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IAC Intelligence Report 179/87.  
 The Persian Knife: Iran Carefully  
 Walks the Tightrope.

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## National Defence

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RENSEIGNEMENTS

THE PERSIAN GULF: IRAN CAREFULLY WALKS THE TIGHTROPE

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LE GOLFE PERSIQUE: L'IRAN SUR LA CORDE RAIDE

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**THE PERSIAN GULF: IRAN CAREFULLY WALKS THE TIGHTROPE**

**Highlights**

- ° We do not anticipate a major clash between the USA and Iran, but expect that the USA will respond to each incident with measured moderation. (C)
- ° The danger would appear to be that the Iranians may believe they can gradually escalate matters at a pace they choose. An Iranian miscalculation on this point could have dire consequences. Iraq will do everything it can to provoke a confrontation between Iran and the USA by continuing its attacks on Gulf shipping. (C)
- ° Iran has promised retaliation for the USA destruction of the Rostam platform. Iran's actions against the USA will be indirect, and with the prospect of denying responsibility. Such actions could include an increase in mining and possibly terrorism, particularly in those countries with Moslem Shia minorities. (S)
- ° Iran's freedom of action in attacking shipping has now been severely limited by the Soviet, the American and the European presence in the Gulf. Iraq is expected to maintain its air attacks, hoping to goad Iran into damaging further its own image internationally. (C)
- ° The USA military's fire power in the Gulf is serving to enhance the USA image both at home and internationally. Earlier fears that the USA would fumble on its Gulf strategy, causing the Iran-Iraq conflict to spread, appear to have subsided. (C)

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**LE GOLFE PERSIQUE: L'IRAN SUR LA CORDE RAIDE**

**Points saillants**

- ° Nous ne prévoyons aucun affrontement majeur entre l'Iran et les États-Unis, quoique ceux-ci devraient répondre à toute provocation, de façon mesurée. (C)
- ° Le danger est que les Iraniens viennent à croire qu'ils peuvent se livrer petit à peu à une escalade dont ils fixeraient eux-mêmes le rythme. Tout mauvais calcul des Iraniens sur ce point pourrait avoir de terribles conséquences. L'Iraq fera tout en son pouvoir pour provoquer un affrontement entre l'Iran et les États-Unis en poursuivant ses attaques contre les navires dans le Golfe. (C)
- ° L'Iran a annoncé des représailles pour la destruction par les États-Unis de la plateforme Rostam. Elle s'en prendra indirectement aux États-Unis, se gardant ainsi la possibilité de nier toute responsabilité. Ces représailles pourraient prendre la forme d'une intensification des opérations de minage et peut-être d'actes terroristes, notamment dans les pays comptant une minorité chiite musulmane. (S)
- ° La présence soviétique, américaine et européenne dans le Golfe fait que l'Iran peut beaucoup plus difficilement maintenant attaquer des navires. L'Iraq devrait poursuivre ses attaques aériennes dans l'espoir d'amener l'Iran à poser un geste susceptible de ternir encore davantage son image à l'échelle internationale. (C)
- ° La présence militaire des États-Unis dans le Golfe rehausse leur image chez eux comme à l'étranger. Les craintes que les États-Unis trébuchent dans leur stratégie vis-à-vis le Golfe et étendent par le fait même le conflit irano-iraquien se sont, semble-t-il, dissipées. (C)

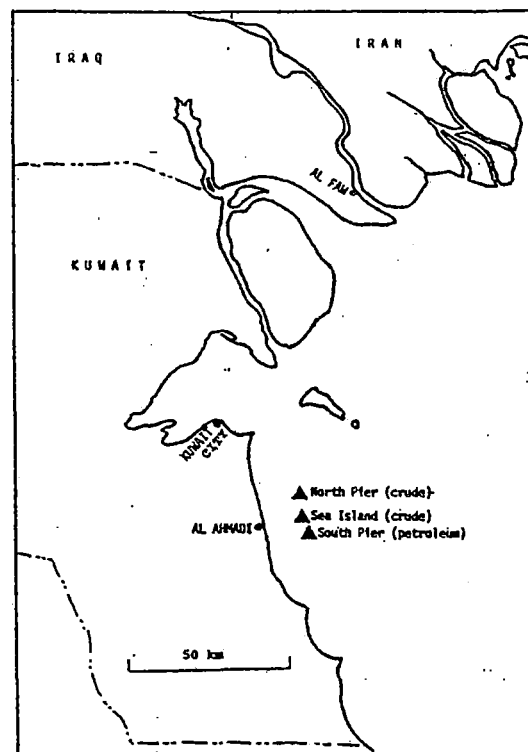
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## The War in the Gulf

1. On October 21, an Iranian Silkworm missile slammed into the Sea Island terminal off the Kuwaiti coast. The Sea Island is the most important of the three loading platforms which float ten miles off the coast close to a line between the Kuwaiti oil terminal al Ahmadi and Al Faw. (See map.) On the face of it, Iran appeared engaged with the USA in a platform-for-platform destruction strategy. We believe, however, that the Iranians were simply firing in the general direction of the terminal in the hope of striking any significant target. Iran has approximately 80 Silkworm missiles, which employs unsophisticated technology. Nevertheless, when fired into a target-rich environment like the approaches to Kuwait, the Silkworm is ideal for Iran's purposes, in which almost any hit is a victory. (S)



2. Having neutralized virtually all of Iraq's navy early in the war, Iran has, until this year, enjoyed naval freedom of action in the Gulf. As most of Iraq's oil is exported overland and all of Iran's oil is exported through the Gulf, both countries' oil exports were left relatively unhindered until Iraq obtained French aircraft with missiles which had the range to attack oil installations even in the southern Gulf. Iran then retaliated by attacking merchant ships bound for Kuwait. (C)

3. Iran's freedom of action in attacking shipping has now been severely limited by the Soviet, the American and the European naval presence in the Gulf. Iraqi air attacks on Iranian oil terminals and tankers exacerbate the frustration brought on by this constraining presence. Iraq is expected to maintain its air attacks, hoping to goad Iran into damaging further its own image internationally. Iraq has the capability and experience to attack Iranian mainland targets but may not wish to provoke Iranian missile attacks on Baghdad. By concentrating its attacks on shipping, which are more provocative, Iraq has indicated that its attacks are more politically motivated, rather than based on military considerations. (S)

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**Iran's Response**

4. Iran's military options against Iraq are limited. On land, Iranian army and Revolutionary Guard units could carry out small attacks in both the northern and southern fronts later this fall, but we think the Iranians will carry out another winter offensive in the south aimed at Al Basrah. Iraqi forces are well placed to repulse either Iranian option. (S)

5. Though attacks on unescorted shipping have been reduced as non-USA-flagged tankers "tag along" with convoys, the increased numbers of ships in general multiplies the probability of incidents -- such as collision with mines -- and of accidents, where unintended targets may be hit. We believe that Iran, however frustrated with the American presence and actions, still does not wish a direct confrontation with USA forces. This Iranian approach does not stem so much from a fear of USA intervention but from the recognition that confrontation will provide a reason for continued USA presence in the Gulf and the possibility of joint international action against Iran. (C)

6. The successful Silkworm strikes on Kuwait demonstrate that all shipping remains vulnerable. This will continue to apply to ships near Kuwait and could in theory also apply to the narrow Strait of Hormuz. Iran is unlikely to risk the security of its own oil exports and the certainty of a major escalation by expanding the missile attacks into the Strait. (C)

**Foreign Naval Presence**

7. The foreign naval presence in the Gulf will likely operate in three task forces: the US Navy, USSR naval forces and Western European forces (UK, France, Belgium, Holland and Italy). The Western European navies will likely operate in a coordinated manner, to prevent duplication of effort and to avoid command and control problems. Their aim will be to ensure the safe passage of their merchant vessels. We believe that the Europeans will provide support, especially in counter-mine warfare, to USA naval forces. We think that the French will ensure that the Gulf of Oman is clear of mines while the Strait of Hormuz and the southern Gulf will be cleared by the Royal Navy. The Belgium, Dutch and Italian navies will likely sweep the southern and central Gulf with the USA using its limited mine clearing capability to keep the final leg into Kuwait open. We believe it unlikely that Iran would attack the West European navies. (S)

8. The interests of the superpowers in the Gulf tend to mirror each other. The longer-term Soviet goal is to limit the USA presence and influence in the Gulf. A major USA goal is to limit Soviet influence and power in the Gulf. Both want peace in the region but neither wants the other to receive the credit for bringing peace about, even if that were within its power. The USSR is capitalizing

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on the tension between Iran and the USA to restore its links with Iran and to demonstrate to the Arab states its potential value as an intermediary. The USSR has and will continue to maintain a low profile in the Gulf, escorting its arms carriers and chartered tankers to Kuwait. (C)

9. The USA reaction to Iran's attack on the USA-flagged tanker, Sea Island City, provided a salutary demonstration of fire power in the clearly visible and well travelled sea lane through the Gulf. It demonstrates to the Gulf states, and served as a warning to Iran, that the USA is prepared to act. But the Gulf states remain concerned over the USA long-term resolve to maintain its presence in the Gulf in the face of escalation. (C)

### USA Gains

10. Notwithstanding scattered criticism, it is clear that the USA military's fire power in the Gulf is serving to enhance the USA image both at home and internationally. No significant domestic pressure for withdrawal exists, indeed, the atmosphere is decidedly anti-Iranian. The greater role being played by a number of Western allies has significantly strengthened the Reagan Administration's hand in dealing with critics of its Persian Gulf policy. But domestic opinion could alter quickly if a clash led to high casualties. Earlier fears that the USA would fumble on its Gulf strategy, causing the Iran-Iraq conflict to spread, appear to have subsided. Such concerns still exist, but there is now a measurable appreciation for the USA and European determination to police the area and to exercise military strength in doing so. (C)

### Outlook

11. Iran has promised retaliation for the USA destruction of the Rostam platform. But the main thrust of Iranian attacks is likely to continue to be aimed at Kuwait and Saudi Arabia. Iran's actions against the USA will be indirect, and with the prospect of denying responsibility. Such actions could include an increase in mining and possibly terrorism such as the recent bombing of the PanAm office in Kuwait. Such action would likely take place in those countries with Moslem Shia minorities. We expect Iran to continue the inflammatory rhetoric for internal consumption. (S)

12. Progress in the United Nations is slow. Efforts to find a solution are continuing and could still produce some movement. In the meantime, we do not anticipate a major clash between the USA and Iran, but we expect that the USA will respond to each incident with measured moderation. The danger would appear to be that the Iranians may believe they can gradually escalate matters at a pace they choose. An Iranian miscalculation on this point could have dire consequences. Iraq will meanwhile do everything it can to provoke a confrontation between Iran and the USA by continuing its attacks on Gulf shipping. (C)