are treated as servants

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by their hosts, and this can be galling, especially to other Arabs. The Saudi saying "Cleanliness comes from faith, and the cleaners come from Yemen" typifies this attitude. Disgruntlement can lead to isolated acts of violence. Yemenis apparently acting alone commandeered the two Saudia Airlines flights. In one case, the hijackers demanded \$500,000 and assurances that Saudi Arabia would "leave North Yemen alone."

Leftist and Exile Groups

16. The Saudi Communist Party, the Popular Front for the Liberation of Oman, the local Ba'ath parties, and other leftist groups, with operational capabilities that have been markedly reduced over the past decade, currently do not pose a serious terrorist threat to the Gulf states. Many dissidents who harbored leftist sentiments in the 1960s and went into voluntary exile have since returned to their home countries and occupy responsible positions.

The Foreign Terrorist Threat

Iranian-Sponsored Terrorism

17. For the period of this Estimate, Iran will remain the greatest external terrorist threat to the Gulf states. In the short term, Iranian terrorist harassment of the Gulf states is likely to be aimed at influencing Gulf regimes to end their support for Iraq. Over the long term, however, Tehran remains committed to exporting its revolution and replacing the Gulf regimes with something more akin to its own Islamic republic. Kuwait, because of its weakness and tangible assistance to Iraq, is the most likely target in the near term. Bahrain, because of its Shia majority and political fragility, is Iran's prime target for its more long-term goal of fomenting Islamic revolution. In fact, Bahrain is the only Gulf country whose regime revolutionary Iran has tried to overthrow, with an abortive coup in 1981.

18. Iran, however, currently is seeking improved relations with the GCC states as part of a strategy to wean them away from Iraq. Although Tehran continues to develop assets and threaten them through propaganda, it has not been directly engaged in a campaign of terror against them and could not be directly implicated in any of the past year's incidents. The relative pragmatists in Tehran's foreign policy establishment have largely attempted to employ the carrot, rather than the stick, with their neighbors across the Gulf.

19. If Iraq succeeds in creating severe economic and political pressure on Iran by significantly curtail-

ing Iranian oil exports or destroying major economic targets, even the pragmatists in Tehran would probably agree that terrorism in the Gulf would be an appropriate response. Disarray in Iran's power structure could also lead to terrorism in the Gulf states as both radicals and pragmatists in Tehran pursue conflicting policies. Radicals might find terrorism a useful means to undercut the efforts of pragmatists to improve relations with the GCC. In addition, Iranian-backed groups might conduct terrorism against the Gulf states or US targets there without orders from Iran.

20. Since the revolution, Iran has built the capabilities of the Dawa Party, the Islamic Front for the Liberation of Bahrain, and Lebanon-based Hizballah, but maintains only tenuous control over individual operations in the Gulf and apparently does not always have foreknowledge of these operations. While Iran apparently has not been involved in the planning of incidents in recent years in the Gulf, such as the hijacking of Kuwaiti flight KU-221 in December 1984 and the attempt on the Kuwaiti Amir's life last May, Tehran probably will maintain terrorist pressure on the Gulf states while pursuing a conciliatory foreign policy.

21. The radical Shia groups are committed to overthrowing the moderate Gulf regimes, are active in Bahrain and Kuwait, and probably have cells in other Gulf states. Acting independently or at Iran's behest, they could conduct successful terrorist operations. Dissident Gulf Shias travel secretly to Iran via Syria for indoctrination and terrorist training, and Shia terrorist assets probably are in place in all of the GCC states except Oman.

22. Of the Gulf states, Oman and the UAE maintain the best relations with Iran, and are the least likely to be targeted for terrorism by Tehran. Economic factors in particular give the Iranian regime pause about conducting terrorist acts against the UAE, although operations against other Gulf states may be staged from there. Dubayy serves Iran as an important trading partner for both legal and smuggled goods, as a crucial air passenger link to the outside world and conduit for reexports, and as an important banking center. Its importance has been accentuated by Iran's isolation in the Gulf and the effects of the ongoing war with Iraq. The UAE is also a window for Iran into the Arab world. Tehran maintains a sizable and active official presence in the UAE, as well as terrorist assets,

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Radical Arabs

23. The GCC states have been targets of meddling and terrorist pressure at one time or another from Syria, Iraq, Libya, and Palestinian groups. Syria currently poses the major threat from this quarter. Gulf states fear that Damascus is using terrorism to remind them that Syria must be taken into account in their foreign policy formulations. Although they have no suspects, the Kuwaitis believe that Syria was behind the attempted assassination in April 1985 of a prominent moderate Kuwaiti journalist and the bombings of seaside cafes in July 1985 that left eight people dead. It is widely believed in the UAE that Syria was behind the assassination in Paris of the UAE Ambassador to France in 1984 and the wounding of a UAE diplomat in Rome that same year.

24. Historically, the threat has been greatest from Iraq, which has demonstrated ambitions of dominating the Gulf. Baghdad's intimidation efforts currently are dormant

[redacted] Iraq is not likely to resort to unprovoked terrorism or subversion in the Gulf as it did in the 1960s and 1970s because it realizes that trying to subvert the Gulf regimes now will only play into the hands of Iran and radical Shias. If Baghdad perceived that the GCC states were diminishing their support for Iraq, however, it probably would employ terrorism against them.

25. Libya periodically attempts to meddle in the Gulf, although its assets are limited. The Qataris uncovered a Libyan plot in 1982 to disrupt the GCC summit conference in Doha with terrorism. Qatar subsequently froze diplomatic relations with Libya. Over the past year, Libya has increased its support for the radical Palestinian Abu Nidal group. While the extent of Libyan influence over the group's activity is unclear, cooperation with it could give Libya a capability to sponsor terrorism in the Gulf, including terrorism against US interests.

26. Various Palestinian groups have targeted the Gulf over the past few years, often as surrogates for state sponsors, as in the case of the suspected Abu Nidal assassination of the UAE diplomat on Syria's behalf. Palestinian groups can easily thrive amid the cover of the large and loosely controlled Palestinian populations, especially in Kuwait and the UAE. The Kuwaiti Government traditionally has permitted non-combatant Palestinian organizations to operate freely in Kuwait. The rule of thumb has been that organizing can be done in Kuwait provided no operations are

aimed at Kuwaitis. This rule was broken when assailants suspected to be Palestinians with Syrian backing attempted to assassinate the Kuwaiti journalist last April. As a result, the Kuwaitis have begun to restrict Palestinian activities.

The Soviet Union

27. Moscow's newly established diplomatic relations with Oman and the UAE, added to longstanding ties to Kuwait, make the Soviets unlikely to encourage terrorist activity in the GCC states. Ties to Oman and the UAE took a long time to achieve, and the Soviets would not risk undermining those relations by supporting small groups that are unlikely ever to obtain power. Moreover, Moscow's desire to cultivate relations with Saudi Arabia, Bahrain, and Qatar militates against any interest in supporting terrorist operations in these countries. At the same time, the Soviets are likely to maintain their longstanding contacts with leftist groups in the region, such as the National Liberation Front of Bahrain and the Popular Front for the Liberation of Oman, to keep options open in the event relations with the Gulf states sour. A remote possibility is that Soviet-backed South Yemen will engage in terrorism against the GCC states.

The Gulf as a Stage

28. The danger also exists that during times of high regional tension—over the Arab-Israeli problem or the Iran-Iraq war, for example—terrorist groups from outside the Gulf will use the GCC states as an arena in which to dramatize their cause. The close affiliation of these states with the United States heightens this possibility. Saudi Arabia and Kuwait have provided refuge over the years to political exiles as diverse as Uganda's Idi Amin and members of Egypt's formerly outlawed Muslim Brotherhood. This, combined with the volatile demographic mix and active foreign embassies, creates an environment in which sporadic acts of violence not targeted at Gulf interests should be expected. The murder of an Iraqi diplomat in Kuwait last March probably was an example of this type of violence.

29. The pilgrimage to Mecca occasionally also serves as a forum where these non-GCC tensions are played out. Every year nearly 1 million non-Gulf Muslims descend on Saudi Arabia to perform the emotionally charged hajj. Iranian and Iraqi pilgrims clashed in 1984, resulting in one death, despite Saudi efforts to keep such potentially hostile delegations separated. The same year Libyan leader Qadhafi attempted to use the hajj to track down and kill

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dissidents [redacted] but the Saudi security forces scuttled these efforts.

continue. None of the countries have budged to terrorist demands. Instead, they have turned their attention to plugging the gaps in their internal security

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Vulnerability of Targets

30. Terrorists have a wide range of targets to choose from in the Gulf states: government officials and facilities; in most cases a large US business, diplomatic, and military presence; extensive petroleum facilities, including refineries, pipelines, and production and export facilities; desalination plants; and electric power plants. Security around US embassies and consulates in the region has been increased substantially in the past few years, making successful attacks against them much more difficult. However, many potential targets lack adequate security. Several hijackings in the Gulf have been carried out with relative ease, indicating that airport security in the region is flawed. American diplomats, military personnel, and businessmen remain easy prey for potential assassins. Gulf leaders also are vulnerable. The narrow nature of the political elite in most GCC countries makes political officials a particularly lucrative target.

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31. Although a well-trained terrorist with a detailed knowledge of petroleum facilities could severely damage key petroleum installations, unsophisticated attacks against oil pipelines or oil facilities would be little more than a nuisance. A string of such attacks, however, could disrupt oil exports and reduce oil revenues. Repeated attacks would serve to weaken regime legitimacy by highlighting the government's incompetence and inability to protect itself. Worker sabotage is an important concern in Saudi Arabia—where Shia employees account for about half of the Saudi work force at Aramco and much of its security force—as well as in Kuwait and Bahrain.

32. Besides the oil infrastructure, essential industrial facilities such as desalination plants and electric power plants are vulnerable. For instance, more than 90 percent of the Gulf's desalinated water comes from 56 plants in 29 locations. Within each plant, disruption of any of several critical elements could shut down the desalination process. Significant power disruptions could result from attacks on key electric generating plants and bulk power distribution facilities. Moreover, damage to certain critical plant components could require months to repair or replace.

Handling the Threat

33. Although the Gulf states are traditionally cautious, their response to the escalating terrorist violence has generally been firm and this trend is likely to

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Regional Cooperation

45.

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Saudi Arabia has signed bilateral

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security agreements with all of the states except Kuwait, which sees extradition and hot-pursuit provisions as a violation of its sovereignty.

46. A less tangible benefit of GCC cooperation, but one especially important to the smaller states, is the image projected of collective self-defense. The recent escalation in the Iran-Iraq war prompted the GCC to issue a statement that an attack on any one of the states would be considered an attack against all. The more vulnerable states, especially Kuwait, hope that such an attachment to Saudi Arabia will serve as a deterrent to states like Iran and perhaps Iraq in the future. The GCC umbrella certainly will not deter terrorists bent on conducting operations in the Gulf and willing to die in the process, but it may give some pause to state sponsors of terrorism, who must consider the foreign policy implications of their actions.

Keeping the Shias Down

47. Since the Iranian revolution and its potential politicization of their own Shia populations, the Gulf states have combined economic inducements with stricter security measures to keep their Shia populations quiescent. This carrot-and-stick approach has succeeded, especially in Saudi Arabia, where development spending in the Shia areas of the Eastern Province has increased dramatically since 1979. The recent replacement of the province's unpopular governor with a member of the royal family's inner circle and annual visits by the King have contributed to this success. The tougher security posture throughout the Gulf includes intensified monitoring of Shia travels to Syria and Iran, a gradual purge in Kuwait of Shias from sensitive military and security positions, and routine arrests and questioning of Shias suspected of antigovernment activity.

48. Violence leading to terrorist acts could occur during the emotional Shia holy days in the fall of 1986 and 1987, when the Shias reenact the passion play of the martyrdom of the Prophet's grandson at the hands of Sunnis. With the exception of Bahrain, which tries harder than its neighbors to accommodate its large Shia population, the Gulf states have outlawed or severely restricted these Shia rites to minimize the emotional frenzy. Religious fervor and excessive security measures led to violent clashes between Shia and Saudi security forces in the post-Iranian-revolution years of 1979-81. Tensions have since subsided and the situation is likely to remain calm barring another explosive regional event with sectarian overtones, such as a decisive victory for one side in the Iran-Iraq war.

Terrorism Policies

49. The policy of all of the Gulf governments is that they will not give in to terrorist demands and that terrorists will be dealt with harshly. The GCC states are likely to continue to adhere to this policy. If there is any change, it is likely to be a further hardening of their position in the face of an increased terrorist threat. The tough antiterrorism posture is reflected in the adamant Kuwaiti refusal to accept Hizballah demands for the release of the imprisoned 1983 car-bomb terrorists despite the attack on the Amir and threats of more violence, and in the quick Saudi move to storm and kill the hijacker of the Saudia flight in March 1985.

50. The Gulf states couple this firm antiterrorism policy with foreign policies designed to avoid entanglement in the problems of their neighbors, particularly Iran, and thus avoid providing a motive for retaliation, terrorist or otherwise. Weaker than their neighbors militarily, the Gulf Arabs have long seen aggressive conciliation as a necessary element of their survival. At the same time, they have attached themselves to popular causes, such as Palestinian nationalism. This strategy is currently up against significant obstacles, notably the Iran-Iraq war, and divisions among the Palestinians and within the Arab world. Kuwait and Saudi Arabia, for example, have attempted to support Yasir Arafat and the PLO mainstream without alienating the more radical Palestinian elements and Syria.

Aid as Insurance Against Terrorism

51. Saudi Arabia and Kuwait in particular demonstrate their solidarity with the Arab confrontation states, stave off domestic and regional criticism, preempt terrorist attacks by Arab radicals, and maintain important channels of communication through their aid to the principal adversaries of Israel. (See chart.) An important, but not overriding, aspect of these payments is the insurance that it provides against terrorism. There are, however, potentially dangerous side effects. The aid to Syria, for example, risks antagonizing Iraq and vice versa, and a cutback or cutoff of aid risks terrorist intimidation from the recipient. Syrian actions against Kuwait are probably related to the latter's reluctance to provide continued aid. Kuwait unilaterally cut in half its Arab League-mandated aid commitments to Syria in 1983, and remains delinquent in its 1985 payments.

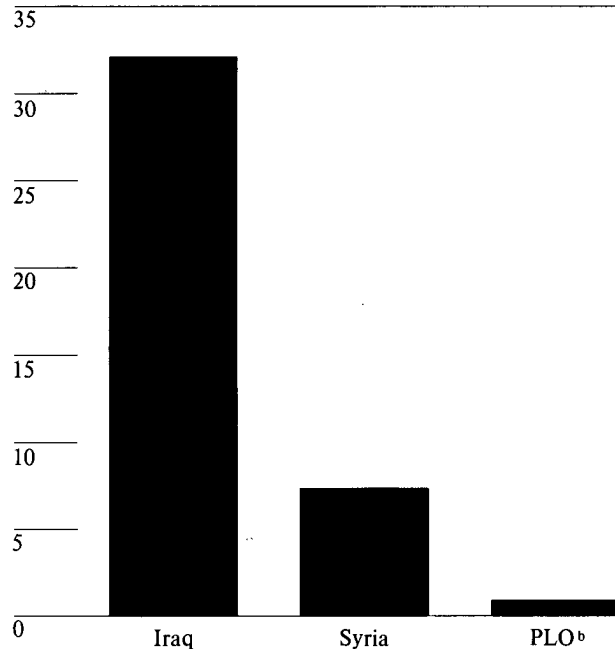
52. Worsening economic problems will complicate Gulf efforts to maintain generous aid payments to

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GCC States: Bilateral Foreign Aid Disbursements, 1980-85^a

Billion US \$

^a Estimated for 1985.^b Includes only payments observed from Baghdad aid transactions. Actual payments probably are higher.

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potential adversaries. The Kuwaiti Government has accepted a National Assembly vote against continued Baghdad Pact payments to Syria, Jordan, and the PLO, although it is continuing much of this aid under a separate rubric for now. The Saudis have cut aid payments to some of the more peripheral recipients, but they consider aid payments to Syria, Iraq, and the PLO of sufficient priority to make them unlikely to be cut substantially over the next 18 months.

Prospects

53. Terrorist violence in Kuwait is likely to continue at the same high but sporadic pace over the next 18 months and perhaps spread to some of the other GCC states. Much of the terrorism will be driven by Kuwait's continued imprisonment of the Shia perpetrators of the bombings in 1983. Kuwait is almost certain not to release the prisoners, given its hardened position on terrorism. It may look for ways, however, to strike a face-saving deal that does not compromise its public hardline position.

54. In the unlikely event that Kuwait executes the prisoners sentenced to death, the Dawa Party or Hizballah can be expected to try at least one spectacular act of retribution—probably including another attempted assassination of the Amir or of other Kuwaiti officials. Given the record over the past year, such an attack would have a good chance of success.

55. Iran's terrorism policies against Kuwait will be dictated largely by events in the Iran-Iraq war. Iran is unlikely to abandon its longer term objective of exporting the revolution to the Arab side of the Gulf, but its shorter term goal of conciliating the Gulf states and lessening its international isolation probably will continue to take precedence. If Iraq severely cripples Iran's oil export capabilities for a prolonged period or destroys major economic targets, Iran is likely to resort to terrorist strikes in retaliation. Iran probably would first sponsor attacks by its surrogates in the Dawa Party or Hizballah to carry out such attacks. Tehran probably will continue its policy of responding in kind to Iraqi attacks and will not instigate an unprovoked spread of the war into the Gulf states. Tehran wants to avoid military involvement in the region by the United States but may stage anti-US terrorist acts in the Gulf or elsewhere if it comes under severe economic and political pressure in the war.

56. Although Kuwait is powerless to dictate the course of the Iran-Iraq war, it has more control over its relations with Syria and may take steps to reconcile with Damascus. Syrian terrorism is more measured than that of the fanatic Shia groups and more aimed at sending messages than sabotaging the regime.

57. If violence in Kuwait increases substantially over the levels of the past few months, the stability of the regime is not likely to be seriously affected. Had the attempt on the Amir's life succeeded, power would have devolved to the Crown Prince. Unless the government arbitrarily damages the economic well-being of the Shia and Palestinian communities, they will not be eager to jeopardize their positions by engaging in terrorism against the regime. The backlash of overzealous security measures is unlikely to threaten the viability of existing Kuwaiti institutions.

58. In the terrorism scenario with the most dramatic political repercussions, increased terrorist violence in Bahrain could set off a string of events that would lead to an attempted Shia overthrow of the regime. The Saudis fear such an event would cause unrest in their own Shia population, and probably would move quickly to put down an uprising in Bahrain. The completion of the causeway between the two countries

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this year would facilitate such an effort, and this certainly was in the Saudi and Bahraini leaders' minds when they approved the project.

59. Terrorist violence in the other Gulf states might threaten individual leaders, but would not jeopardize the ruling families' hold on power. It would, however, embarrass the regimes and highlight their inability to protect themselves. At a maximum, Saudi Arabia, Oman, the UAE, and Qatar would dismiss senior security officials—perhaps as high as a minister—and conduct a housecleaning and maybe reorganization of the security services.

60. The GCC states also will continue to be targets of meddling and terrorist pressure from Syria, Iraq, Libya, and Palestinian groups. Of these, Syria will pose the greatest threat. Damascus is using terrorism—often through Palestinian groups—to remind the Gulf states that Syria must be taken into account in their foreign policy formulation.

61. New factors would have to come into play for the GCC states other than Kuwait to be subject to increased terrorism in the next 18 months. Some of the more likely possibilities include:

- A dramatic worsening of fortunes for Iran in the war or a perception in Tehran that the Gulf states had substantially increased their support for Iraq. A serious crippling of Iran's oil-export capabilities would make this a most likely catalyst for Iranian terrorism.
- Deterioration of the Arab-Israeli peace process to another round of armed conflict. Another Arab-Israeli war would heighten anti-US sentiments in the region and increase the threat of terrorism against US interests in particular. Significant progress in the peace process probably also would unleash terrorism from rejectionist elements throughout the Middle East. Events such as the Israeli raid on PLO headquarters in Tunis and the US diversion of the Egyptian airliner carrying the Achille Lauro hijackers increase Arab frustration with the Arab-Israeli conflict and anti-US sentiments in the region and the likelihood of attacks directed at US interests. The Gulf states have kept a lid on potential local outbreaks of violence as a result of Arab-Israeli tensions, but they may be unable to do so if the issue is brought closer to home by an Israeli attack on PLO offices somewhere on the Arabian Peninsula, for example, or US retaliation against a regional state.

- A dramatic worsening of the Gulf economies—an increasing possibility, given falling world oil prices. This would increase the likelihood that disgruntled local elements would take out their frustrations in the form of terrorism or sabotage.
- Domestic turmoil in any of the Gulf states, which could spur Iran to reactivate its policy of exporting revolution to the Gulf.
- An event that sparks a surge in Islamic fundamentalism and the rapid politicization of religious elements—either Shia or Sunni—in the Gulf. Examples include the assassination of Khomeini or the arrest of popular clerics.

Implications for the United States

62. US interests, particularly in Kuwait, will remain high-priority targets, especially for Shia terrorist groups. With the dwindled US presence in Lebanon and the increasing difficulty of attacking US interests there, the attention of terrorist groups bent on attacking the United States may turn more to the large US presence in the Gulf states. Radical elements of the PLO seeking revenge for the raid on Tunis and seizure of the Achille Lauro hijackers could well choose to carry out reprisals against US targets in the Gulf region. Members of the US business community, while perhaps not the target of choice, are the most vulnerable. The housing compound of a US defense contractor was one of the seven targets of the 1983 bombings in Kuwait.

63. At the same time, increased terrorism in the region would create opportunities for expanded, but low-profile, cooperation between the United States and the GCC. These states have already been responsive to proposed antiterrorism assistance, and would probably respond favorably to offers of equipment and counterterrorism training. Because the US presence is in part a lightning rod for terrorism, however, the Gulf states are unlikely to accept a substantially larger US official presence unless their survival is threatened. Sustained terrorist attacks—such as could occur in the wake of one of the contingencies in this study and that are obviously tied to the US presence in the Gulf—could adversely affect US relations with Gulf countries and lead them to decrease the US military presence and draw away from agreements facilitating US operations in the region.

64. Terrorist attacks against oil facilities are unlikely to disrupt oil exports from Persian Gulf states. Surplus capacity in the Gulf could quickly be put into service. Loss of the Saudi Petroline, which serves

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inland and Red Sea refineries, or the crude line to the refinery in Bahrain would cause local interruptions of product and revenue flows, but would have no significant impact on consumers outside the Gulf region.



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