

IAE Intelligence Report 152/88.  
Iran/Iraq: A Stormy Calm.

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IR 152/88 22/09/88

INTELLIGENCE  
REPORT

BULLETIN DE  
RENSEIGNEMENTS

IRAN/IRAQ: A STORMY CALM

Believing it has won the war, Iraq  
intends to win the peace.

IRAN-IRAQ: UN CALME TROUBLÉ

Sûre d'avoir gagné la guerre, l'Iraq  
entend gagner la paix.



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**CE DOCUMENT PEUT FAIRE L'OBJET D'UNE EXCEPTION OBLIGATOIRE EN VERTU DES LOIS SUR L'ACCÈS À L'INFORMATION ET SUR LA PROTECTION DES RENSEIGNEMENTS PERSONNELS. AUCUNE DÉCISION RELATIVE À UNE REQUÊTE DE COMMUNICATION NE POURRA ÊTRE PRISE SANS LA CONSULTATION PRÉALABLE DU SECRÉTAIRE ADMINISTRATIF DU COMITÉ CONSULTATIF DES RENSEIGNEMENTS.**

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**IRAN/IRAQ: A STORMY CALM**

**HIGHLIGHTS**

- We do not anticipate hostilities resuming in the next three to six months. Both sides are exploiting the current stalemate in the peace negotiations to pursue their own internal objectives. (C)
- Barring a serious breakdown in negotiations, the border situation will remain one of "no peace, no war" for up to two or three years. But Saddam Hussein will not hesitate to force the issue. (C)
- Iraq, flush from a series of successful spring offensives, is confident that it occupies the driver's seat in peace negotiations in Geneva. (C)
- The Iranian army's losses have reduced it to little more than a large, lightly-equipped infantry force. Iran, entering peace negotiations in the militarily weaker position, must try to wring concessions from an adversary who is in no mood to bargain. (C)
- Both countries must try to finance rearmament and reconstruction simultaneously. It will take Iran at least five years to redress the current imbalance in military equipment, a task equivalent in scope to the rearming of NATO. (C)

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**IRAN-IRAQ: UN CALME TROUBLÉ**

**Points saillants**

- ° Il serait étonnant que les hostilités reprennent d'ici les six prochains mois. Les deux belligérants profitent de l'impasse dans laquelle se trouvent les négociations de paix pour faire avancer leur cause chez eux. (C)
- ° A moins d'une rupture des négociations, la situation à la frontière - ni guerre ni paix - va persister pendant deux ou trois ans tout au plus, quoique Saddam Hussein n'hésitera pas à brusquer les choses. (C)
- ° Enivrée par le succès d'une série d'offensives lancées au printemps, l'Iraq croit pouvoir dicter ses volontés aux négociations de paix à Genève. (C)
- ° Les pertes subies par l'armée iranienne ont été telles que celle-ci ne représente pas beaucoup plus maintenant qu'une grande force d'infanterie légère. Dans le cadre des négociations de paix, l'Iran doit essayer d'arracher des concessions à un adversaire en situation de force qui n'est pas d'humeur à négocier. (C)
- ° Les deux pays doivent essayer de financer en même temps leur réarmement et leur reconstruction. Il faudra au moins cinq ans à l'Iran pour mener à bien la tâche de rétablir l'équilibre au niveau du matériel militaire, tâche qui est comparable au réarmement de l'OTAN. (C)

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**Background**

1. Since the Iran-Iraq ceasefire began on August 20, no major violations have occurred. The United Nations Iran-Iraq Military Observer Group (UNIIMOG) has all of its observers deployed, albeit sparsely, along the 1200 km border and the Canadian Signals Regiment is now fully deployed and providing communications. (C)

2. Although scores of minor violations by both sides have been reported, activity along the front is at a low level. With the exception of two areas, we believe the potential for a serious clash is marginal. The first of these exceptions is in the vicinity of Mehran, where Iran created a new outpost on August 31 within 200m of an existing Iraqi position. Iraq has stated that unless this position is voluntarily evacuated it will eliminate it by force. The second area of concern is the Shatt al Arab area south of Basrah. The Iraqis have continued to maintain a large force here. Should the Geneva talks not produce satisfactory results for the use of the waterway, Iraq has the capability to cross over and seize the East bank. Not interested in holding Iranian territory permanently, Hussein would undertake such a military initiative "for display purposes," to underscore his determination to gain exclusive access to the waterway. (SW)

3. UNIIMOG is currently working hard to defuse the Mehran situation by pressuring the Iranians to dismantle their post. In the south, it is attempting, thus far unsuccessfully, to arrange a pullback of forces by both sides. In some locations in this area, the two sides are 30 to 50m apart. Notwithstanding these efforts, the potential for a serious military clash remains. (S)

**Status of Forces**

4. The Iraqi Army, flush from its successful campaigns of 1988, is confident that it occupies the driver's seat. A panoply of military options, such as aircraft attacks, long-range missiles, and chemical weapons lies at its disposal should Hussein approve a resumption of the war. On the other hand, the Iranian forces have lost about half of their available inventory of tanks and artillery, in addition to several thousand vehicles and thousands of tons of munitions and equipment. This has reduced them to little more than a large, lightly-equipped infantry force. Notwithstanding Iranian rhetoric to the contrary, offensive action on any major scale is virtually out of the question. It will take at least five years for Iran to acquire sufficient equipment to redress the current imbalance, a task equivalent in scope to the rearming of NATO. The cost of this rearmament will be enormous. At the same time, an already beleaguered leadership must undertake civilian reconstruction to a level that will satisfy a population that has endured much, with no apparent gain, for the past eight years. (S)

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5. Iraq faces similar problems but of a much different scale. Although Iraq currently enjoys an overwhelming superiority in military equipment of all types, over the next five years or so it will need to modernize and upgrade its capabilities in order to continue to offset Iran's much larger population. Like Iran, Iraq too will have to juggle its finances in an effort to maintain a balance between its insatiable thirst for equipment and the obvious need to undertake internal reconstruction. (C)

**Peace Negotiations**

6. Both Iran and Iraq must gain maximum advantage from these negotiations in order to prove to their respective populations that the war was not in vain. In this respect, Iraq, in the belief that it has won the war, has so far adopted a stubborn position on how the talks should proceed. As far as Iraq is concerned, the first priority is discussion of freedom of navigation in general and resolution of the Shatt al Arab problem in particular. In pursuit of this aim, Iraq is not interested in any useful role for the UN Secretary General and insists on direct talks with Iran. (C)

7. Iran, entering the negotiations in a militarily weaker position, faces the problem of trying to wring concessions from an adversary who is in no mood to bargain. This is creating serious difficulties for Iranian negotiators who nevertheless feel that they occupy the diplomatic high ground, given their support for UN Security Council Resolution 598, and the international condemnation of Iraq for its use of chemical weapons. Their best approach, they now believe, is through the UN Secretary General based on the UN Implementation Plan which sets out the sequences for the ceasefire and the ensuing negotiations. The negotiations, however, have to date accomplished about as much as expected - not very much. We anticipate procedural wrangles will continue for the foreseeable future, lending fuel to the thesis that the process of achieving a peace agreement could take years. Under these circumstances, other key issues such as prisoner-of-war exchange, war reparations and the question of who started the war cannot be addressed at this time. All of the above factors indicate that the task of achieving a lasting peace, acceptable to both sides, will be formidable. (C)

**Outlook**

8. We do not anticipate hostilities resuming in the next three to six months. Both sides are exploiting the current stalemate in the peace negotiations to their own ends. Iran is redeploying troops, providing rest and recreation and, in general, using its now meagre resources to improve its defensive posture. Iraq has used the ceasefire to mount a major operation against the Kurds with the aim of wiping out effective resistance. More time will be needed by both sides to accomplish these aims. We therefore judge that a lengthy period will pass, possibly two or three years,

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during which the border situation will be one of "no peace, no war," while the negotiations drag on. Should there be a serious breakdown during this period, however, Saddam Hussein is in an excellent position to force the issue by returning to the battlefield, and would probably not hesitate to do so. (C)

9. A lasting peace will prove to be an economic boon to both belligerents but in particular Iran. It will signal the end of Iraqi air strikes against its oil infrastructure and will at least reduce its need to spend valuable foreign exchange on military equipment. The pace of reconstruction in both countries will depend on their ability to attract foreign capital. Given its high debt load and poor repayments record, Iraq may encounter difficulty in securing external financing. With a comparatively small foreign debt Iran figures to be an attractive market for foreign companies eager to participate in the reconstruction of its economy and to supply its large population with consumer goods. For political reasons, however, Iran may be unwilling to borrow on a large scale. These considerations notwithstanding, Gulf states may underwrite a sizeable portion of both Iran and Iraq's reconstruction plans in order to bring stability and win good will in both countries. (C)

10. The prospects for long term peace, however, are not encouraging. With a history of 1500 years of mutual animosity we anticipate that if Iran successfully rearms and reorganizes its military forces over the next five to ten years, and if strong international mechanisms are not put into place, war could break out again. (C)