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IRAN/IRAQ: No End to War in 1984*

Summary

1. Our major conclusions are:

- The war is virtually stalemated; neither side is likely to achieve a decisive military victory. Iran's war of attrition will grind on.
- The war of attrition is placing a greater strain on Iraq's financial and human resources than on those of Iran.
- Iraq could attempt to reverse this position by striking Iranian oil export facilities or tanker traffic. Iraqi capabilities would be enhanced by Exocet-equipped French Super Etendard fighters, but the delivery of these airplanes appears to have been delayed. It is not yet clear for how long. There is however no guarantee that an all-out Iraqi attack would be successful.
- If Iraq effectively interdicts Iran's oil export facilities, Iran would likely retaliate--feeling it had little left to lose--by trying to close the Straits of Hormuz or to blockade the oil facilities of Iraq's Gulf backers. The most it could achieve, given its military resources compared to those of the Gulf states, would be to impose a temporary disruption of tanker traffic; furthermore, the USA has pledged to keep the Gulf open. Any major military action in the Gulf would necessarily result in an international crisis.
- There remains some prospect that the Gulf could be virtually closed, if only temporarily. Disruption of Gulf oil supplies (not a major source of Canadian oil) could

* Edited text of Report will be released to NATO.
(Version française au verso)

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IRAN-IRAK: la guerre continuera en 1984*

Résumé

1. Nos principales conclusions sont les suivantes:
 - La guerre est pratiquement dans une impasse; aucune partie ne remportera vraisemblablement de victoire militaire décisive. L'Iran va s'enliser dans sa guerre d'usure.
 - La guerre d'usure grève les ressources humaines et financières de l'Irak plus que celles de l'Iran.
 - L'Irak pourrait tenter de renverser cette situation en frappant les installations iraniennes d'exportation de pétrole ou les pétroliers qui sont près de celles-ci. Les ressources irakiennes seraient accrues par les chasseurs français Super-Étendard équipés d'Exocet, mais la livraison de ces avions semble avoir été retardée. On ne sait pas encore pour combien de temps. Rien toutefois ne garantit qu'une attaque irakienne en règle serait couronnée de succès.
 - Si l'Irak réussit à interdire l'accès aux installations iraniennes d'exportation de pétrole, l'Iran se vengera vraisemblablement estimant qu'il lui reste peu à perdre, en tentant de fermer le détroit d'Ormuz ou de faire le blocus des installations pétrolières des partisans de l'Irak dans le Golfe. Il pourrait cependant tout au plus, vu ses ressources militaires comparativement à celles des États du Golfe, perturber provisoirement le trafic des pétroliers; les États-Unis se sont engagés à maintenir le Golfe ouvert. Toute action militaire importante dans le Golfe provoquerait nécessairement une crise internationale.

* Le texte révisé du Bulletin sera communiqué à l'OTAN.

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trigger the International Energy Agency's oil sharing arrangements--to which Canada is a party. Oil prices would also rise in the short term.

- Domestically both the Khomeini and Saddam Hussein régimes are well entrenched.
- Khomeini continues to insist on Saddam's removal. All attempts at mediation have foundered. There is little prospect of the war's ending without either the death of Khomeini or Saddam, or an unexpected sustained Iraqi interdiction of Iranian oil exports.

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- La perspective que le Golfe puisse être pratiquement fermé, ne serait-ce que temporairement, demeure toutefois. La perturbation des approvisionnements en pétrole du Golfe (qui n'est pas une source importante pour le Canada) pourrait susciter l'application des accords de l'Agence internationale de l'énergie sur la répartition du pétrole, auxquels le Canada est partie. Les prix du pétrole, par ailleurs, augmenteraient à court terme.
- Sur le plan intérieur, les régimes tant de Khomeiny que de Saddam Hussein, sont bien implantés.
- Khomeiny continue d'exiger la destitution de Saddam. Toutes les tentatives de médiation ont échoué. Il y a peu de chance que la guerre se termine sans la mort de Khomeiny ou de Saddam ou une interdiction prolongée imprévue par l'Irak des exportations de pétrole iranien.

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Report

Military Situation

2. As the war enters its fourth year, the prospects for a military or a negotiated settlement appear as remote as ever. The first year of the war witnessed the possibility of an initial Iraqi victory, the second year an Iranian resurgence and the possibility of Iraqi defeat, while over the past year the war has settled into a virtual stalemate with Iran making very small territorial gains at great cost. Iraq controls the air war and has established a short-range coastal naval capability. Casualties on both sides have been heavy. Iraq, with a population of 14.5 million, has suffered over 60,000 dead and 52,000 prisoners; Iran, with 43 million people, has lost over 100,000 dead and 9,000 prisoners. (CONFIDENTIAL)

3. Since the bloody repulse of the major Iranian offensive into Iraq near Basra in July 1982 (see map p.15), the ground conflict has evolved into a protracted border war of attrition consisting of raids and artillery exchanges, punctuated by periodic Iranian offensives with limited objectives. There have been six Iranian offensives of

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divisional equivalent or higher since July 1982, resulting in a large number of casualties to both sides and minor territorial gains--Iran has retaken most of its territory and has occupied some Iraqi border areas. Neither side holds captured territory beyond 15 to 20 kms of the border.

(SECRET)

4. The combat performance of Iraqi forces has been adequate over the past year. Unlike 1982 there have been no mass surrenders. The Iraqi army has problems however in maintaining authorized manning levels as a result of casualties and a high desertion rate. It has particular difficulty in recruiting and retaining Kurds. Brigade strengths are consistently about 40 percent below authorized levels. On the other hand, there are no noticeable logistics or equipment problems. Iraq has been able to replace most of its equipment losses and maintain a significant advantage in artillery and tanks. Iran, while suffering even higher casualty rates, appears able to maintain acceptable manpower levels.

(SECRET)

5. Over the past year Iraq has increased the number of naval and air attacks against shipping bound for Iran in the northern Gulf and has achieved some modest successes

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while sustaining minimal casualties. The Iranian navy still operates freely in the Gulf beyond the range of Iraqi aircraft, although its ships continue to suffer from maintenance and spare part problems.(SECRET)

6. In the air, Iraq has maintained the upper hand and has operated with little interference from Iran's depleted air force; Iraqi performance is improving with experience and Iraq will maintain air superiority for the foreseeable future. The Iraqi advantage in combat aircraft--approximately three to one--has been used to some benefit in both the close support and interdiction roles. Iraqi fixed-wing pilots nevertheless are not taking advantage of weak Iranian air and ground defences to press home air attacks, apparently because of a lack of skill and aggressiveness. (SECRET)

7. The Iran-Iraq war has provided new opportunities for international arms suppliers. Export revenues in hundreds of millions to billions of US dollars have been earned by China, both Koreas, the USSR, and France. In addition several eastern and western European countries, Argentina, Brazil, Israel and Egypt have also profited from the war. (SECRET)

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8. The bulk of Chinese, Warsaw Pact, and official Latin American and western European sales are to Iraq, either directly or through other Arab countries. Egypt has been particularly helpful to Iraq. Iran's major suppliers include the Koreas, Warsaw Pact countries, and Israel; often these sellers act through private brokers or intermediaries, such as Syria and Libya, since they are sensitive to charges of dealing with Iran or of selling to both sides in the war. Iran's access to major modern equipment (e.g. tanks and aircraft) is far more restricted than Iraq's

(SECRET)

9. Future prospects for a military victory for either side are remote. Neither side has the ability to mount a decisive ground offensive, although Iran has demonstrated a capability to achieve limited territorial gains at a high cost in lives. Iran will undoubtedly continue to mount limited offensives, particularly in the northern and central front border areas where the terrain and Kurdish dissident activity work to Iran's benefit. (CONFIDENTIAL)

Economic Situation

10. The war continues to affect Iraq more severely than Iran. The 1980 destruction of Iraq's Gulf terminal,

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and Syria's refusal since 1982 to let Iraq use the pipeline through its territory, has restricted Iraq's own exports to 750,000 barrels per day (b/d) through Turkey. 250,000 b/d are exported on its behalf by Saudi Arabia and Kuwait. It is now thought that Iraq's total foreign exchange receipts, including direct financial assistance from the Gulf Cooperation Council (GCC), are just adequate to meet its 1983 foreign payment requirements, estimated to be US \$15 billion. Iraq has been able to reduce its foreign payments to this level only through severe austerity measures, debt rescheduling, and by the accumulation of an estimated US \$40 billion in foreign debts. Restrictions on imports (Canada's exports fell from over Cdn \$300 million in 1981 to Cdn \$190 million in 1982), investment and non-military spending, combined with a 40 percent reduction in the civilian workforce as a result of military call-ups, have severely strained the economy.

(CONFIDENTIAL)

11. On the other hand Iran's oil exports average 1.7 mb/d and permit it to earn sufficient revenue to meet its 1983 foreign exchange requirements--estimated to be US \$15 billion--without substantially draining its approximately US \$10 billion in foreign exchange reserves or expanding its

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US \$500 million foreign debt. Iran's non-oil output declined by only 2.5 percent in 1982. In addition, Iran is less dependent on imports as it has had considerable success in import substitution for industrial parts and other inputs. Canada's exports to Iran rose substantially from about Cdn \$22 million in 1981 to Cdn \$180 million in 1982; however they appear to have declined somewhat in the first half of 1983. (CONFIDENTIAL)

Potential Threat to Gulf Oil Supplies

12. The only aspect of the military conflict in which there is room for significant change is in the use of air power by Iraq against Iranian economic targets in the northern Gulf. Iraq has already demonstrated a limited ability to hit successfully Iranian economic targets by attacking merchant ships on the approaches to the principal port for imports, Bandar e Khomeini, and by attacking the main Iranian oil exporting terminals at Kharg Island. Iraq has not shown notable skill or aggressiveness in executing such missions. Iran in turn has demonstrated little ability to deter such attacks. (SECRET)

13. If Saddam Hussein concludes that prolongation of the war is intolerable--especially for economic reasons--he

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may consider mounting an all-out offensive against Iranian economic targets. Such a decision would be fraught with both military and political implications. There is no guarantee that such an Iraqi offensive would be successful (even if Exocet-equipped French Super Etendard fighters were used). Disabling Kharg Island would require sustained and determined attacks, which could prove very costly to the Iraqi air force if Iranian air defences were improved further.

(CONFIDENTIAL)

14. Attention recently has been focused on the possibility of Iraq's using against Iran the five Super Etendards it has ordered from France. It appears that France, under heavy international pressure, has delayed delivery of these aircraft, at least for the moment. Should the Super Etendards in fact be received, Saddam Hussein might well decide it was essential to attack with them (although they would enhance Iraqi capabilities only to a limited degree).

(SECRET)

15. For their part Iranian leaders--including most recently Imam Khomeini--have threatened to respond to such attacks by closing the Straits of Hormuz and expanding the war to include non-belligerent, pro-Iraq Gulf states (the

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Straits are unsuitable for mining, although mines might be used against Gulf ports). Iran's tolerance of Iraqi attacks has been very high in the past and it is unlikely that it would take drastic steps, effectively internationalizing the war, unless it had little left to lose. Iran after all depends on free navigation of the Gulf. Iranian air attacks on targets in the Gulf states, or tanker traffic in the Gulf or the Straits, would require the diversion of scarce resources from other fronts. Such attacks, while they would no doubt inflict damage, could not be sustained--especially in view of the Gulf states own air defence capabilities. Furthermore Iran would not be able to maintain such military action against a western military response; indeed the USA has pledged to preserve navigation in the Gulf. Any major military action in the Gulf would necessarily result in an international crisis. (SECRET)

16. In these circumstances, it is possible Iran might choose not to attempt closing the Gulf but rather try to punish the Gulf states by striking at their oil exports. There nevertheless remains some prospect that the Gulf could, if only temporarily, be virtually closed to tanker traffic. Disruption of Gulf supplies (not a major source of Canadian oil) could trigger the International Energy Agency's oil sharing arrangements, to which Canada is a party. Oil prices would also rise in the short term.

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Internal Situation of the Combatants

17. Iran is now more united than it has been since the heyday of the Shah. The Kurdish insurrection, while not crushed, has at least been suppressed to the point where it does not interfere with Iranian operations in the northern border area. The destruction of the communist Tudeh Party last summer eliminated the last major secular opposition party (it is interesting, however, that the usual spate of executions has not followed). Within the governing Islamic Republican Party two not clearly defined clerical factions maintain a rough equilibrium, with the Imam apparently shifting his support to ensure that neither predominates decisively.

(CONFIDENTIAL)

18. One group, often referred to as "The Imam's Line", is the more radical socially and economically and believes that the clergy should play the leading political role; this group would see Khomeini succeeded by a single leading cleric. The other group, often roughly equated with the "voluntarily" suspended Hojatiyeh society, is more conservative economically and politically and tries to promote a more pragmatic policy. They would see the Imam succeeded by a council. They have the support of many of

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the senior clergy (in particular those grand Ayatollahs who formerly had precedence over Khomeini) and have dominated the council of experts which reviews legislation. This has led to the rejection of several radical trade and land laws. This group also seems to have a strong following in the Majles (Parliament) which has made it difficult for their rivals, despite some recent successes, to dislodge Hojatiyeh sympathisers from the government. This rather murky rivalry lies behind inconsistencies in Iranian policy and could complicate the eventual succession to Khomeini.

(CONFIDENTIAL)

19. Meanwhile, there have been recent manifestations of discontent among both the lower and middle classes. Inequities in the distribution system, power, water and housing shortages, and war weariness seem to be the causes; but it would be premature to see any incipient revolt.

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20. Within Iraq, Saddam Hussein and the Baath Party face no effective threat to continued rule (the Iraqi security service is ruthless and relatively efficient)--although the possibility of assassination cannot be excluded. The Iraqi people, despite steadily declining

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economic prospects and rising casualties, seem glumly prepared to accept Saddam Hussein as the lesser evil. Despite its difficult economic situation, Iraq enjoys a great deal more international support than Iran. The Gulf states, whatever their fears and distrust of Saddam Hussein, fear an Iranian victory more and continue to underwrite the Iraqi war effort.

(CONFIDENTIAL)

Prospects

21. Earlier this year Iran was beginning to show signs of pragmatism and flexibility in its foreign policy; it seemed willing to woo rather than bully Iraq's supporters. This trend seems largely to have been reversed. Any hopes that Iran was becoming more amenable to a negotiated end of the war were shattered by the Iman's hardline statement in June rejecting a proposed Ramadan truce with Iraq, as well as any end to the war so long as Saddam Hussein remains in power. Those in Iran who advocate a war of attrition and limited attacks have prevailed for the meantime.

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22. In the face of this intransigence, all attempts to mediate an end to the conflict have failed. The Gulf

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states, who stand to suffer most either from an Iranian victory or from a widening of a conflict should Saddam Hussein become desperate, have switched their efforts to trying to patch up a reconciliation between Iraq and its traditional foe, Syria--Iran's major Arab supporter. Syria however has resisted demarches that it reopen for Iraq the pipeline across its territory. Failing the death of either leader, or an unexpected sustained interdiction of Iran's oil exports, we see no end to the present hostilities. The Iranian war of attrition will grind on.

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