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Defense Estimative Brief

Prospects for Iraq (U)

Summary

President Saddam Husayn will likely remain in power for the next two years. His control over the police and security organization remains pervasive, and opposition groups are in disarray. Moreover, potential coup plotters in both the dominant Ba'th Party and the military have no illusion that a change of leadership would end the Iran war on acceptable terms.

Iraq's strained economy will result in at least tactical changes in its foreign relations. On the one hand, Iraq's need for funds will continue to dictate a rapprochement with the moderate Arab states of the Gulf. On the other hand, Iraq's Ba'thist heritage will make it extremely difficult for Baghdad to forgo territorial claims or efforts to eventually alter the political make-up of its neighbors.

In the near-term, Soviet ostensible willingness to provide attractive economic packages will achieve increased success in keeping Baghdad away from the more expensive Western military hardware and perhaps undercutting Western inroads on economic projects. Nevertheless, Moscow will have great difficulty in translating its assistance into political influence.

Unless Baghdad discerns convincing evidence that Khomeini's regime is moving to end the fighting, Iraq will most likely continue to escalate its attacks against targets in the Gulf. Husayn believes that increased international condemnation of Iranian retaliatory strikes against third parties, restriction of arms sales to Iran, and reduction of Iranian oil sales serve his goal of ending the war on terms favorable to Iraq.

Discussion

1. Political Prospects. Iraq is a potentially wealthy and regionally powerful state held together by the well-organized Ba'th Party and its ruthless but pragmatic leader, President Saddam Husayn. The President's control over the police and security organization is pervasive and the majority sees no other attractive alternative. Moreover the principal opposition groups are in disarray.

-- Husayn has responded to the Shia-based, Iranian-supported Dawa Party opposition by executing, jailing and deporting suspected members.

-- Kurdish separatist leaders are divided by traditional infighting and through Baghdad's adroit exploitation of Kurdish tribal differences.

-- The Communist Party of Iraq is fragmented and Husayn has been able to depict it as supporting Iranian goals and betraying Iraqi nationalism.

2. The regime will continue its active campaign of coopting the opposition while ameliorating outstanding grievances and punishing as it deems appropriate. National Assembly Elections, only the second to be held since Iraq became a republic in 1958, are part of this scheme.

3. The most likely threat to Husayn will continue to be assassination by an Iraqi acting on his own initiative. Iranian attempts to have Husayn assassinated or to foment a coup from Iraq's Shia population have met with failure. It is highly unlikely that a successful popular uprising could be organized without Ba'th Party or military support. In the case of the Party, there are few who could control the military force to achieve a successful coup. The military would be the more likely source for coup plotters even though Husayn has given them incentives to retain their loyalty. However, neither potential Party nor military plotters would have any illusion that a change in leadership would end the Iran war on acceptable terms. Iranian intentions would remain to eliminate the secular Ba'th Party and to establish a Shia theocracy.

4. Economic Prospects. Since mid 1983, when the full effects of the Iran-Iraq War finally hit Iraq's economy, Baghdad has pursued an economic strategy of austerity and credits. Currently, the regime has obtained a fragile economic equilibrium with official foreign reserves holding steady at about \$3 billion from the \$31 billion available prior to the war's start in September 1980.

5. While Iraq's economic situation will remain tight until it can substantially increase its income, this problem should remain manageable over the next few years. Growing

international confidence in Iraq's future make it likely that Baghdad will succeed in obtaining a rescheduling of its foreign debt commitments, thereby conserving its dwindling financial resources. Moreover, Iraq's actual expenditures probably will be lower as an ever growing percentage of its imports are obtained on credit. Baghdad's credit risk position also will be improved through its efforts to construct oil pipelines even though no oil will be flowing through them before early 1986. Lastly, the Gulf Arabs will have little choice but to continue their economic assistance, especially if Baghdad underscores its need for support to hold Iran in check.

6. Military Prospects. Iraq perceives that a drastic reduction of Iran's income is a key to ending the conflict. Attacks on selected Gulf targets have affected both the Iranian economy and its war making potential. Moreover, the regime probably realizes that it has little chance of a decisive military victory over Iran.

7. Unless Husayn discerns evidence that Khomeini's regime is moving to end the fighting, he will most likely continue to escalate his attacks against targets in the Gulf. These eventually would include strikes on Kharg island, with all out attacks on Kharg reserved as a last resort in Iraq's Gulf strategy. Baghdad seeks to internationalize the conflict fostering the image that Iran is the warring intransigent. Iranian retaliatory strikes against third parties in the Gulf are more likely to result in international condemnation than attacks by Baghdad in a well-publicized war zone. While Husayn would not be comfortable with a large Western or Soviet presence in the Gulf, he believes increased international condemnation of Iran, restriction of arms sales to Iran, and reduction of Iranian oil sales would greatly serve his goals of ending the war on terms favorable to Iraq.

8. On the battleground, Iraq will continue to rely upon strong defensive positions, especially physical barriers, and the threat to use all weapons in its arsenal, to include chemicals, to dissuade any Iranian attack. In the event Tehran does launch an offensive, Baghdad will carry through with its threats to extract maximum Iranian casualties while attempting to keep its own losses to a minimum.

9. In the longer term, Iraq is unlikely to resolve its deep animosity and suspicion toward Iran. Even with a peace agreement, border incidents and subversive activities will necessitate the stationing of large military forces on the Iranian border. Torn between the need for manpower to reinvigorate Iraq's economy and perceived military requirements, it is unlikely that Husayn will dismantle his military machine to any great extent. This will leave Iraq with a large seasoned military force, one that likely will continue to develop its formidable conventional and chemical capability, and probably pursue nuclear weapons. Nevertheless, it is unlikely that

Baghdad will display any enthusiasm for engaging its military in new adventures. Husayn's support to any future Arab-Israeli conflict will likely consist of a token conventional military force of a few brigades with some air support at most. It is extremely unlikely that the regime would risk deploying these forces with chemical weapons. Baghdad realizes that the Israelis would have little compunction in retaliating tenfold.

10. Regional Relations. As an adjunct to its inability to end the war, Iraq now finds itself aligned with Arab moderates and opposing Arab radicals. Past efforts to undermine Arab Gulf State governments have ground to a halt. Ties to Syria have been disrupted and replaced by a smoldering desire for revenge against Assad because of his support to Khomeini.

11. Once the war ends, Husayn most likely will resume fully his support toward the overthrow of Assad. Moreover, Iraq's intransigence in settling territorial claims to two islands (Bubiyan and Warbah) with Kuwait, despite Kuwaiti support during the war, suggests that Baghdad's relationship with the Arab Gulf states will continue to experience strains. Beyond continuing a military presence on at least one of the islands in question regardless of Kuwaiti concerns, neither Iraqi military nor subversive activity against Arab moderates is likely over the next few years. However, Iraq's Ba'thist rhetoric will die hard and the Arab moderates are unlikely to be fully at ease with their partnership.

12. Implications for the Soviet Union. Iraq's tightening economic situation and appreciation of major power support in its war with Iran, and Moscow's ostensible willingness to provide attractive economic packages, favor Soviet inroads for the next few years. Moscow will continue to be Baghdad's primary weapons supplier providing a wide range of advanced weapons. The USSR's willingness to provide large quantities of equipment at attractive credit terms will keep Iraq away from the more expensive Western military hardware, except for French fighters and Exocet missiles. Moreover, the Soviets may be able to edge out Western competition on economic projects, as they did on recent thermal power station construction and oil field development contracts awarded by Baghdad, if they follow through on the provision of generous credit packages.

13. The recent shift from normal Iraqi practice of procuring the best equipment/facilities regardless of source is not likely to be translated by Moscow into significant political leverage. Husayn will continue to view true non-alignment as his political objective and will not accede to Soviet pressure to obtain Baghdad's support of Moscow's goals. More specifically, he is not likely to allow the reestablishment of the Communist Party as a legitimate political entity in Iraq. Soviet and East European economic aid, \$50 million in 1983, has not been a

significant factor in Iraqi economic planning when compared to that of other states, e.g. the Arab Gulf States are providing approximately \$1 billion per month. For its part, Moscow has no intention of losing its position in Iraq and will act cautiously upon any opportunity to further its interests in Iran.

14. Implications for the US. Since Iraq broke diplomatic relations with the US during the 1967 Arab-Israeli War, relations between Baghdad and Washington have progressed from outright hostility to correct but limited contacts. Current rapport with Washington stems, in no small measure, from Iran's disassociation with the United States and Husayn's need to muster international support in his life or death struggle with Iran. One return for Washington's support has been the marked reduction of Baghdad-supported terrorist operations.

15. Continued US assistance could allow for additional inroads and possibly the resumption of full diplomatic relations. Nevertheless, the near-term direction of the US relationship will hinge on Iraq's perception of Washington's willingness to provide assistance at concessionary terms and to help deny Iran the same. Once Baghdad's current credit crunch has ended, commercial ties with the US again will broaden. Regardless of the extent of US relations, the vast majority of Iraq's commercial trade has been, is presently, and probably will continue to be with the West.

16. In the longer term, the political relationship between Iraq and the US will rest on developments in Arab-Israeli issues and the US-Israeli relationship. Iraq, thus far, has been able to obtain from the US essentially what it wanted while sacrificing few of its political ideals. Moreover, the war with Iran has not dampened Baghdad's perception that it is a major player in protecting Arab political and economic interests. Therefore, it is extremely unlikely that the current, or any future, Ba'th regime will modify its position on these issues without significant concessions from the US.

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