

SECRET

DOSSIER TEMPORAIRE

[illegible]

MAIN FILE NO. - DOSSIER PRINCIPAL N°

- Enclose papers on one case only.
- Quote main file no. and T.D. no. on related correspondence.
- BF if unable to complete within 48 hours.
- Joindre les documents relatifs à un seul cas.
- Indiquer le n° du dossier principal et le n° du dossier temporaire sur toute correspondance connexe.
- Rappeler si toute intervention est impossible dans les 48 heures.

IR 67/85 - IRAN/IRAQ:
And Counting.

SECRET
CAN/AUS/UK/US EYES ONLY

COPY NO./EXEMPLAIRE NO.:

80

Government of Canada Gouvernement du Canada
Intelligence Comité
Advisory Consultatif de
Committee Renseignements

INTELLIGENCE
REPORT

BULLETIN DE
RENSEIGNEMENTS

NO.: 67/85 DATE: 25/9/85

IRAN/IRAQ: Five Years and Counting

IRAN-IRAQ: Cinq ans et on compte toujours

THIS RECORD MAY BE SUBJECT TO MANDATORY EXEMPTION UNDER THE ACCESS TO INFORMATION OR PRIVACY ACTS. IF A REQUEST FOR ACCESS IS RECEIVED, NO DECISION TO DISCLOSE SHOULD BE TAKEN WITHOUT PRIOR CONSULTATION WITH THE EXECUTIVE SECRETARY, INTELLIGENCE ADVISORY COMMITTEE.

THIS DOCUMENT IS THE PROPERTY OF THE GOVERNMENT OF CANADA AND IS PROVIDED ON CONDITION THAT IT IS FOR USE SOLELY BY THE INTELLIGENCE COMMUNITY OF THE RECEIVING GOVERNMENT AND THAT IT NOT BE DECLASSIFIED WITHOUT THE EXPRESS PERMISSION OF THE GOVERNMENT OF CANADA.

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.

LE PRÉSENT DOCUMENT EST LA PROPRIÉTÉ DU GOUVERNEMENT DU CANADA. IL EST COMMUNIQUÉ SOUS RÉSERVE DE SON UTILISATION PAR LES SEULS SERVICES DE RENSEIGNEMENTS DU GOUVERNEMENT DESTINATAIRE ET LA CONDITION QUE SA COTE DE SÉCURITÉ NE SOIT PAS SUPPRIMÉE SANS L'AUTORISATION EXPRESSE DU GOUVERNEMENT CANADIEN.

RÉSERVÉ AUX ÉTATS SUIVANTS:
SECRET

CDA, AUST, ROYU, É-U

000079

SECRET

SAUF INDICATION CONTRAIRE

RÉSERVÉ AUX ÉTATS SUIVANTS:
CDA, AUST, ROYU, É-U

- 1 -

IRAN-IRAQ: Cinq ans et on compte toujours

Résumé

L'impasse subsiste à l'aube de cette sixième année de guerre, mais les récentes attaques iraqiennes contre le principal centre d'exportation pétrolière de l'Iran situé sur l'île Kharg signifient peut-être que l'Iraq veut se montrer capable de faire en sorte que l'Iran n'ait plus les moyens de poursuivre la guerre. Si on ne s'attend à aucun déblocage sur le terrain, des attaques soudaines contre des navires sont à prévoir, en revanche, dans le Golfe persique. Si ses exportations pétrolières sont sérieusement menacées, l'Iran pourrait s'attaquer aux installations pétrolières des états du Golfe alliés de l'Iraq, probablement le Koweït. Les marchés pétroliers internationaux restent mous, d'où l'alourdissement du fardeau économique supporté par les deux belligérants. L'Iraq a le dessus dans les airs, est mieux armé et jouit d'une aide financière, extérieure supérieure, mais elle n'a pas fait preuve jusqu'à maintenant de la détermination nécessaire pour utiliser tous ses atouts contre l'Iran. Celle-ci a des ressources humaines supérieures, mais la diminution du produit de la vente de pétrole a limité son effort de guerre et a créé certains remous dans le pays. Les conditions posées des deux côtés à l'amorce de pourparlers rendent toute pacification presque impossible. Les efforts tentés par l'Organisation de la Conférence islamique, le secrétaire-général des Nations Unies et le Japon au cours de la dernière année n'ont abouti à rien.

(SECRET)

RÉSERVÉ AUX ÉTATS SUIVANTS:
CDA, AUST, ROYU, É-U

SAUF INDICATION CONTRAIRE

SECRET

SECRET

UNLESS OTHERWISE
CLASSIFIED

CAN/AUS/UK/US EYES ONLY

- 1 -

IRAN/IRAQ: Five Years and Counting

Summary

1. Stalemate continues as the war enters its sixth year, but recent Iraqi attacks on Iran's main oil export facility at Kharg Island may mean that Iraq wishes to demonstrate its capability to cripple Iran's economic ability to continue the war. The outlook is for continued stalemate in the land war and flare-ups against shipping in the Persian Gulf. If Iran's oil exports are seriously threatened, it might attack oil facilities in Iraq's Gulf state allies, most probably Kuwait. Continuing softness in the international oil markets will make the economic burden of the war more difficult for the two belligerents. Iraq enjoys advantages in the air, in armour and in access to external financial assistance, but has so far not shown the necessary determination to use its advantages most effectively against Iran. Iran has larger human resources, but reduced receipts from oil sales have limited its war-making ability and contributed to some disturbances on the home front. Conditions placed by both sides upon the commencement of talks make peacemaking almost impossible. In the past year, efforts by the Islamic Conference Organization, the United Nations Secretary-General and Japan have come to nought. (SECRET)

.../2

CAN/AUS/UK/US EYES ONLY

UNLESS OTHERWISE
CLASSIFIED

SECRET

SECRET

UNLESS OTHERWISE
CLASSIFIED

CAN/AUS/UK/US EYES ONLY

- 2 -

Report

2. After five full years of fighting, the Iran-Iraq war remains stalemated. Iraq seems to lack the political will to press home its advantages in armour and air power. Iran lacks the armament it would need to gain military victory, but seeks to capitalize on its superiority in manpower. Iran's political motivation to end the war is absent, even though it has succeeded in expelling Iraqi forces from its soil and now occupies small portions of enemy territory. (CONFIDENTIAL)

3. The military highlights of the past year have been:

- a. no major Iranian land attacks this year, apart from the "Badr" offensive in March, which was relatively limited;
- b. Iran has shifted its limited land attacks to the north where terrain neutralizes Iraq's equipment advantages and benefit might be derived from the Kurdish population's dislike of the Baghdad regime and Kurdish aspirations for a more autonomous state;
- c. Iraq intensified its aerial attacks on civilian and economic targets in Iran during the "Badr" offensive. Iraq showed the intention of widening the scope of the conflict to take advantage of its relative strength in the air. It continued to exhibit the same lack of tenacity in these attacks that has characterized its military performance

.../3

CAN/AUS/UK/US EYES ONLY

UNLESS OTHERWISE
CLASSIFIED

SECRET

SECRET

UNLESS OTHERWISE
CLASSIFIED

CAN/AUS/UK/US EYES ONLY

- 3 -

throughout the war. Iran's retaliation, using Libyan-supplied SCUD missiles against Baghdad, showed that Iran had a new source of sophisticated weapons, even if quantities are limited.

- d. Iraqi attacks on Kharg Island in August and September may indicate Iraq's wish to demonstrate its ability to cripple Iran's economic capacity to carry on the war. Iran has retaliated by increasing its efforts to interdict the shipment of war and other material to Iraq through the Gulf.
(SECRET)

4. Neither country experienced significant change in their domestic economies during the past year. In Iran, foreign exchange and import controls have made life more difficult. There were some anti-government demonstrations and strikes in early 1985, but these were not based exclusively on economic grievances. Iran's oil revenue fell 10 per cent in the past year. Despite foreign exchange controls, its reserves also fell. Iran continues to be a strict cash or barter market as it has little access to international credit. Nonetheless, it has succeeded in maintaining the arsenal needed to pursue the war at its current level and to meet most basic needs. Iraq has maintained its tenuous external financial balance with continued access to international credit, largely as a result of its trading partners' belief in Iraq as a good long-term market. While Iraq hopes that increased oil exports through the new pipeline to Saudi Arabia will help its economic situation, the continuing soft international oil market and the probable termination of Saudi and Kuwaiti aid following the opening of the pipeline will offset much of the immediate benefit.
(SECRET)

.../4

CAN/AUS/UK/US EYES ONLY

UNLESS OTHERWISE
CLASSIFIED

SECRET

SECRET

UNLESS OTHERWISE
CLASSIFIED

CAN/AUS/UK/US EYES ONLY

- 4 -

5. Neither regime faces immediate or serious internal threats, but people in both countries are increasingly tired of the war. There are reports that Iraqi morale is lower now than earlier this year, but it is unlikely that this problem will affect the government's war policy. A combination of Iraqi bombing, increased attempts to impose Islamic discipline and economic grievances provoked some anti-government demonstrations in Tehran in March and April. The government dealt resolutely with the dissent and no further serious outbreaks have been noted. In general, the Khomeini regime has adopted a more moderate approach to domestic affairs in the past two years. Khomeini's health is poor and his direct participation in day-to-day governing has virtually ceased. He appears to have withdrawn into seclusion and may be almost entirely cut off from current events. Nevertheless, his moral sway over the government and the influence of his views in the country at large remain undiminished. Any change in Iran's war policy will have to await his death and even then, the influence of his intransigent view may linger on for some time.

(SECRET)

6. Peacemaking efforts continued, but there is no common ground upon which to build. Iran continued to require the departure of Iraqi President Saddam Hussein, payment of reparations and admission of Iraqi war guilt as its conditions for ending the war. Tehran has repeatedly proposed that the two sides abstain from chemical attacks, raids on civilian targets, attacks on neutral shipping and agree to prisoner exchanges. Most of these moves would limit Iraq's ability to capitalize on its superiority in equipment, but would not affect Iran's ability to carry on the land war. Iraq obviously finds Iran's conditions for a general settlement unacceptable and recognizes the effect of the other Iranian proposals. Baghdad has made unconditional and total peace its aim and has expressed its willingness to engage in talks to this end, but Iran rejects this. Various

.../5

CAN/AUS/UK/US EYES ONLY

UNLESS OTHERWISE
CLASSIFIED

SECRET

SECRET

UNLESS OTHERWISE
CLASSIFIED

CAN/AUS/UK/US EYES ONLY

- 5 -

international peace efforts, including those by the Islamic Conference Organization, the UN Secretary-General and the Japanese, foundered on the rocks of the two positions. The breakdown of the Secretary-General's truce on attacks on population centres set back hopes of ending the conflict. Both sides carry on extensive diplomatic activity to influence the Gulf states and potential arms suppliers. The war has moderated Iraqi foreign policy in the past year.

(SECRET)

Outlook

7. Neither side is likely to gain a military victory and a negotiated peace is very unlikely. Iraq may be capable of choking off Iran's oil exports and ending her capacity to carry on the war, but seems unable or unwilling to make the military effort necessary to do so. Baghdad seems to fear that the immediate outcome of such an effort would be damaging Iranian retaliation against Iraq's oil facilities or, more likely, those of Iraq's Gulf allies. Intensified attacks on Kharg Island may mean Iraq's policy is changing.

(SECRET)

8. The likelihood of continued weakness in the international oil market means that the cost of the war will be increasingly onerous for both countries. Iraq's better access to offshore finance gives it a slight advantage.

(SECRET)

9. The outlook is for continued stalemate on land with occasional flare-ups against shipping in the Gulf. Should Iraq succeed in reducing Iran's capacity to export oil through the Gulf, Iranian retaliation by air attack, terrorism or unconventional attack against Iraq's Gulf allies cannot be ruled out. Kuwait would be the most likely target of such an effort.

(SECRET)

CAN/AUS/UK/US EYES ONLY

UNLESS OTHERWISE
CLASSIFIED

SECRET

000085