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MEMORANDUM

Possible Outcomes and Implications of the Iran-Iraq War

Introduction

Recent military successes by Iran make clear that it will emerge the victor from its war with Iraq, although fighting likely will continue for some time. At this point there seems little the Iraqis can do, alone or in combination with other Arabs, to salvage much from the military situation.

Saddam Hussein's total identification with the costly and unpopular war with Iran makes likely a challenge to his rule. The most serious threat probably will come from among the current political and military leaders. Some of them may want to topple the President to preclude popular uprisings against the regime and Iranian efforts to foment or encourage such uprisings among Iraq's Shia community. A period of Iraqi instability exploited by Iran could result in an Islamic fundamentalist government in Baghdad.

Iran's goal is to create the conditions that favor the coming to power of such a government. Addressed below are four possible outcomes to the war as Iran seeks to implement that goal, their implications for US interests and for the region as a whole.

Outcome I: Border War - No Peace, But No Invasion

The most likely immediate outcome of the war will be that Iran pushes Iraq out, or Iraq withdraws voluntarily. Iran then refuses to negotiate, maintains military pressure through border clashes and subversion, and refuses to allow reopening of the Shatt al Arab.

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Subsequent developments are dependent on the Iraqi Army's ability to remain intact. The Army is essential to the ability of Iraq's Sunni minority (20 percent of the population) to maintain control over the majority Shia (See Attachment A) and other ethnic groups. The Army's disintegration would improve the prospects of Iranian supported groups such as the Shia Dawa Party.

Implications for the US. The most immediate consequence of this outcome would be continued closure of Iraq's Gulf ports and Iraqi dependence on Arab oil producers for aid, precluding Iraq's resumption of major oil shipments or the rebuilding of its economy.

- The US would still be faced with devising a policy toward Iraq that did not violate neutrality in the war.
- Iran would use the Kurds and a Tehran-controlled Army of Liberation to work for Saddam's overthrow. Iran's "revolutionary cause," therefore, would be highly visible in the region with a specific target that Iranian propaganda could link to the US. Pragmatism and economic development, as a result, would be even less likely to be the focus of Iran's leadership.
- Politics in the entire region would revolve around Iran's attempts to stimulate an Islamic revolt in Iraq. This could be used by the US as the major regional threat around which to organize a consensus. The cost to the US, however, would be abandonment of any public stance of neutrality or understanding for Iran's revolution.

Outcome II: Ceasefire, Withdrawal, and Negotiations

A less likely outcome would be a total Iraqi military withdrawal, followed by a ceasefire and protracted negotiations, probably through the Islamic Conference (See Attachment B). Iraq remains desperate for negotiations, but Iran has shown no interest and would only enter into them if assured of complete public vindication of its position, and a corresponding humiliation of the current Iraqi regime--leading to its downfall. Tehran also would demand substantial reparations--they have used the figure of \$100 billion.

Implications for the US. This scenario would be the most satisfactory for US interests.

- Saddam's regime probably would stay in power longer, reducing the prospects of an Islamic fundamentalist regime in Baghdad in the near term.
- Iraq could turn to rebuilding its economy, which would reinforce its drift away from the Soviet orbit.
- Negotiations probably would slow Egypt's reentry into the Arab orbit; there would be less need for quick Egyptian entry as the protector of



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moderate Arabs against Iranian Shia revolutionaries. This would stiffen Arab terms for Egypt's reentry--probably in the form of more pressure on Cairo to adopt a tougher line toward Israel.

Oil: The Iraqi oil industry would benefit the most from this scenario.

- Within 4-6 months Iraq probably could resume crude exports from the Persian Gulf and within another 2-6 months exports could probably be restored to pre-war levels of more than 2 million barrels per day. Most of the equipment needed to repair Iraq's offshore terminals is already stockpiled in Bahrain.
- If Damascus allowed Iraq to resume pumping oil through the Iraq-Syria pipeline system, Baghdad could immediately increase production from the current level of about 750,000 barrels per day to 1.5-2.0 million barrels per day. This would be 1.2 million barrels per day above Baghdad's OPEC production quota.

An Iraqi attempt to increase exports to 2 million barrels per day would renew downward price pressures. Defense of the \$34 OPEC benchmark price would require the continuation of an effective OPEC production allocation scheme, with Saudi Arabia willing to continue to produce at relatively low levels. Iraq might be willing to phase in production more slowly than capacity would allow in exchange for a continuation of loans from other OPEC members.

A ceasefire would have only a small impact on Tehran's ability to produce and export crude. The war has not imposed any significant constraints on Iranian export capabilities. A reduction in war-risk insurance on tankers calling at the Kharg Island export terminal, however, would further improve the price competitiveness of Iranian oil and make it easier for Tehran to increase exports.

Outcome III: Iranian Military Enters Iraq

Tehran could opt for any of three forms of direct military intervention to try to bring down Saddam Hussein (See Attachment C):

- Introduce a "liberation army" of Iraqi exiles, ex-POWs, and possibly Iranian volunteers.
- Limited military incursions to support local uprisings.
- An all-out attack to spark a general insurrection.

The Iranians are providing military training to some of the estimated 50,000 Iraqis expelled from Iraq during the past three years. They could be introduced into Iraqi Kurdistan where, combined with local Kurdish rebels, they could capture a major city and proclaim a provisional government. The same tactic could be used in Basrah, if Iraqi regular units in the south collapse. The Iranian army would need to maintain pressure along the border, to prevent Baghdad from dispatching units to crush the fledgling liberation army.



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The Iranians are capable of pushing across the border to threaten Basrah, now only 20 kilometers from Iranian troops. Basrah is Iraq's second largest city, and the most likely target of a full-scale Iranian attack. Unless the Iraqi army totally collapses, however, Tehran's forces are incapable of pushing to Baghdad or Karbala.

Implications for the US. US interests generally will be adversely affected by Iran's carrying the fight to Iraqi territory, especially if it results in Saddam's overthrow. Any successor regime acceptable to Iran would be hostile to the US.

- The moderate Gulf Arabs would be much more vulnerable to and fearful of combined pressure from Iran and Iraq.
- The US would be criticized by Arab moderates for not preventing Iran's victory. US refusal to help Iraq would be seen by moderate Arabs as confirming King Hussein's suspicion that US policy is tied to Iran.
- A possible positive outcome would be greater Gulf Arab willingness to accept US support in the intelligence and security fields, but they also might ask for security guarantees.

Oil. An Iranian military move into southern Iraq would have no immediate effect on current Iraqi crude oil exports. All Iraqi crude oil production and processing now takes place in the north, with exports limited to the Iraq-Turkey pipeline. Military action in the south, however, could jeopardize oilfields with over half of Iraq's productive capacity and threaten the largest refinery in the country.

- All of Iraq's major southern oilfields--with a total capacity of about 2 million barrels per day--are within about 75 kilometers of the border.
- The Basrah oil refinery--accounting for about 45 percent of Iraqi refining capacity--is located on the west bank of the Shatt al Arab, about 20 kilometers from the border. It is not currently operating.

As long as the Iranians occupied the area, Baghdad would be unable to produce or export crude oil from its southern fields. Moreover, Tehran might order the destruction or removal of oil equipment from occupied areas in retaliation for similar Iraqi actions, significantly reducing Baghdad's ability to quickly restore its oil industry to pre-war conditions. It is unlikely there would be any significant market reaction unless there was evidence that the war was expanding beyond Iraq and Iran.

Outcome IV: Arab Involvement

An Iranian invasion could trigger a more general Arab-Persian war. None of the moderate Arab states except Egypt have the military capability to make a significant contribution to the fighting. The ground forces of all Arab Gulf states combined amount to less than one-third of Iraq's ground forces. Egypt could make a significant impact, but probably would not risk heavy involvement in a cause that at best would be only modestly supported by the



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Egyptian populace. Nonetheless, the Arabs could decide to make symbolic deployments in support of Saddam in the hope that these might constrain the Iranians (See Attachment D). ☐

Implications for the US. Active Arab intervention presents the most serious dangers for US interests, with broad implications for the region as a whole. Although intended to preclude an Iranian invasion of Iraq--and thereby limit the conflict--it probably would have the opposite effect. ☐

Likely Iranian responses to such moves could quickly escalate to war along the length of the Gulf.

- The Strait of Hormuz could be closed by Iran, ending the flow of oil.
- Vulnerable oil targets on both sides of the Gulf would be open to attack.
- Syrian involvement could not be precluded.
- The moderate, pro-Western Gulf states would turn rapidly to the US for assistance, raising the prospect of superpower involvement.
- US temporizing in the face of Arab calls for support would be viewed as another US abandonment of the Arabs.

Regional Reactions

Saudi Arabia and the other Gulf States will do whatever is within their limited power to help Saddam Hussein stay in power and check Iran. However much Iraqi forces have been discredited by the war, the Gulf states still believe that only the present Baghdad regime, or one like it, stands between them and the spread of Iranian and radical Arab (Syrian, Libyan, Palestinian) influence in the Gulf. ☐

If Iran stops its advance at the border and initiates either a war of attrition or protracted negotiations designed to undermine Saddam, the Gulf states will continue to provide financial and, if necessary, logistic support to prevent Iraq's position from deteriorating further. They also will encourage Jordan and probably Egypt to help bolster Baghdad in whatever way they can. At the same time, they might renew Gulf offers to Iran to help pay war damages in the hope of inducing Iran's leaders to accept a compromise with Baghdad. ☐

The Gulf states are unlikely to commit military forces to the fighting. They know this would have no impact on the outcome and only increase the risk of Iranian retaliation. ☐

Were Iran to invade Iraq in force or to open supply lines to Shia and Kurdish rebels inside Iraq, the Saudis and others, in panic, might cast about for some way to involve the Arab League or even the UN to shore up Saddam Hussein. They probably also would look more anxiously to the US for help and support to deter Iran from taking action against them. ☐



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Syria has come down squarely on the side of Tehran in its war with Iraq and President Assad is unlikely to fundamentally alter this stance even if Iran invades Iraq. Assad will support Tehran's position if it recovers all Iranian territory, continues to keep military and economic pressure on the regime in Baghdad, but does not invade Iraq. He likely would also support a limited Iranian invasion of Iraq and the use of Iraqi dissidents to foment uprisings, hoping to hasten the ouster of his arch rival, President Saddam Hussein. ☐

Syrian backing for an all-out Iranian invasion of Iraq might be less wholehearted. Assad fears a Shia fundamentalist regime in Baghdad. It might increase Iraqi support for Syrian Muslim fundamentalists opposed to his secular minority Alawite-dominated regime. Moreover, support of an all-out invasion and Iranian seizure of large areas of Iraqi territory would intensify Syria's isolation from most of the Arab world. ☐

Jordan will not be able to offer much more than the support it is already giving, regardless of the war's scenario. Although the King has sent Jordanian volunteers, the 2,000-man Yarmouk Brigade, he would be reluctant to send regular units because that would weaken Jordanian defenses against Syria and Israel. ☐

Jordan can be expected to intensify its efforts to galvanize Arab support for Iraq as the possibility of an Iraqi defeat becomes more real. King Hussein might broach Arab military intervention on behalf of Iraq to bolster Saddam Hussein, but probably would not send any more forces unless Egypt or Saudi Arabia also agreed to participate. The King probably will encourage the US to become involved in achieving an end to the war. ☐

Libya provides Iran with limited military and political support and would continue such aid if Iran regained all its territory and continued to keep economic and military pressure on Iraq. Libyan leader Qadhafi might, however, be interested in acting as an intermediary in negotiations with Baghdad in the event of an Iraqi withdrawal followed by a ceasefire and prolonged negotiations. An Iranian invasion of Iraq, particularly one using Iraqi dissidents as surrogates, is unlikely to upset the Libyans. Qadhafi might, in fact, use Libyan influence to help stir up the Kurds against the Saddam Hussein regime. ☐

Egypt, though alarmed by the prospect of an Iranian military victory, is constrained by a lack of popular support for a confrontation with Tehran. To help contain Iran, Egypt probably would continue arms sales to Baghdad and allow Iraq to recruit additional volunteers from the large Egyptian work force in Iraq. Cairo also could offer to send military advisers to the Gulf states and appeal to the US to increase its security assistance to these states. ☐

If Iran invaded Iraq, President Mubarak probably would again ask the US to provide discreet aid to Iraq, or request that the US give Egypt the means to increase its own military assistance effort. Most Egyptians, however, including the officer corps, appear to have little enthusiasm for direct involvement in distant wars. Egypt is unlikely to commit large numbers of ground forces to the fray, and in any case, lacks the capability to rapidly move a significant force to Iraq. A large Iranian military advance into Iraq



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that appeared to threaten Kuwait or Saudi Arabia might cause Cairo to send pilots to bolster Iraq's air defenses, or dispatch a token force such as a commando battalion.

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