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**Collection:** Teicher, Howard J.: Files  
**Folder Title:** Iran 1984 (Super Sensitive)  
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# WITHDRAWAL SHEET

## Ronald Reagan Library

**Collection Name** TEICHER, HOWARD: FILES

**Withdrawer**

CAS 1/19/2012

**File Folder** IRAN (SUPER SENSITIVE) 1984 (5)

**FOIA**

M11-392

**Box Number**

1/91082

BYRNE

6

ID	Doc Type	Document Description	No of Pages	Doc Date	Restrictions
127840	MEMO	RE IRAN-IRAQ WAR <i>D 12/4/2002</i> <i>F96-118/2 #226; PAR 12/4/2017</i> <i>M393 #127840</i>	3	10/4/1985	B1 B3
127841	MEMO	ROBERT GATES TO JOHN POINDEXTER ET AL RE PAPER <i>PAR 12/4/2002</i> <i>F96-118/2 #227; PAR 12/4/2017</i> <i>M393 #127841</i>	1	9/13/1985	B1 B3
127842	PAPER	RE PERSIAN GULF <i>PAR 12/4/2002</i> <i>NLSF96-118/2 #228; UPHELD</i> <i>12/4/2017 M393 #127842</i>	6	9/12/1985	B1 B3
127843	MEMO	JAMES START TO ROBERT MCFARLANE RE IRAN-IRAQ WAR <i>PAR 2/8/2006</i> <i>F96-118/2 #229; R 11/21/2017</i> <i>M393/1 #127843</i>	2	6/13/1985	B1
127844	NOTE	TO JAMES COVEY RE REPORT <i>PAR 12/4/2002</i> <i>NLSF96-118/2 #230; UPHELD</i> <i>12/4/2017 M393 #127844</i>	1	1/11/1985	B1 B3
127845	REPORT	RE IRAN-IRAQ <i>PAR 12/4/2002</i> <i>NLSF96-118/2 #231; PAR</i> <i>12/4/2017 M393 #127845</i>	8	1/10/1985	B1 B3

Freedom of Information Act - [5 U.S.C. 552(b)]

- B-1 National security classified information [(b)(1) of the FOIA]
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- B-3 Release would violate a Federal statute [(b)(3) of the FOIA]
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ID	Doc Type	Document Description	No of Pages	Doc Date	Restrictions
127848	PAPER	RE IRAN (P. 3 ONLY) <b>PAR 2/8/2006</b> <b>NLSF96-118/2 #232; UPHELD</b> <b>12/4/2017 M393 #127848</b>	1	11/25/1985	B1 B3
127850	MEMO	STARK TO POINDEXTER RE IRAN <b>PAR 2/8/2006</b> <b>F96-118/2 #233; R 11/21/2017</b> <b>M393/1 #127850</b>	2	12/23/1985	B1
127853	REPORT	RE IRAN (PP. 2-3 ONLY) <b>PAR 2/8/2006</b> <b>NLSF96-118/2 #234; UPHELD</b> <b>12/4/2017 M393 #127853</b>	2	ND	B1
127857	CABLE	211653Z OCT 85 <b>D 12/4/2002</b> <b>F96-118/2 #235; UPHELD</b> <b>12/4/2017 M393 #127857</b>	2	10/21/1985	B1 B3
127860	MEMO	TEICHER TO POINDEXTER RE STATUS REPORT <b>D 2/8/2006</b> <b>NLSF96-118/2 #236</b>	1	8/20/1985	B1
127861	REPORT	RE IRAN <b>PAR 12/4/2002</b> <b>NLSF96-118/2 #237; PAR</b> <b>12/4/2017 M393 #127861</b>	25	ND	B1 B3
127864	NOTE	TO COVEY RE REPORT <b>PAR 12/4/2002</b> <b>F96-118/2 #240; PAR 12/4/2017</b> <b>M393 #127864</b>	1	3/28/1985	B1 B3

Freedom of Information Act - [5 U.S.C. 552(b)]

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ID	Doc Type	Document Description	No of Pages	Doc Date	Restrictions
127862	CABLE	171713Z MAY 85 <b>D 12/4/2002</b> <b>F96-118/2 #238; UPHELD</b> <b>12/4/2017 M393 #127862</b>	3	5/17/1985	B1 B3
127863	PAPER	RE IRAN <b>D 2/8/2006</b> <b>F96-118/2 #239; PAR 12/4/2017</b> <b>M393 #127863</b>	1	4/11/1985	B1
127865	REPORT	RE IRAN <b>F96-118/2 #241</b>	7	3/28/1985	B1 B3
127866	MEMO	TO MURPHY/ABRAMOWITZ RE IRAN <b>PAR 4/30/2003</b> <b>F96-118/2 #242; R 11/21/2017</b> <b>M393/1 #127866</b>	5	ND	B1
127867	REPORT	RE IRAN <b>PAR 12/4/2002</b> <b>F96-118/2 #243; PAR 12/4/2017</b> <b>M393 #127867</b>	8	4/1/1985	B1 B3

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## Ronald Reagan Library

**Collection:** TEICHER, HOWARD J.: Files

**Archivist:** mjd  
**FOIA ID:** F96-118/2  
**Date:** 09/15/1999

**File Folder:** Iran (Super – Sensitive) 1984 (5) Box 91682

DOCUMENT NO. & TYPE	SUBJECT/TITLE	DATE	RESTRICTION
1. memo	re: Iran-Iraq war, 2p D 12/4/02 F96-118/2 #226	10/4/85	P1/F1, B3
2. memo	Robert Gates to John Poindexter et al re: paper, 1p PART. ~ #227	9/13/85	P1/F1, B3
3. paper	re: Persian Gulf, 4p PART. ~ #229	9/12/85	P1/F1, B3
4. memo	James Stark to Robert McFarlane re: Iran-Iraq War, 2p P 2/8/06 F96-118/2 #227	6/13/85	P1/F1
5. note	to James Covey re: report, 1p PART 12/4/02 F96-118/2 #230	1/11/85	P1/F1, B3
6. report	re: Iran-Iraq, 8p PART. ~ #231	1/10/85	P1/F1
7. report	re: Iran (page 3), 1p P 2/8/06 F96-118/2 #232	11/25/85	P1/F1
8. memo	Stark to Poindexter re: Iran, 2p P 2/8/06 F96-118/2 #233	12/23/85	P1/F1
9. report	re: Iran (pages 2 & 3), 2p P 2/8/06 F96-118/2 #234	nd	P1/F1
10. cable	211653Z OCT 85, 2p D 12/4/02 F96-118/2 #235	10/21/85	P1/F1, B3
11. memo	Teicher to Poindexter re: status report, 1p D 2/8/06 F96-118/2 #236	8/20/85	P1/F1
12. report	re: Iran, 24p PART 12/4/02 F96-118/2 #237	5/-/85	P1/F1, B3
13. cable	171713Z MAY 85, 3p DEM ~ #238	5/17/85	P1/F1, B3
14. paper	re: Iran, 1p D 2/8/06 F96-118/2 #239	4/11/85	P1/F1
15. note	to Covey re: report, 1p PART 12/4/02 F96-118/2 #240	3/28/85	P1/F1, B3
16. report	re: Iran, 7p PART. ~ #241	3/28/85	P1/F1, B3

### RESTRICTIONS

P-1 National security classified information [(a)(1) of the PRA].  
P-2 Relating to appointment to Federal office [(a)(2) of the PRA].

P-3 Release would violate a Federal statute [(a)(3) of the PRA].  
P-4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA].  
P-5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA].  
P-6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA].

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F-1 National security classified information [(b)(1) of the FOIA].  
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F-3 Release would violate a Federal statute [(b)(3) of the FOIA].  
F-4 Release would disclose trade secrets or confidential commercial or financial information [(b)(4) of the FOIA].  
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## Ronald Reagan Library

**Collection:** TEICHER, HOWARD J.: Files

**Archivist:** mjd

**FOIA ID:** F96-118/2

**File Folder:** Iran (Super – Sensitive) 1984 (5) Box 91682

**Date:** 09/15/1999

DOCUMENT NO. & TYPE	SUBJECT/TITLE	DATE	RESTRICTION
17. memo	to Murphy/Abramowitz re: Iran, 5p	nd	P1/F1
18. report	re: Iran, 9p	4/1/85	P1/F1

*Handwritten notes in table:*  
 Part 4/30/03 F96-118/2 #242  
 Part 12/4/02 F96-118/2 #243  
 163

### RESTRICTIONS

P-1 National security classified information [(a)(1) of the PRA].  
 P-2 Relating to appointment to Federal office [(a)(2) of the PRA].

P-3 Release would violate a Federal statute [(a)(3) of the PRA].  
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# PENDING REVIEW IN ACCORDANCE WITH E.O. 13233

## Ronald Reagan Library

**Collection Name** TEICHER, HOWARD: FILES

**Withdrawer**

LOJ 5/24/2007

**File Folder** IRAN (SUPER - SENSITIVE) 1984 (5)

**FOIA**

F96-118/2

**Box Number** 91682

ID	Doc Type	Document Description	No of Pages	Doc Date
<del>3</del>	<del>PAPER</del>	<del>RE PERSIAN GULF</del>	<del>MVH 3/6/08 1</del>	<del>9/12/1985</del>
<del>4</del>	<del>NOTE</del>	<del>TO JAMES COVEY RE REPORT</del>	<del>MVH 3/6/08 1</del>	<del>1/11/1985</del>
<del>6</del>	<del>REPORT</del>	<del>RE IRAN IRAQ</del>	<del>MVH 3/6/08 8</del>	<del>1/10/1985</del>
<del>9</del>	<del>REPORT</del>	<del>RE IRAN (PAGES 2-3)</del>	<del>MVH 3/6/08 2</del>	<del>ND</del>
<del>12</del>	<del>REPORT</del>	<del>RE IRAN</del>	<del>MVH 3/6/08 24</del>	<del>5/1/1985</del>
<del>15</del>	<del>NOTE</del>	<del>TO COVEY RE REPORT</del>	<del>MVH 3/6/08 1</del>	<del>3/28/1985</del>
<del>16</del>	<del>REPORT</del>	<del>RE IRAN</del>	<del>MVH 3/6/08 7</del>	<del>3/28/1985</del>
<del>17</del>	<del>MEMO</del>	<del>TO MURPHY/ABRAMOWITZ RE IRAN</del>	<del>MVH 3/6/08 5</del>	<del>ND</del>
<del>18</del>	<del>REPORT</del>	<del>RE IRAN</del>	<del>MVH 3/6/08 9</del>	<del>4/1/1985</del>

~~SECRET~~

The Director of Central Intelligence

Washington, D.C. 20505

National Intelligence Council

NIC 04987-85  
4 October 1985HT  
127840

MEMORANDUM FOR: Director of Central Intelligence  
Deputy Director of Central Intelligence

FROM: Graham E. Fuller  
National Intelligence Officer for NESA

SUBJECT: What Does Iraq Want to End the War?

1. We have long felt that Iran holds the determining cards for war or peace in the Gulf; we have therefore been concerned about Iranian conditions for a settlement. I believe we need to consider carefully the prospect that Iraq and not Iran now may be moving toward victory and that Iraq's terms for peace may be very harsh and capable of creating even deeper and undesirable turmoil in Iran.

2. As you know, there has been some debate within the Community as to whether Iran or Iraq is more vulnerable to collapse.

-- State/NEA continues to worry that Iraq is a very weak reed, and that Iraqi stayability should represent our priority policy concern--even while giving due to the importance of US-Iranian ties in the future.

-- Most of the Intelligence Community feels that an Iranian collapse is more likely than an Iraqi collapse--while recognizing some brittleness in Baghdad's political situation.

3. For several years now we have been saying that Iraq is ready for peace and would be willing to settle with Iran under any reasonable terms. This thesis bears closer examination.

-- Iraq now seems more determined--for the first time ever--to really take out Kharg. Although this will not automatically spell an end to the war, it almost certainly will hasten the moment of truth in Iran and possibly the beginning of great turmoil there as Iran's economy plummets.

-- Under these circumstances I have very considerable reservations about whether Iraq will then move toward a swift settlement.

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DECLASSIFIED IN PART

REF ID: A63931 #127840

BY RW NARA DATE 12/4/17



4. Saddam's invasion of Iran has been the major blunder of his career. It has cost over 100,000 casualties, and has drained Iraqi reserves from well over 30 billion before the war down to next to nothing. It has imposed major hardship on the country. The Iraqi army--while not defeated--has been clearly expelled from Iran under military pressure.

- Saddam will become much more vulnerable once the war is over. No Iraqi in his right mind would seek Saddam's overthrow during the war because it would probably only whet Iranian appetites further. After the war, however, there may be more who wish to settle the score with this leader who has made many enemies.
- If Saddam is to survive, he has got to show that he has come out of this war very well indeed with much to show for Iraq. If Saddam believes that Iran could now be humbled, he will be tempted to extract as much as possible out of Iran.
- At the least this would involve renegotiation of the Shatt al-Arab waterway on Iraqi terms. He might well wish to further destroy Iranian war-making potential. He might also seek to continue to weaken Iranian oil production capability. Iran and Iraq will be intense rivals on the oil market at the end of the war at a time of falling prices and production glut. It is inconceivable that Baghdad would agree even in principle to Iraqi war reparations to Iran--regardless of who pays for them. While I doubt that Saddam would be encouraged to take another swipe at Iranian territory through renewed invasion, I cannot predict how far Iraqi vengeance and desire to exploit its superior position would go.

5. In short, we better not assume any generosity or give on Iraq's part to settle the war once they sense the whiff of victory in their nostrils. Saddam's own position is at stake and he must look good. The opening of the post-war struggle for power in the Gulf between Iran and Iraq will be underway, and Iraq will want to start out in the driver's seat. The logic is for a harsh Iraqi-imposed peace.

- Here our old concerns about Soviet opportunities in Iran resurface. Could the Iraqis in a victory mood end up contributing heavily toward pushing Iran into Soviet hands? This topic is certainly worth raising with Tariq Aziz, the Iraqi Foreign Minister, when he gets to town next week.

Graham E. Fuller

~~SECRET~~ [redacted]

NIC 04987-85  
4 October 1985

MEMORANDUM FOR: Director of Central Intelligence  
Deputy Director of Central Intelligence

SUBJECT: What Does Iraq Want to End the War?

NIC/NIO/NESA:GEFuller: [redacted] 4 Oct. 85

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- 1 - DDI Registry
- 1 - NIO/AT-LARGE (Hal Ford)
- 1 - NIO/ECON
- 1 - NESA/PG [redacted]
- 1 - Jock Covey, NSC/ME
- 2 - NIO/NESA

~~SECRET~~

~~SECRET~~ [redacted]

Central Intelligence Agency



Washington, D.C. 20505

127841  
b  
Iran Iraq  
War

13 September 1985

**MEMORANDUM FOR:** VADM John M. Poindexter, USN  
Deputy Assistant to the President for  
National Security Affairs

The Honorable Michael H. Armacost  
Under Secretary of State for Political Affairs

The Honorable Fred C. Ikle  
Under Secretary of Defense for Policy

The Honorable Richard L. Armitage  
Assistant Secretary of Defense  
for International Security Affairs

VADM Arthur S. Moreau, Jr., USN EO 13526 3.5(c)  
Assistant to the Chairman,  
Joint Chiefs of Staff

Mr. Rod McDaniel  
National Security Council

**SUBJECT :** Impact of a Persian Gulf Oil Cutoff [redacted]

The NSC Staff has asked us to circulate the attached paper  
prior to Monday's CPFG meeting.

*Rfg*

Robert A. Gates  
Deputy Director for Intelligence

**Attachment:**  
Impact of a Persian Gulf Oil Cutoff

DECLASSIFIED IN PART  
NLR 1393/1 #127841  
BY RIN MAR 24 1997





Washington, D. C. 20505

DIRECTORATE OF INTELLIGENCE

12 September 1985

Impact of a Persian Gulf Oil Cutoff

Summary

With Free World surplus capacity now running at about 11 million b/d--almost half of which is in Saudi Arabia--the market could easily absorb a loss of exports from Iran, Iraq and Kuwait. A serious problem would arise if Saudi exports were also cut or if all oil shipping in the Persian Gulf were stopped. Although our imports from Persian Gulf countries are small, the United States has a large stake in the continued flow of oil from the region since we could not insulate ourselves from a major oil disruption. The United States would share the burden of any net supply shortfall as oil prices rose and oil companies diverted supplies in response to market pressures. In the event of a major disruption, oil supplies might be allocated based on the International Energy Agency (IEA) sharing agreement which could mean significant diversion of oil from the US market to Western Europe and Japan. [REDACTED]

[REDACTED]  
DECL OADR  
Distribution Multiple

DECLASSIFIED IN PART  
NLS F96-118/27228  
By AS, NARA, Date 12/4/02

## Impact of a Persian Gulf Oil Cutoff

### Current Situation

The current combination of substantial excess production capacity and weak demand provides considerable protection against an oil supply cutoff. Current available surplus capacity that could offset a supply cutback stands at about 11 million b/d, but only some 3 million b/d of that surplus is outside the Persian Gulf. [REDACTED]

Weak market conditions have caused oil companies to reduce oil stocks. We estimate non-Communist oil stocks at mid-year stood at roughly 4.0 billion barrels or some 85 days of supply.

- o Most of current stocks represent minimum operating requirements needed to ensure smooth functioning of the distribution system, compulsory stocks that companies maintain to meet government regulations and government owned stocks. We estimate that useable commercial inventories total only about 100-200 million barrels or 2 to 4 days of consumption. This stock cushion has declined from about 20-25 days in the early 1980s and now provides only small hedge against oil supply cutoffs.
- o Sizeable government-owned stocks are located only in the United States (486 million barrels), Japan (110 million barrels) and West Germany (55 million barrels). In July 1984 IEA members agreed to coordinate stock drawdowns and/or take "complementary action" (demand restraint) to share the burden of any economic dislocations in future oil disruptions. [REDACTED]

### Western Dependence on Persian Gulf Oil

Persian Gulf countries are now exporting about 7.5 million b/d, accounting for about one-fifth of total non-Communist oil supplies. Of this, some 6 million b/d flow through the Strait of Hormuz with the remainder shipped via pipelines from Saudi Arabia and Iraq to the Mediterranean and the Red Sea. In first-quarter 1985, Western Europe, Japan, and the United States relied on the region for about 18 percent, 58 percent, and 4 percent, respectively, of their total oil imports. Although Western Europe's reliance on the region has declined in recent years, several countries remain heavily dependent on Persian Gulf oil. Italy, Greece, Portugal, and Turkey received from 33 to 80 percent of their oil supplies from the region during first quarter 1985. [REDACTED]

### Vulnerability of Persian Gulf Oil Facilities

Although crude oil is now beginning to flow from Iraq through the spur to Saudi Arabia's East-West pipeline, the well



defended pumpstations along the Iraq-Turkey pipeline remain the most critical chokepoints for Iranian attack followed by the crude processing plants at Kirkuk which serve Iraq's northern oilfields. Elsewhere in the Gulf, the most critical and vulnerable oil targets are the export-loading facilities. Saudi Arabia's facilities at Ras Tanura and Ju'aymah are vulnerable to both air attack and commando raids, as are Kuwait's Mina al Ahmadi onshore export terminal and Sea Island. If key components of these facilities were damaged, it could take more than three months to reopen them even partially; repairing major structural damage could take a year. [REDACTED]

#### Impact of Oil Disruptions

The impact of a disruption of Persian Gulf oil exports in the near term would depend mainly on its severity and duration, the availability of supplies from other producers and the use of petroleum stockpiles. The oil market could easily absorb a loss of Iranian oil exports. Surplus available capacity is more than sufficient to offset the loss of Iranian exports, currently averaging about 1.8 million b/d. Spot prices, however, could begin to rise if buyers anticipated a further spread of the conflict. [REDACTED]

If Khark Island were shut down and Tehran retaliated by severing the Iraqi pipeline and knocking out Kuwaiti exports, a total of nearly 5 million b/d of export capacity would be lost. Although other countries could replace these lost supplies by raising output, this would eliminate much of the surplus capacity available to the market and leave oil importing countries in a high risk situation. The uncertainties surrounding the duration of the disruption and the fear of a much more serious shortage resulting from a cutoff of Saudi exports would cause spot prices to rise. As long as Saudi export capabilities remain intact, however, oil supplies should be adequate to meet winter consumption requirements. On the other hand, the loss of Saudi Persian Gulf export potential alone would reduce available export capacity by as much as 6 million b/d. [REDACTED]

Under a worst case scenario involving the interruption of oil flows through the Iraq-Turkey pipeline and the cutoff of all Persian Gulf oil exports, 14 million b/d in Persian Gulf productive capacity would be lost to the market. Denial of access to Persian Gulf oil supplies for a prolonged period would cause a 3-4 million b/d net supply shortfall, almost double the size of the shortage caused by the Iranian Revolution in 1979. Under these circumstances, prices would rise sharply and the economic recovery would be interrupted. We estimate oil prices could rise by about \$5-10 per barrel for each 1 million b/d net supply shortfall. Furthermore, under this worst case scenario the real GNP growth rate could be reduced by up to 2 percentage points. [REDACTED]



~~REDACTED~~

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Implications for the United States

The United States has a large stake in the continued flow of oil from the Persian Gulf in spite of the fact that US oil imports from the Gulf are less than 200,000 b/d. Although the United States could draw on non-Gulf surplus capacity to cover a loss in Persian Gulf imports, it probably would be required to share the burden of any OECD net supply shortfall either through informal company redistribution or the IEA allocation system. The IEA sharing plan can be triggered when the shortfall faced by a member country or the group reaches a minimum of 7 percent.

Effective deployment of government-owned stocks under the terms of the IEA agreement would play an important role in offsetting any future oil supply disruption. The key players in any coordinated strategic stock drawdown would be the United States, Japan, and West Germany. The major problem would be the design and implementation of a program believed to be effective and equitable. In addition to demand restraint measures, countries without government-owned stockpiles could share the burden of a disruption by augmenting supplies through a relaxation of mandatory commercial stockpile requirements.

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Non-Communist Oil Supplies\*  
First Half 1985

(million b/d)

	<u>Available Capacity</u>	<u>Current Production</u>	<u>Surplus Capacity</u>
<b>Persian Gulf:</b>	<u>17.5</u>	<u>10.0</u>	<u>7.5</u>
Saudi Arabia	8.5	3.4	5.1
Iran	3.3	2.4	0.9
Iraq	1.4	1.3	0.1
Kuwait	1.3	0.9	0.4
UAE	1.8	1.3	0.6
Other	1.2	0.8	0.4
<b>Non-Persian Gulf:</b>	<u>37.2</u>	<u>34.1</u>	<u>3.2</u>
Indonesia	1.8	1.3	0.4
Libya	1.9	1.1	0.8
Nigeria	2.2	1.5	0.7
Venezuela	2.3	1.7	0.7
Algeria	1.2	1.1	0.1
Other	27.8	27.4	0.5
<b>Total Supply:</b>	<u>54.8</u>	<u>44.1</u>	<u>10.7</u>

\* Includes NGLs. Totals may not add due to rounding.



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MEMORANDUM

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NATIONAL SECURITY COUNCIL

June 13, 1985

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INFORMATION

MEMORANDUM FOR ROBERT C. MCFARLANE

FROM: JAMES R. STARK *A*

SUBJECT: Iran-Iraq War

This morning I met with Jonas Hafstrom, First Secretary of the Swedish Embassy. He was previously posted in Tehran and has been a good source of first-hand information about the situation there. He reported the following:

- Iraqi bombing of Tehran has caused a noticeable heightening of tensions and public expressions of dissatisfaction. Each attack has been followed by large demonstrations in the city.
- The bombing has also caused 50-100,000 people to leave the city every night in order to avoid possible Iraqi attacks.
- Iranian air defense appears totally ineffective. For the last five days, they have not even used their AAA. This has led to general rumours that Iran has brought in new SAMs to defend Tehran. In reply to a direct question from Hafstrom on this point, I replied that I knew of no new surface-to-air acquisitions by Iran and gave my opinion that any new SAMs in Tehran have probably been transferred from elsewhere in Iran.
- The large Iranian security apparatus and willingness of the government to ruthlessly put down any serious threat to its control would prevent public pressure from changing current policy on the war. Nevertheless, continued Iraqi attacks will cause public dissatisfaction to become more serious.
- Foreign Minister Velyati has accepted an invitation to visit Saudi Arabia, possibly in July. You will recall that Majlis speaker Rafsanjani will also be visiting Tokyo this year.

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BY *REW*

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Both visits hold the promise of exposing Iranian leaders to more realistic international assessments of their position and could result in moves toward serious negotiations with Iraq. Nevertheless, Iranian policy on the war will probably continue to be determined by Khomeini.

-- Japanese sources have told the Swedes that they detect some moderation in Iranian attitudes towards negotiations on ending the war as a direct result of the Iraqi bombings. The Swedes disagree with this assessment and have seen no evidence of a fundamental change in attitudes at the top.

cc: Don Fortier  
Jock Covey  
Howard Teicher

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המחלקה לענייני המזרח התיכון ודרום אסיה  
ادارة تجزئة و تحليل خاور ميانه و جنوب آسيا  
Office of Near Eastern and South Asian Analysis  
Directorate of Intelligence

11 January 1985

Mr. James P. Covey  
Special Assistant to the President  
for National Security Affairs  
National Security Council

The attached memorandum addresses the recent escalation of Iraqi attacks in the Gulf and I thought you might find it of interest. We believe the Iraqis are likely to increase their attacks further this spring as work of their Exocet-armed F-1 aircraft becomes operational. We estimate Iraq probably has sufficient Exocet missiles to support a stepped-up campaign against Iranian shipping, although our evidence is far from conclusive. So long as Iran does not increase its own retaliation, the effect on the world oil market is likely to be limited. A soft oil market and stepped-up Iraqi attacks, however, are likely to cause increased economic problems for Iran.

Chief, [REDACTED] Division

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By CS NARA, Date 12/4/02



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BY PW NARA DATE 1/24/17

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Central Intelligence Agency



Washington, D.C. 20505

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DIRECTORATE OF INTELLIGENCE

10 January 1985

IRAQ-IRAN: Stepping Up the Pressure in the Gulf

Summary

Last month Iraq resumed shipping attacks in the Persian Gulf at record levels following a six week lull. The increased rate of attacks is another stage in Iraq's strategy of gradually escalating pressure on Iranian oil exports. We expect the tempo of Iraqi strikes to increase further this spring once all of its Mirage F-1 aircraft are operational. A major uncertainty is whether Iraq has sufficient Exocet missiles to permit it to continue intense attacks for a prolonged period. [redacted]

Iran has retaliated by hitting only three ships, well below the level of Iraqi strikes, and Iran's response is likely to remain limited as long as it can maintain oil exports. In addition to its dwindling air capability to defend against and launch shipping attacks, Tehran apparently is aware that its retaliatory strikes make ship owners even more reluctant to call on any port in the Gulf, including Khark Island. Iran, however, will need to boost oil discounts to offset the higher insurance rates in order to maintain oil shipments from Khark Island. Iran also is setting up a system to shuttle oil to a transloading facility in the southern Gulf and is increasing its oil storage capacity at another export facility in order to reduce its dependency on Khark. [redacted]

This paper was prepared by [redacted] Office of Near Eastern and South Asian Analysis with contributions from [redacted] NESA, and [redacted] Office of Global Issues. Comments and queries are welcome and may be directed to the Chief, [redacted] Division, NESA, [redacted]

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If Iraqi attacks were to seriously impede Iranian oil exports, we would expect Iran to retaliate against Iraq's Gulf allies. The world oil market could compensate for a loss of Iranian, Iraqi, and Kuwaiti crude, but any Iranian action that disrupts Saudi exports would drive prices up sharply. [redacted]

\* \* \* \* \*

Iraqi aircraft have attacked or attempted to attack tankers calling at Khark Island an average of every other day for the past five weeks. Iraq claims it has hit 19 ships since 3 December and AWACS reporting indicates Iraqi jets have searched for targets unsuccessfully six times. Strikes against five tankers and three cargo ships have been confirmed; two of the tankers were seriously damaged. [redacted]

Iraq is following a strategy of phased escalation begun 18 months ago when Baghdad first threatened an economic blockade. In February 1984 it flew an "armed reconnaissance" flight with Super Etendard aircraft near Khark Island and the following month began regular attacks on tankers. With only five Super Etendard aircraft and a cautious war strategy, however, these shipping attacks have failed to reduce significantly Iran's oil exports. We believe that weak oil demand is the major reason Iran's oil exports fell from 1.8 million b/d early last year to 1.2 million b/d in late 1984. [redacted]

#### Iraqi Attacks This Coming Spring

The delivery of twenty Exocet-armed Mirage F-1 aircraft from France is due to be completed early this year, enabling Baghdad to increase the frequency of its attacks. Indeed, the sharp surge in Iraqi strikes in December and early January probably reflects these deliveries. [redacted]

[redacted] All Exocet-armed F-1 aircraft should be combat ready within a few months. [redacted]

We expect Baghdad to begin using the F-1s on a sustained basis over the Gulf this spring when the weather becomes more favorable to air operations. Baghdad probably believes that an increase in strikes from the average of one a week in mid-1984 to the four or more per week mounted or attempted in December and early January will force a significant reduction of Iranian oil exports. Baghdad could damage Iran's economy further by launching airstrikes on other Iranian economic targets such as oil refineries and internal oil pipeline and pumping facilities if the current escalation fails to achieve this goal. Iraqi leaders have recently hinted that they may begin striking other economic targets should their campaign in the Gulf fail to force Iran to the negotiating table. [redacted]

Major attacks against facilities on Khark Island, however, are likely to be only a last resort. A senior Iraqi official told US diplomats in Baghdad this month that, although Iraq was prepared to lose up to 25 aircraft in sustained attacks on Khark, Baghdad did not intend to launch an all-out campaign against the island because it would be too great a shock to Western economies. The real reason may be that Iraq's capability to hit Khark is more effective as a threat than if it is implemented. The Iraqis would probably



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have to sacrifice more than 25 aircraft to close down the well-defended island for an extended period.

France has supplied aerial refueling pods with the Exocet-armed F-1s enabling the planes to operate at much longer ranges over the Gulf.

Although the F-1s do not need refueling pods to operate near Khark, the pods could enable the F-1s to attack ships around Iran's Sirri and Lavan oil terminals near the Strait of Hormuz. The F-1s also will allow Iraq to use less caution in choosing targets since they are faster, more maneuverable, and more survivable in air combat than the Super Etendard.

#### Constraints

The number of Exocet missiles in the Iraqi inventory is a major uncertainty to us and could constrain Iraq's strategy. Baghdad apparently is concerned about the rate of supply. In December, Iraq pressed Paris for several hundred additional missiles to be delivered as soon as possible, but as of mid-December the rate of delivery had apparently not changed.

We estimate the Iraqis have about 100-125 Exocet missiles on hand.

In addition, we estimate Iraq had about 25 missiles at the beginning of 1981 and we have good information that about 20 missiles were delivered with the Super Etendards and another 20 missiles with the initial deliveries of Exocet-armed Mirage F-1 aircraft. This suggests that the French have delivered approximately 450 Exocet missiles to Iraq since the late 1970s. Analysis of fairly good information from a variety of sources suggests Iraq has fired approximately 300 Exocets during the war, hitting about 125 ships. Allowing for some error and needed missile repair, this would put the current Iraqi stockpile at about 100-125 missiles.

A stockpile of this size, combined with future, possibly stepped up, deliveries, would enable Iraq to conduct a relatively high level of shipping attacks this coming spring and summer and still maintain an emergency supply of missiles. If our estimate is too high, however, Iraq could face severe constraints on its ability to escalate attacks on shipping bound for Iran.

A number of other factors could also cause temporary lulls in Iraqi strikes. The Exocet-Mirage F-1 combination is new and technical difficulties could force the periodic grounding of the F-1s. Weather conditions also will be a factor in Iraq's attack schedule. Public statements by Iraqi leaders last November suggest that the six-week lull in attacks last fall could have resulted from poor weather. In addition, the Iraqis may attempt to calibrate the intensity of their strike schedule to Iranian military activity along the front. Another limiting factor in the pace of Iraqi attacks is Baghdad's agreement not to hit tankers when Turkish ships are calling at Khark.

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### Iranian Reaction

Although Tehran has declared a policy of responding in kind to Iraqi attacks, it limited its retaliation to only 18 ship attacks during 1984. Only three of these took place in December in response to Iraq's stepped up campaign. We believe Tehran has concluded that its attacks on ships only further Iraq's strategy of making the Gulf unsafe for shipping calling on Iran. B

We expect Iran to only occasionally retaliate against ships calling at Gulf Arab ports. The Iranians are not likely to be any more successful than in the past in trying to intercept attacking Iraqi aircraft. During 1984 they apparently were able to damage only one Super Etendard. We believe Iran realizes that it is unable to forestall Iraqi attacks by intercepting aircraft or by retaliating against shipping elsewhere in the Gulf.

Instead, the Iranians appear to be relying on discounts to keep tankers calling at Khark and are preparing to expand exports from other facilities.

Oil collected in these floating storage depots would be transferred to other tankers unwilling to risk a voyage to Khark. Iran is also increasing crude storage capacity on Lavan Island. These measures, however, cannot offset the loss of all exports from Khark Island.

Since early December the cost of moving and insuring oil cargoes from Khark Island has risen from \$1.29 to about \$3.00 per barrel. Iran probably will need to discount oil by about \$4-5 per barrel to offset these higher insurance and transport costs in order to maintain sales in a soft market. At current export levels such discounts would cause 1985 exchange earnings to fall by as much as 15 percent from 1984--itself a poor revenue year. Iranian resistance to pressure for oil price cuts would be even more damaging to revenues. Last August, Iran's unwillingness to offer more concessions caused oil sales and earnings to drop almost 40 percent.

Iran's economy has not yet been seriously threatened by the step up in Iraqi attacks, but Tehran is likely to have problems coping with still lower oil revenues. Reduced oil income in 1984 caused the regime to cut back both imports and domestic spending despite commodity shortages and high unemployment. Even with import cuts, Iran was forced to draw down its foreign assets to their lowest point of the war. Minimal assets and lower oil revenues will mean an erosion of living standards amid existing signs of domestic dissatisfaction with the performance of the economy.

A strong Iranian retaliatory response is probable if Baghdad's stepped up attacks were to reduce Iranian oil revenues significantly. Iran apparently is already prepared to react more strongly if necessary. Iran may have used F-14 aircraft armed with standard missiles in its shipping attack on 25 December. Two other F-14s apparently provided air cover for the attacking aircraft. The willingness of Tehran to commit scarce F-14s to the shipping war indicates Iran may have decided to begin responding more forcefully to Iraqi attacks. F-14s should be more effective in locating ships and defending themselves from attacking aircraft than the F-4s Iran has used in previous shipping strikes.

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Iran continues to monitor ships in the Gulf region and keeps track of their locations for possible attacks. [redacted]

If Iran increases its retaliation, Saudi Arabia and other Gulf states will probably be forced to reestablish restrictions on tanker arrival and departure times, and more buyers will be forced to pay a premium for loading crude at the Saudi Red Sea outlet. [redacted]

Tehran could also mine the ports of Iraq's Gulf allies. Iranian efforts to develop a mine warfare capability have increased in the past year and Tehran could probably lay enough mines to raise insurance rates and deter shipping to Gulf ports. Kuwait would probably be a prime target since mining its waters would reduce oil exports as well as the flow of arms to Iraq. Iran probably would not mine the Strait of Hormuz unless almost all of its own shipping were stopped because of its dependence on that strategic waterway. [redacted]

Iranian sabotage or air strikes against Arab Gulf states and increased terrorism worldwide are also possible responses. Tehran has trained Gulf Arabs and probably has some in place to carry out some operations. Most of the oil exported from Saudi Arabia, Kuwait, and Abu Dhabi pass through a small number of critical facilities that are susceptible to sabotage. Tehran also could increase its terrorist campaign worldwide in hopes of deterring countries from aiding Iraq. France would be a prime target for these attacks since Iraq is using French equipment to attack ships. [redacted]

#### Oil Market Response

Oil exports from the Persian Gulf probably can be maintained near current levels if producers adopt precautions and countermeasures similar to those used last summer, even if attacks continue at current rates. So far oil market buyers do not view the threat to oil supplies from the latest surge of tanker attacks as troublesome enough to reverse countervailing market forces. Continuing weak demand and the willingness of oil exporters to discount prices and exceed OPEC imposed production quotas have kept oil prices soft. Widespread surplus capacity and the growth of government stockpiles underpin consumer confidence in an ample supply. A warm start to the winter and OPEC's latest difficulties in restraining output add to complacency. Given strong prospects for further price slippage, buyers are loathe to bid up prices and risk losses if a scarcity fails to materialize. [redacted]

Most market analysts believe that only a major escalation in hostilities--including a concentrated effort by Iran to disrupt Saudi exports--could reverse the current market psychology and force spot prices sharply upward. Even a cut off of all exports from Iran, Iraq, and Kuwait would affect less than four million b/d and could be readily offset by increased production from Saudi Arabia and other producers. [redacted]



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Outlook

Even if Baghdad can sustain its current level of attacks Tehran is not likely to agree to serious negotiations and Gulf oil exports probably will not be reduced significantly. In our view, an escalation of the conflict that does not significantly affect the availability of Saudi oil would not have a major, lasting effect on oil prices. [redacted]

Iran, not Iraq, poses the main threat to the world oil market. Concentrated Iranian retaliatory attacks against either shipping or oil exporting facilities that threaten Saudi and other Gulf exports would have an immediate impact on the the market. A loss of oil shipments from all Persian Gulf terminals could remove about six million b/d from the market--more than double surplus productive capacity outside the Gulf--even if the Iraq-Turkey and Saudi East-West pipelines are still operating. Such an event would drive prices up sharply. The severity of the impact would depend on stock use and expectations about the length of the disruption [redacted]

For the time being, however, we expect Tehran to concentrate on alternate ways to export its oil and not on increased retaliation. Iran probably will continue its current rate of two or three shipping attacks a month. Iran's economy is not threatened as long as Tehran is willing to offer discounts to move its oil. A large price drop along with an increase in the effectiveness of Iraq's shipping attacks, however, would present serious problems for Iran's leaders. [redacted]



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Shipping Attacks in December 1984 and January 1985

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- Dec 3 Iraqi aircraft hit Cypriot Tanker.
- Dec 5 Baghdad claims ship hit south of Khark...US AWACS detect Iraqi aircraft in area.
- Dec 6 Iranian ship and aircraft search for targets.
- Dec 8 Iranian aircraft hit Kuwaiti supply ship.
- Dec 9 Iraqi aircraft hit Bahamian Tanker.
- Dec 10 Iraq claims ship hit south of Khark.
- Dec 11 US AWACS detect Iraqi aircraft on ship attack profile...Iran reports Exocet fired from Iraqi aircraft.
- Dec 12 US AWACS detect Iraqi reconnaissance over Gulf.
- Dec 15 Iraqi claims two ships hit...Greek tanker confirmed hit...probably by Mirage F-1.
- Dec 16 Iraq claims two ships hit...Greek tanker hit previous day hit again.
- Dec 17 Iraq claims ship hit south of Khark...Greek cargo ship hit.
- Dec 18 Iraq claims ship hit...AWACS detected Iraqi aircraft in area.
- Dec 19 US AWACS detect Iraqi aircraft on ship attack profile.
- Dec 20 US AWACS detect Iraqi aircraft on ship attack profile.
- Dec 21 Iraq claims two ships hit...Norwegian tanker hit...probably Mirage F-1.
- Dec 24 Iranian aircraft search for targets.
- Dec 25 Iran hits Indian tanker...F-14s used.
- Dec 26 Iran hits Spanish tanker.
- Dec 29 US AWACS detect Iraqi aircraft on ship attack profile.
- Dec 30 US AWACS detect Iraqi aircraft on ship attack profile.
- Dec 31 Iraq claims one ship hit.
- Jan 4 US AWACS detect Iraqi aircraft on ship attack profile.
- Jan 7 Iraq claims two ships hit...Panamanian cargo ship hit.
- Jan 8 Iraq claims three ships hit...South Korean cargo ship hit.
- Jan 10 Iraq claims one ship hit...US AWACS detected Iraqi aircraft on ship attack profile.

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**Confirmed Shipping Attacks in December 1984 and January 1985**



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*P Iran*

IRAN:

**Ayatollah Montazeri Chosen To Succeed Khomeini**

*The regime's reported decision officially to designate Hosein Montazeri as Khomeini's successor will improve the prospects for an orderly succession, but it will also strengthen the position of the more pragmatic clerics associated with Montazeri and perhaps allow him to take the lead in finding a way out of the war with Iraq.* [REDACTED]

FOIA(b) (3)

**Comment:** Khomeini has for some time clearly favored Montazeri as his successor even though Montazeri lacks Khomeini's charisma, political skills, and religious credentials. Khomeini's decision to have his choice ratified before his departure suggests he is attempting to damp down factional infighting over the succession question. [REDACTED]

According to the Iranian constitution, the Assembly of Experts designated to choose the next supreme leader could have chosen either a single leader or a collegial body to rule. Many prominent regime leaders, most noticeably President Khamenei, had opposed the selection of a single leader who might consolidate his power at their expense, and some clerics oppose the concept of a single leader on theological grounds. [REDACTED]

FOIA(b) (3)

Montazeri's chief political ally, Consultative Assembly Speaker Rafsanjani, probably has gained the most politically from the reported decision. He favored Montazeri's selection as Khomeini's heir, probably expecting to wield effective power with Montazeri acting only as titular leader. Rafsanjani is already the regime's second-most-powerful political figure and over the long term he will maneuver to become Iran's supreme leader. [REDACTED]

FOIA(b) (3)

Montazeri and Rafsanjani—two of the more prominent members of the regime's pragmatist clique that in recent years has favored more moderate domestic and foreign policies—can now claim they have Khomeini's tacit support. They will use Montazeri's enhanced stature to attempt to gain additional support for their policies and to ensure the dominance of their faction over radical rivals after Khomeini's departure. [REDACTED]

FOIA(b) (3)

The factional conflicts thus are likely to continue unless Khomeini consistently supports Montazeri and Rafsanjani over their rivals. So far, he has shown no signs of making such a clear-cut choice. [REDACTED]

FOIA(b) (3)

Khomeini may have resolved the issue of his immediate successor at this time in part to broaden his options for dealing with the war with Iraq. He may hope to adopt a lower profile on the war while Montazeri becomes Iran's chief spokesman on the issue. Montazeri could then take the heat if the regime decides to end the war, leaving Khomeini's prestige relatively intact. [REDACTED]

FOIA(b) (3)

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By [Signature], NARA, Date 2/10/06



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NATIONAL SECURITY COUNCIL  
WASHINGTON, D.C. 20506

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December 23, 1985

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INFORMATION

*IRAN*

MEMORANDUM FOR JOHN M. POINDEXTER

FROM: JAMES R. STARK *A*

SUBJECT: Swedish Visit to Iran

A Swedish Embassy representative gave me the following initial debrief on the visit by Jan Eliasson -- foreign affairs advisor to Swedish Prime Minister Olaf Palme -- to Iran earlier this month. This was Elisson's seventh visit and was characterized as by far the most productive. As you will see from the following ticks, Iran has not changed its position on the Persian Gulf war. The Iranians (Musavi, Velyati, and Sheikoleslam) stressed the following points:

- Iran still requires the removal of Iraqi President Saddam Hussein as a precondition for peace. It justifies this view because of his alleged breach of numerous international treaties and conventions, as well as the certainty of continuing tensions between the two countries if Saddam Hussein were to remain in office after a peace agreement.
- Iran would forego its demand for reparations if negotiations resulted in the establishment of a nonaligned Islamic state in Iraq.
- The UN (and particularly the Security Council) is not viewed as a useful organization for ending the war because of its lack of objectivity as evidenced by its unwillingness to condemn Iraq for starting the war.
- Iran claims that, as a next step, Iraq will "internationalize" the war and spread the conflict to other Gulf states. I concur with the Swedish suspicion that Iran will probably take this step itself and is simply seeking to transfer the blame for its next moves onto Iraq.

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BY *RW* NARA DATE *11/21/17*

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- The ICRC is seen by Iran as an arm of western propaganda and will not be allowed to play a serious role there. Iran intends to pursue any humanitarian activities through the Red Crescent organizations in Turkey and Libya.

The Iranian views on Afghanistan were much more interesting. These were conveyed by Sheikoleslam, the Director of Political Affairs at the Foreign Ministry and the leading Iranian sponsor of anti-Western terrorism. Unlike his rather one-sided, stereotyped views of the West, Sheikoleslam appears to be a straightforward nationalist on this issue, as illustrated by the following:

- Iran does not view Afghanistan in an East-West context, but rather as a threat to its own national security. Because of its already long border with the Soviet Union, Iran is worried that the Soviets are intent on surrounding it -- "the Soviet Union is only one step away from the Gulf."
- The Geneva talks are unlikely to produce any useful results. The Afghan people are not represented there, nor is Iran. Without their participation, no agreement will be enforceable.
- The Soviets must withdraw their troops from Afghanistan. However, they will only do so if forced to by military reality. Neither political pressure nor international approbation have any effect on them.
- Iran believes that violence must be met with violence and will continue to react strongly against any Soviet military moves on its Afghan border. (I wonder how Sheikoleslam would react if the U.S. adopted a similar eye-for-an-eye strategy against Iranian terrorism.)
- Iran is not against a political solution but is convinced that, unless Soviet troops are withdrawn, a political agreement can only work to the advantage of Karmal and the Russians.

cc: Jock Covey  
Howard Teicher  
Steve Sestanovich

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[REDACTED]

FOIA(b) (1)

2. IRAN/SOVIET UNION: TALKING AGAIN

Although the Soviet-Iranian dialogue may be picking up momentum, we do not expect any significant warming in Soviet-Iranian relations in the near future. Nonetheless, individuals within the Iranian regime would like to see Iran establish closer relations with the Soviets, and other regime figures could overcome their inhibitions if Moscow offered the Iranians access to Soviet-made or -designed weapons.

*[Handwritten mark]*

FOIA(b) (1)

[REDACTED SECTION]

Besides harboring a deep historical distrust of the Soviet Union, the Iranians have found themselves at odds with the Soviets on several key issues, including Soviet support for the Tudeh party, Soviet policy toward Afghanistan, and Soviet backing for Iraq during the war. Afghanistan and Iraq remain major stumbling blocks to improved relations, but the Iranians believe that the Soviets now regard the Tudeh matter as an "internal Iranian issue."

[REDACTED] discussions about Afghanistan recently took place [REDACTED] but both parties talked in generalities and avoided details. The Soviets indicated that they would "study seriously" any proposal which the Iranians would put forth for resolving the Afghan problem. The Iranians told the Soviets that the Soviet desire for a "political solution" in Afghanistan must be defined with greater precision. [REDACTED] agreed, though, that the issue can be explored further [REDACTED]

FOIA(b) (1)

FOIA(b) (1)

The Iranians will continue to remain tough on Afghanistan and will not give up their Afghan card without extracting a high price for it--access to heavy Soviet weapons (an unlikely prospect for some time to come). We believe that the Iranians would, however, sell out their ideological brethren in Afghanistan for such weapons. (In Tripoli, Lebanon, the Iranians delivered radical fundamentalist Shaikh Shaban to the Syrians to protect their relations with Damascus.) The Afghan brethren could not hope to compete with Iranian access to Czech-made T-72 tanks--a big ticket item of long-standing Iranian interest.

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By *[Signature]*, NARA, Date 2/9/06

FOIA(b) (1)



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3. IRAN: AYATOLLAH MONTAZARI AND OPPOSITION TO CLERICAL RULE

The decision of the assembly of experts to nominate Ayatollah Montazari to succeed Khomeini is a bid to entrench Montazari in power while the old man still wields dominant authority. Yet Montazari has little chance of achieving the dominance Khomeini enjoys. Indeed, not all of Iran's clerical establishment favor the continuation of clerical rule. Montazari's selection will not put this debate to rest.

\* \* \*

Ayatollah Khomeini has attempted to undermine a key Shia tenet which holds that until the missing Imam (who disappeared in the 8th century) returns to establish a perfect government, all others are illegitimate. More important, Shia theory is said to hold that the clergy should avoid being associated with temporal power. Khomeini argues, however, that a clerical figure, well versed in theology and law, can exercise political power legitimately on behalf of the missing Imam. Thus the clerics should be actively involved in the governing process.

The constitution provides for the perpetuation of Khomeini's radical thinking through the appointment of a single successor or a council of three or five individuals who would rule collectively. The appointment of a council, however, would have undermined Khomeini's preference for a single jurist and could have begun a process of loosening clerical dominance of the government. Khomeini himself probably steered the decision toward Montazari.

Although Montazari's eventual appointment was expected, it is unclear why a formal decision was made now. Khomeini's health may be less of a factor than the emergence of clerical opposition to Khomeini's theories. In mid-October the Theological Society in Qom, Iran's religious capital, reportedly intended to publish a book that argued for creation of a secular government and a ban on clerical involvement in politics until the appearance of the missing Imam. Khomeini and those clerics who have built their political careers on his theories (Rafsanjani and Khamene'i, for example) may regard the announcement of a successor now as a way to undercut any attempt to challenge the Ayatollah's radical ideas.

Such a move will not still the debate. Diplomatic observers in Tehran have speculated that some members of the assembly of experts were uncomfortable with the decision. There are also reports that several of the grand ayatollahs are perturbed, but are biding their time while Khomeini lives.

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John Poindexter	<u>2</u>		
Paul Thompson			
Wilma Hall			
Bud McFarlane	<u>3</u>	<u>W</u>	<u>I</u>
William Martin			
NSC Secretariat	<u>4</u>		<u>N</u>
Situation Room			

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MAX KING MORRIS

May 23, 1985  
Jaliscoville

Dear Howard,

I cannot recall whether Khansari left a copy of the enclosed "Nine Points" proclamation with you. It seems to be bearing fruit — no doubt you know all details of the massive demonstrations (80K plus) in Teheran last Friday, called for by Dr. B. Good coverage in "The Washington Post" — and I heard extensive coverage, including excerpts of Dr. B., on BBC/VOA via my little SONY 7600 SW receiver. I look forward to seeing you at lunch next week.

Sincerely,  
Max

T-88-40  
ODD 4/7/87

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Directorate of Intelligence

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# Iran: The Struggle To Define and Control Foreign Policy

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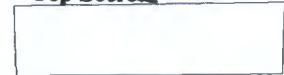
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Directorate of  
Intelligence



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# Iran: The Struggle To Define and Control Foreign Policy



A Research Paper


This paper was prepared by   
Office of Near Eastern and South Asian Analysis. It  
was coordinated with the Directorate of  
Operations. Comments and queries are welcome and  
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May 1985





**Iran: The Struggle  
To Define and Control  
Foreign Policy** 

**Summary**

*Information available  
as of 10 April 1985  
was used in this report.*

We believe that factions in the Khomeini regime are engaged in an intensifying struggle over the direction and objectives of Iran's Islamic revolution that will keep its foreign policy erratic and in turmoil. Since the clerics consolidated their rule in late 1981, they have had to reconcile Iran's national interests with often conflicting revolutionary goals. We believe Iran is moving toward a more pragmatic approach to foreign policy, primarily because of economic pressures and the war with Iraq.

These factors have forced Iran to seek ties with a growing number of countries to ease its international isolation, sell its oil, and secure a steady supply of arms. Iran has expanded relations with the Muslim states of Sub-Saharan Africa and has sought better relations with Turkey and Pakistan—despite Ankara's secular government and both countries' close ties to the United States. Economic relations have been cemented with several OECD countries and with Eastern Europe as well. Iran is even pursuing better relations with the moderate Arab regimes of the Persian Gulf as part of its strategy to wean them from Iraq.

This movement toward more normal foreign relations is hotly contested by rival factions in the regime, and the outcome will remain in doubt until the succession to Khomeini is resolved. We believe the dispute primarily involves three groups:

- Islamic radicals oppose relations with most governments, which they consider oppressive and dominated by the superpowers. They advocate export of the revolution through subversion and terrorism and believe Iran's mission should be directed at the world's "oppressed masses." This group is well entrenched in the Ministry of Foreign Affairs, the Revolutionary Guard, and the Ministry of Islamic Guidance. Its leaders are vehemently anti-Western but not pro-Soviet.
- Conservatives favor normal foreign relations and generally oppose active measures to export the revolution. This group, however, supports aggrandizing Iranian power through propaganda, the appearance of military power, and diplomacy throughout the Islamic and Third Worlds, particularly in the Persian Gulf region. It favors good relations with most Western countries, especially in economic matters, and is hostile to Moscow.





- A third group that we label pragmatists is willing to do whatever it deems necessary to further Iran's interests—and their own. This group, which includes some of the most powerful members of the regime, apparently operates as a swing element and usually provides the winning margin in policy formulation. When the pragmatists have sided with the conservatives, they have sometimes been able to curb radical excesses. They, however, have not hesitated to advocate use of terrorism and subversion themselves when they believed them useful in advancing Iranian interests. As a result, terrorism continues to be part of Iran's policy options despite disapproval from the conservatives.

We believe there is a better-than-even chance that the pragmatists will emerge as the dominant force after Khomeini and will formulate Iranian foreign policy on the basis of perceived state interests rather than revolutionary aspirations. Pragmatism, however, is not synonymous with moderation. Terrorism and subversion, for example, are likely to remain useful tools, particularly for regime attempts to expand Iran's power in the Persian Gulf—a traditional Iranian geopolitical goal that is now imbued with religious legitimacy.

We do not believe that there is any sizable pro-Soviet group in Iran's leadership. None appear to advocate closer relations with Moscow out of ideological conviction. There is, however, a strongly anti-Soviet element—the conservatives—who abhor Marxism not only as atheistic, but actively anti-Islamic. Its members also fear Moscow's intentions toward Iran. Nevertheless, we believe that many in the regime would favor a limited accommodation with the Soviets if they perceive great danger to Iran. This could occur if Iran's fortunes in the war with Iraq continue to sink or if the perceived threat from the United States grows.

Relations between the United States and Iran are likely to remain bad and could get worse. Tehran believes that the US interest in safeguarding moderate Arab regimes in the Gulf is directed against Iran. Khomeini's hatred toward the United States has been so strong and central to the revolution that its legacy will be hard to overturn. Moreover, Islamic radicals who share Khomeini's anti-American passion are well situated to perpetrate terrorist outrages that would preclude the development of less hostile relations even if others in Tehran were ready to move in that direction.





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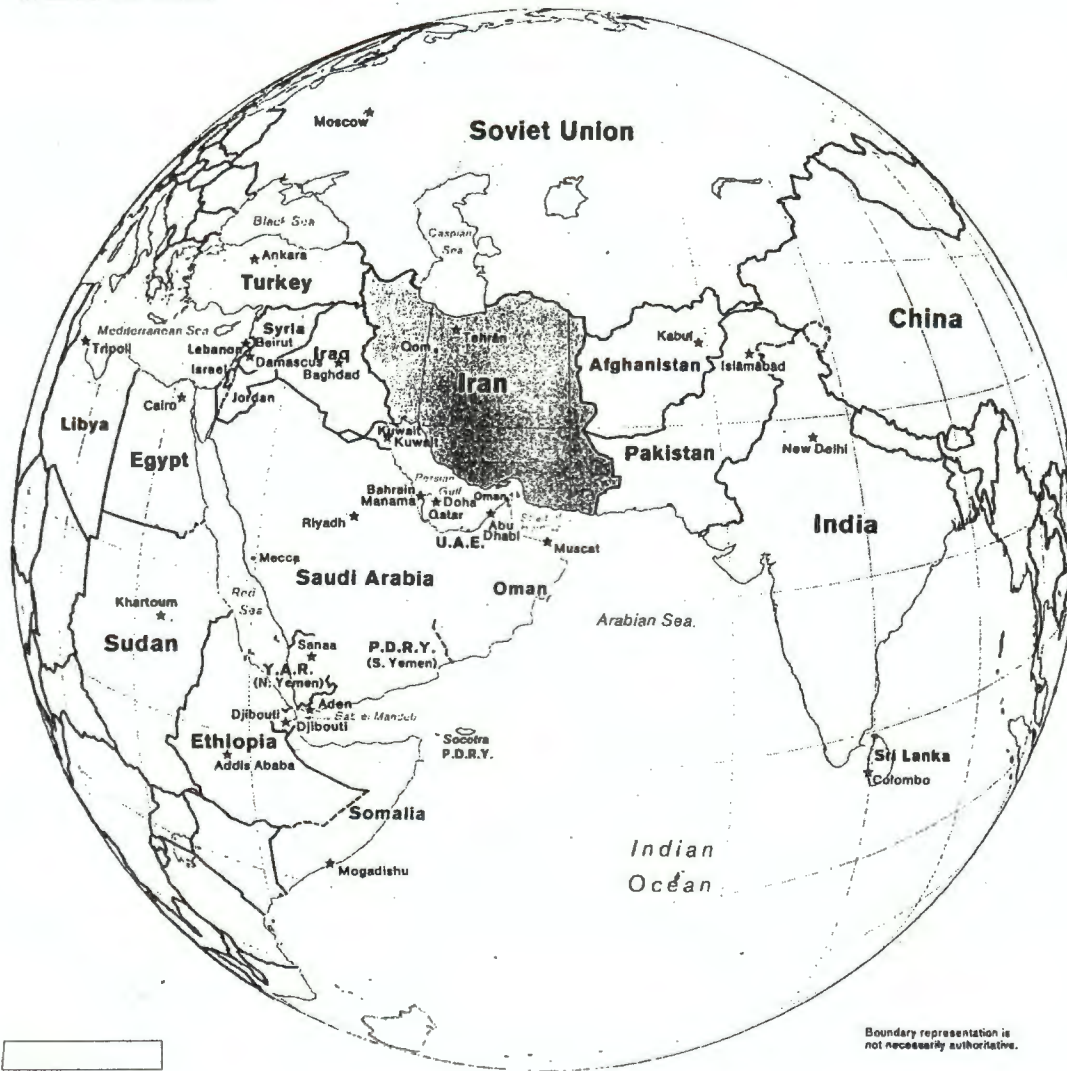
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**Iran on the Globe**



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## Iran: The Struggle To Define and Control Foreign Policy

*Good is now at war with evil.*

*Cyrus the Great, announcing the  
formation of the Persian Empire,  
sixth century B.C.*

The success of Iran's Islamic revolution in 1979 fundamentally altered the strategic alignment of the Persian Gulf. A nationalist regime that supported a pro-Western status quo in the area was replaced by one whose chief foreign policy theme has been vehement opposition to the United States. The Iranian regime of Ayatollah Khomeini is today the most aggressively anti-American of any in the world.

Iran's Islamic revolution shares with other major modern revolutions a belief in both its historical uniqueness and its universal applicability. In the eyes of Ayatollah Khomeini, the Iranian revolution was to create a system administered according to fundamental Islamic principles that are timeless and valid for all mankind. Thus, the new regime in Tehran quickly shifted from a foreign policy based on Iranian nationalism and the extension of Iranian national power to one based on theocratic principles. Iran's clerical regime, for example, early and repeatedly vowed to work for the overthrow of regional regimes whose policies it condemned as non-Islamic and whose legitimacy it disputed.

As long as Iran's activist clerics were fighting for power—first against the provisional government of Mehdi Bazargan and then the presidency of Abol Hasan Bani-Sadr—they could remain true to a revolutionary Islamic ideology. Indeed, they used that ideology as a weapon against their opponents who were struggling to impose order on Iran's postrevolutionary chaos.

If the revolution fundamentally altered Iran's perspectives, it could not change regional realities or Tehran's continuing geopolitical interests. Once in power, the clerics and their secular allies had to deal with the problems of governing and with providing for

Iran's security and well-being. Many clerics who had used revolutionary ideology when it served their purposes now were ready to reshape that ideology to fit their new positions of authority. Others, however, remained committed to their revolutionary goals. This issue remains a source of controversy in Iran and is intertwined with the general jockeying for power in anticipation of the post-Khomeini era, resulting in an unsettled and at times contradictory foreign policy.

### Khomeini's Conception of Foreign Policy

Analysis of Ayatollah Khomeini's prerevolutionary writings and speeches indicates that his views on foreign affairs were shaped by traditional Islamic concepts that differ fundamentally from Western political thought. Western ideas place separate, territorially defined nation-states at the center of a complex interplay of international relations. Islamic tradition views the "house of Islam" (*dar al-Islam*) as a single community of believers in which ethnic, linguistic, and national differences are irrelevant. The only recognized division of mankind is between Muslims and unbelievers—*dar al-harb* ("the house of war"). This division is temporary, as there can be no permanent polity outside the bounds of Islam, the one true faith. According to classical Islamic doctrine, the Muslim state is in a constant state of war with the non-Muslim world, pursuing a holy crusade (*jihad*) to turn *dar al-harb* into *dar al-Islam*.

Khomeini has asserted his belief in this struggle and has often called for "worldwide Islamic revolution." In a speech on the first anniversary of the overthrow of the Shah, for example, Khomeini said that, "We will export our revolution to the four corners of the world because our revolution is Islamic, and the struggle will continue until the cry of 'there is no God but Allah, and Muhammad is his Messenger' prevails throughout the world."



Khomeini sees Iran's revolution as more than just a struggle with the non-Islamic world. For him, it is a  *Jihad*  to purify the Islamic world from Western influences and corrupt rulers. He believes that the threat to Islam takes two forms. The first is a direct threat: the West and their clients in the Muslim world have carved up the Islamic community of believers into a number of nation-states, an act that is against God's design as presented in the Koran. In his book  *Islamic Government* , Khomeini wrote that "together the imperialists and the tyrannical self-seeking rulers have . . . separated the various segments of the Islamic  *umma*  from each other and artificially created separate nations. . . . This nationalistic tendency . . . is against Islam and the good of the Muslims and is among the deceits of the foreigners who suffer from Islam and its expansion." [redacted]

The second threat to Islam from the West is indirect but is regarded by Khomeini to be even more dangerous. This is the cultural seduction of the West's materialism, secularism, and sexual liberalism that leads Muslims away from traditional Islamic values. A Persian word has been coined to describe the poisonous nature of this attraction that is best rendered in English as "Westoxication." For Khomeini, this second threat is particularly invidious because it is an invisible, persistently corrosive influence on Islamic life. [redacted]

Khomeini views the revolution in Iran as a starting point for the formation of a new Islamic order. In his writings he spelled out how the unification and purification of Islam were to be accomplished. There would have to be revolutionary upheaval throughout the Muslim world to install a truly Islamic government:

*We have . . . no choice but to destroy those systems of government that are corrupt . . . and to overthrow all treacherous, corrupt, oppressive, and criminal regimes. This is a duty that all Muslims must fulfill in every one of the Muslim countries to achieve the triumphant political revolution of Islam.* [redacted]

Khomeini's views on the superpowers are derived from his division of the world into the faithful and the unbelievers and from his belief in the need to purify Islam and transform the world into  *dar al-Islam* . The

two superpowers are seen by Khomeini as forming an antagonistic front against Islam. The liberal humanism of the West and the Communism of the East are "human ideologies" that contradict the divine revelation of Islam. [redacted]

Khomeini has argued that because of the superpowers' immense power in the world, their control is everywhere. "One cannot find a country today whose motto is 'neither East nor West'; [all countries] rely officially or unofficially either on the Eastern bloc or on the Western bloc. . . . All the countries in all the regions of the world are under their domination." [redacted]

Based on Islamic tenets, Khomeini probably should have been more at odds with the USSR, which officially endorses atheism, than with the United States. Nevertheless, it is the United States that Khomeini has held in special contempt. He has repeatedly asserted that the United States is Iran's "number-one enemy" and the "Great Satan." [redacted]

We believe Khomeini's visceral hatred of the United States was formed by his perception of both the US-Iranian relationship under the Shah and the greater threat that the West—and the United States as its leader—presented to Islam. Khomeini believes and has often stated that, under the Shah, Iran had become the handmaiden of the United States, giving up its resources, its values, and its interests to satisfy the "world-devouring" United States and its stepchild in the region, Israel. The USSR's involvement in Iran since 1946, by contrast, was never so total as that of the United States. The USSR also was considered less threatening because it had fewer regional clients and possessed a less attractive ideology that made it less able to achieve its "evil intent" in the world. [redacted]

#### The Practice of Iranian Foreign Policy

##### International Pariah

When the clerics consolidated their control in 1981 after nearly three years of struggle, the Khomeini regime was viewed by much of the world as a







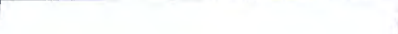
collection of erratic and violent Islamic fanatics. Tehran's actions had left the Islamic Republic severely isolated:

- It had incurred near universal condemnation for holding US diplomats hostage.
- The war with Iraq had solidified Gulf Arab support behind Baghdad.
- Most other Muslim regimes considered Iran a menace to their stability and rejected Tehran's pretensions to judge their Islamic credentials.
- Iran's claim to be the only really nonaligned nation and its assertion that Islam offered the only true path between East and West had alienated many in the Third World.
- The postrevolutionary Iranian diplomatic corps was filled with personnel whose chief qualification was their commitment to Islamic revolution. Their crude and unruly behavior and their insistence on reaching out to the "oppressed masses" in their host countries further strained Iranian ties in the Islamic and Third Worlds. 

Until they consolidated their power, the activist clerics welcomed Iran's isolation. 

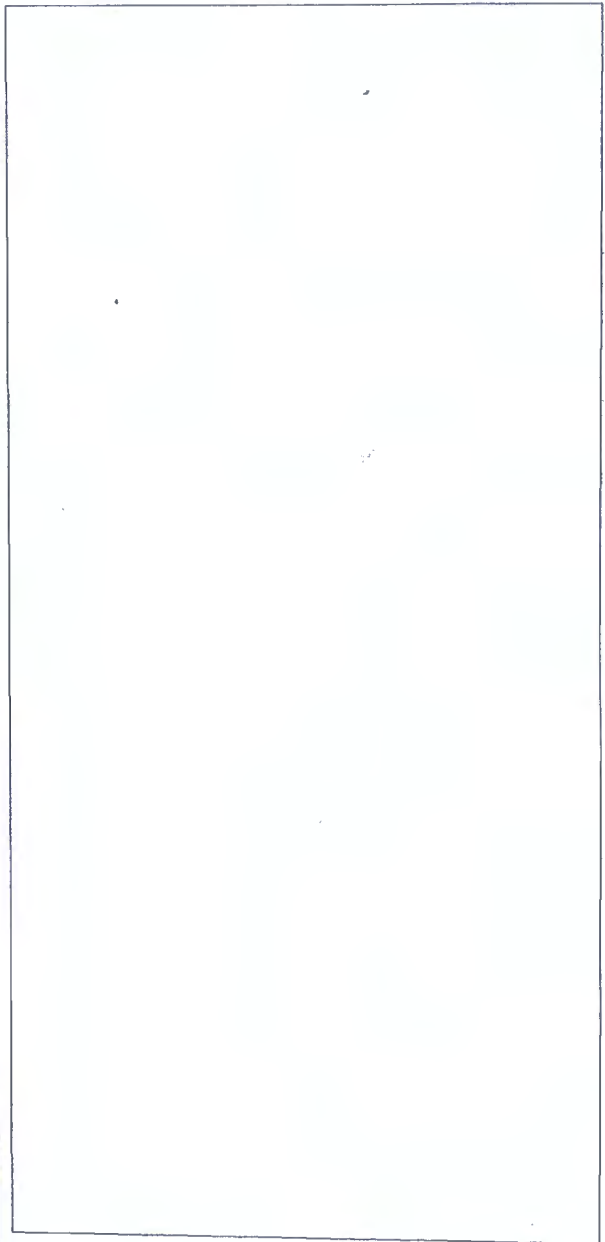
 the clerics exploited the efforts of their secular rivals to restore normality to Iran's foreign relations as proof that their rivals lacked true revolutionary fervor. 

#### **The Clerics Divided**

The clerics' struggle for power in Iran masked serious philosophical disagreements over the proper direction of the revolution. 



 the existence of three broad factions representing different philosophical approaches to foreign policy. The terms we apply to these groups—



[Redacted]



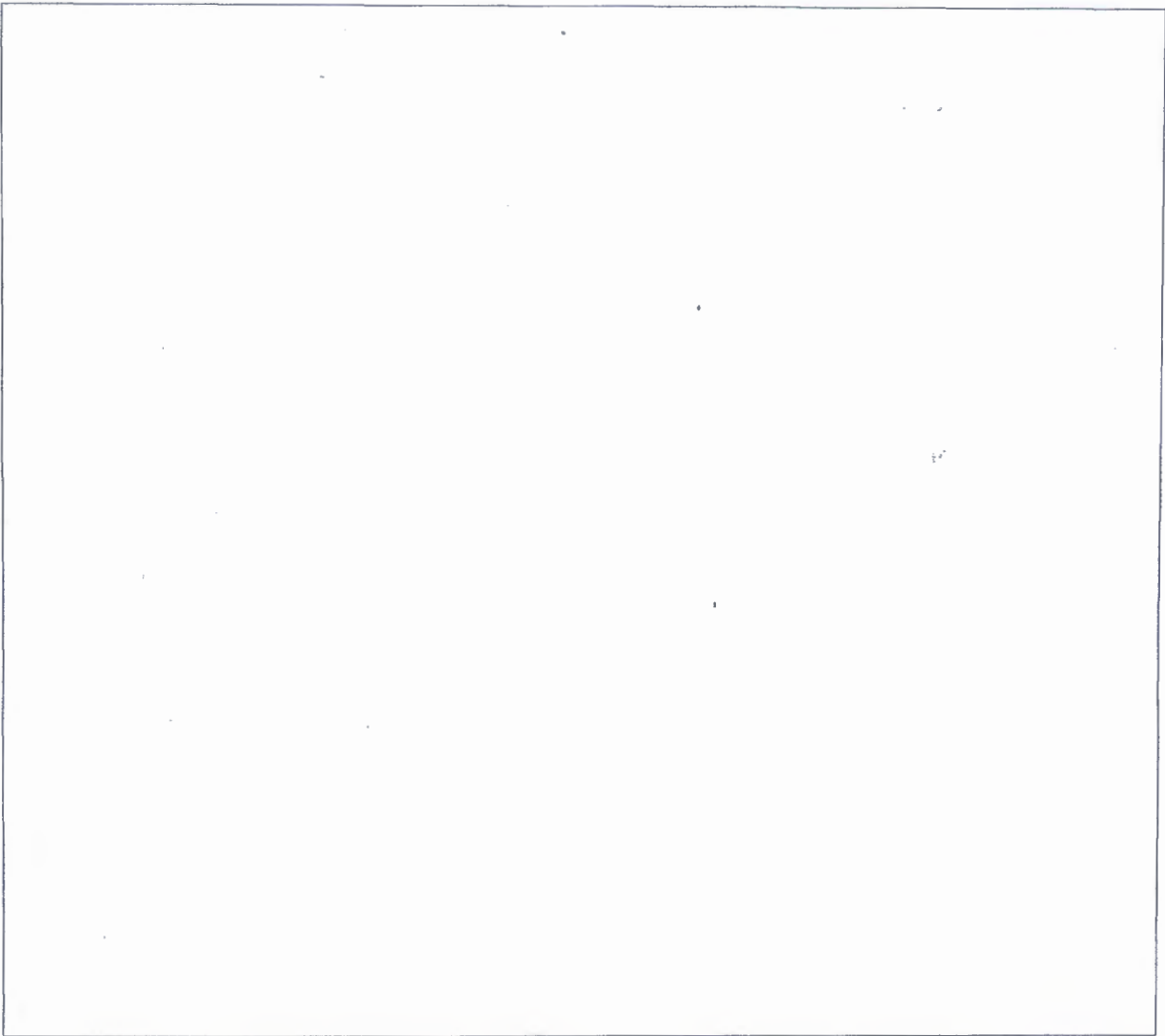
**The Trend Toward Pragmatism**

Despite the persistent differences between these groups—made possible in part by the multitude of competing power centers<sup>1</sup>—we believe a trend has developed over the past three years toward a more

pragmatic foreign policy [Redacted] that Iran's key leaders are pragmatists and have felt compelled to reduce Iran's severe diplomatic isolation, even at the expense of revolutionary goals, because of:


- *Economic necessity.* Iran's faltering economy has become even more dependent on foreign oil sales and imports of basic goods than it was under the

<sup>1</sup> For more detailed studies of the internal political situation, see: DI Intelligence Assessment NESA 84-10285 [Redacted] October 1984, *Iran: Growing Prospects for Instability* and DI Research Paper NESA 85-10008 [Redacted] January 1985, *Iran: The Growing Role of the Consultative Assembly*, [Redacted]



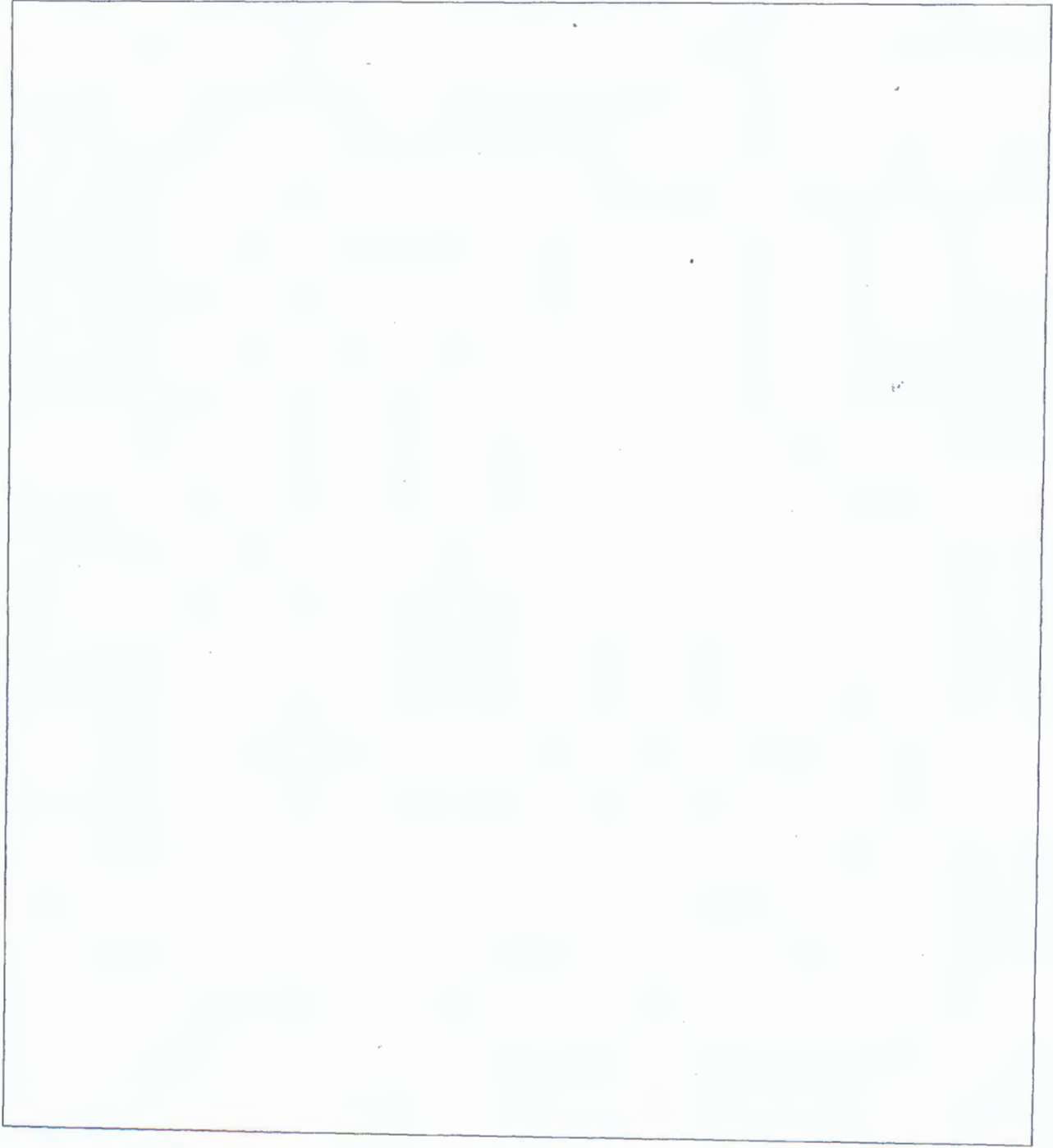
Shah. Tehran has been forced to try to end its international isolation to obtain consumer goods and military materiel and to export its oil in the current soft world oil market.

- *The war with Iraq.* Iran's isolation has hurt its war effort in several ways. With the exception of Libya and Syria, Tehran could muster almost no diplomatic support even though it was the victim of aggression. At best, Iran was offered studied neutrality.

Moreover, Iranian isolation greatly complicated the search for reliable sources of arms and sent Iranian arms buyers scurrying to the black market. Poor Iranian military fortunes during the past two years, and especially since the Iraqis began attacking oil tankers in the spring of 1984, have caused the pragmatists to pursue a diplomatic offensive that requires the appearance of moderation. 



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**Iran: Foreign Policy Positions of Key Factions**

	Pragmatists	Radicals	Conservatives
Use of terrorism and subversion	A tool of statecraft to further Iranian interests	Strongly favor wide use to export revolution and expel the United States from the Muslim world	Strongly oppose
Policy toward Persian Gulf	Currently set by war with Iraq; aimed at weaning these states away from economic and political support of Baghdad	Favor export of revolution by all means	Favor Iranian dominance, but good trade relations
Policy toward radical Arab states	Favor good relations because of war with Iraq; see need for military and political support of these states	Mixed. Recognize current benefits because of war with Iraq and approve anti-imperialism, but disapprove of Syrian secularism and see Libya as an Islamic rival	Recognize benefits because of war but reject close relations
Policy toward Third World radical states	Favor good relations to lessen international isolation	Favor association with "anti-imperialist" countries	Strongly oppose close ties
Policy toward Muslim states in Africa	Favor increased Iranian presence to lessen international isolation	Urge export of revolution	Uninterested
Policy toward industrialized countries	Favor improved ties to meet Iran's economic needs	Strongly oppose close ties	Strongly support good economic ties
Policy toward Soviet Union	Mistrust, but urging improved relations because of declining fortunes of war with Iraq and increased perception of US threat	Mistrust, but willing to deal with Soviets. Nevertheless, interested in exporting revolution to Soviet Muslim population	Strongly oppose close ties
Policy toward United States	Reject relations for the foreseeable future	Strongly object to any connection and urge terrorism to expel the United States from the region	Willing to lessen hostility over time

Pragmatism and moderation, however, are not identical. We believe the conservatives oppose terrorism in principle, for example, whereas the pragmatists' opposition to it is only tactical, and they are quite ready to resort to it if they believe it will advance their goals. As the pragmatists have exerted more control over the government, the use of terrorism and subversion appears to have been more carefully directed at specific objectives and has become more lethal. Attacks on US installations in Lebanon and elsewhere in the region are cases in point. Pragmatists, recognizing Iran's need for allies in its war against Iraq, have led Iran into closer relations with Syria and a shared effort to expel US forces from the region. (S NF)

**Current Foreign Policy Objectives**

The shift to a more pragmatic foreign policy is a trend, not a completed process. Even though the trend toward pragmatism is apparent, countervailing pressures continue, and no issues appear to have been finally resolved. At this point, the pragmatists appear to operate as the key swing group, supporting conservatives on some issues, radicals on others. Their support usually provides the winning margin.



"Neither East Nor West." This maxim is central to Iran's revolutionary foreign policy, but it has been reinterpreted by the pragmatists in one of their most important victories. The new interpretation has allowed Iran to seek expanded foreign relations throughout the world and the economic and military goods essential for the political survival of the regime and the continuation of the war against Iraq. [redacted]

A review of the immediate postrevolutionary phase indicates that "Neither East nor West" originally was intended to avoid the dependency and resulting corruption that existed under the Shah by maintaining only minimal relations with foreign governments. With the appointment of Ali Akbar Velayati as Foreign Minister in October 1981, however, the pragmatists began a quiet campaign to change the emphasis of "Neither East nor West." Velayati and other pragmatists argued that the key element of the maxim was Iran's ability to maintain a balance between East and West to avoid reliance on either bloc while pursuing relations with both to its own advantage. [redacted]

[redacted] Velayati launched Iran on an ambitious campaign to increase its diplomatic representation abroad and to convince the rest of the world that Iran could be a stable trading partner and a country worthy of international investment. His efforts, as reflected in foreign trade statistics, have been successful. In 1981 Iran's foreign trade was estimated at \$22.7 billion, while in 1983 trade was estimated at \$37.7 billion. [redacted]

It was not until the fall of 1984, however, that Velayati's approach clearly emerged dominant (although not yet triumphant). During the previous summer, Velayati went through grueling reconfirmation hearings for the Iranian Cabinet by the newly elected Consultative Assembly (Majles). He was sharply questioned, according to the Iranian press, on the wisdom of a policy that so heavily stressed expanding diplomatic and economic ties to both the West and the East. Velayati responded by declaring that "the destiny of the world is determined on the diplomatic scene. If we are not present, it will be determined without us. If we are there, we will get a share proportional to our capability and activity." Velayati also charged that those who argued that

Khomeini had ordered a policy of isolation forgot that this was at the start of the revolution. "The direct guidelines I have received from the Imam are diametrically opposed to this [isolation]." [redacted]

Even though Velayati was reconfirmed, we believe that the considerable opposition he encountered led the pragmatists to take to the offensive. They prevailed upon Khomeini in October 1984 to deliver a major foreign policy address endorsing the Velayati approach. In his speech, Khomeini abandoned much of his prerevolutionary rhetoric on foreign relations. He turned on the radical opponents of Velayati who had remained loyal to Khomeini's earlier formulations, even accusing them of being agents of the United States:

*The superpowers and America [in particular] supposed that Iran desired through its revolution to secure an independence and freedom, which would be a novel thing and contrary to the ways of all governments, and would thus be isolated. If isolated, it could not exist. But they saw that this was not the case, and Iran's relations with other countries increased. Now they are asking why we should deal with governments. They are unjust, and we should have relations with nations. This is a fresh and very dangerous plot. . . . We should act as it was done in early Islam when the Prophet . . . sent ambassadors to all parts of the world to establish proper relations. . . . We should have relations with all governments with the exception of a few (the United States, South Africa, and Israel). . . . So my advice to you is to strengthen your relations wherever and in whatever country you are. . . . As long as our relations with the Almighty God are steadfast, no one can hurt us.* [redacted]

*The Persian Gulf.* Hegemony in the Persian Gulf has been a traditional Iranian aim. We believe that all three foreign policy factions in the regime share the ultimate goal of extending Tehran's power into the Persian Gulf but disagree over tactics. [redacted]



***The Radical Perspective***

*The debate over Iranian foreign policy continues despite Ayatollah Khomeini's strong endorsement of Foreign Minister Velayati's policy of expanding diplomatic relations. On 5 December 1984, several weeks after Khomeini's endorsement, the newspaper Jomhuri-e Islami devoted its lead editorial to a restatement of the Islamic radicals' viewpoint. The newspaper is the party organ of the Islamic Republic Party—nominal home of Iran's activist clerics—and one of the most influential newspapers in Iran.*

In the planning for the foreign policy of the Islamic Republic, we must set a share for the acquaintance of the people of the world with the Islamic revolution. . . . What frightens the satanic powers from the Islamic revolution is its influence on the people of the world [and] not having good relations with governments. . . . This does not mean that the government of the Islamic Republic of Iran ought not to attempt to consolidate its relations with the governments with which it can have relations on the basis of Islamic principles and criteria of the Islamic revolution. It means that the priority ought to be attached to nations. . . . Islam is the religion of nations, and relations with the government in permitted cases is a means for opening the way for relations with the nations.

The Islamic and popular liberation movements ought to be given much more attention by the Islamic Republic.

Islamic radicals continue to advocate publicly and privately "active export of the revolution."

Islamic conservatives also wish to see Iran's influence in the Gulf grow, according to their own writings and speeches. None disagree with Iran's extensive propaganda efforts aimed at Gulf Shias, and many conservative theologians in Qom, Iran's theological center, teach religious subjects to Gulf Shias. Nevertheless,

most conservatives oppose active subversion, perhaps because a key segment of their supporters—bazaar merchants—views such efforts as a threat to critical trade links with the Gulf.

regime pragmatists view the war with Iraq as the crucial determinant of their Gulf strategy. Their primary goal has been to separate the Gulf Arab regimes from Iraq. Iranian spokesmen have repeatedly indicated their belief that Baghdad could not continue the war without Gulf financial, logistic, and political support. As Iran's apparent military options have dwindled over the past two and a half years, separating Iraq from its Arab supporters has taken on increased importance.

Iranian threats to use military force or subversion against Gulf regimes, however, have failed to loosen their ties with Baghdad. Since the start of Iraq's campaign against Gulf shipping in the spring of 1984, the pragmatists have largely employed the carrot instead of the stick.

We doubt that Iran's apparent moderation will succeed any more than did its threats, especially so long as its military options appear limited. If Iran's economy continues to deteriorate, the pragmatists probably will again consider using terrorism and subversion against the Gulf states to stop their aid to Iraq and force an end to the war. [redacted]

**Pakistan and Turkey.** In the aftermath of the revolution, even personal links to officials from these neighboring states were considered cause for suspicion by the revolutionary government [redacted]

[redacted] These states were suspect primarily because of their links to the United States and because both had been close to the hated Shah. Iranian radicals still try to rouse the Muslim populations of both countries against their regimes, and some meddling continues. [redacted]

Both pragmatists and conservatives are seeking close economic and political ties with Pakistan and Turkey because of Iran's international isolation and its economic concerns. By late 1983 Iran was taking the lead in pushing for the establishment of a tripartite Economic Cooperation Organization, [redacted]

[redacted] The Iranians had ended a similar association, the Organization for Regional Cooperation and Development, shortly after the revolution. [redacted]

Official statistics reveal that close to 10 percent of Iran's imports come from Turkey and Pakistan. Much of Iran's trade is conducted on a barter basis, which is attractive to Tehran because of its foreign exchange shortages. [redacted]

[redacted] Iran and Turkey recently have completed a \$3 billion barter agreement for the next year and a half, doubling the 1983 level of bilateral trade. [redacted]

**Africa.** According to public statements, the pragmatists view Africa as a key Third World battleground in their efforts to enhance Iran's international influence

and ease its isolation.<sup>2</sup> They particularly hope to win African support against the Iraqis in international forums. The conservatives support these aims but do not appear particularly interested in Africa, while the radicals see it as fertile ground for exporting the revolution. [redacted]

Iran now has 18 embassies there, more than double the number two years ago. The opening of the new embassies has been at Iranian initiative. [redacted]

[redacted] the pragmatists have exploited the radicals' interest in exporting the revolution to Africa as a pressure tactic against African regimes. [redacted]

**The Radical States.** We believe Iran's need for allies and assured sources of military equipment for the war against Iraq is the primary factor behind its close relations with such radical states as Syria, Libya, and North Korea. [redacted]

**Syria.** So long as the war with Iraq continues, Syria will remain a crucial foreign ally. Damascus has aided Iran by:

- Closing the Iraqi oil pipeline that transits Syria.
- Serving as a conduit for military supplies.

<sup>2</sup> For a more detailed study of Iranian relations with Sub-Saharan Africa, see DI Research Paper ALA 84-10119 [redacted] December 1984, *Sub-Saharan Africa: Growing Iranian Activity*. [redacted]



- Providing important political support and preventing the war from becoming characterized as an Arab-Persian conflict.

- Serving as a middleman for Iran [redacted]

We believe most in the Khomeini regime—including most conservatives and radicals—recognize the benefits of Iran's current pragmatic relationship with Syria. Senior Iranian clerics publicly condemned the Muslim Brotherhood's uprising against the Assad regime in 1982.

[redacted]

We believe that fundamental differences between Iran and Syria will strain relations over time. Conservatives oppose close Iranian ties to any of Moscow's allies, and radicals oppose Syria's secular and Arab nationalist ideology. Even for the pragmatists, Iran and Syria have radically divergent goals for both Iraq and Lebanon. Damascus wants secular regimes subservient to it in both, while Iranian pragmatists want to establish Islamic regimes subservient to Iran. [redacted]

*Libya.* Despite the pragmatists' recognition that the war with Iraq raises the importance of gaining allies in the Arab world, relations with Libya—the only other Arab state willing to support Iran—have been rocky. Libya has backed Iran more out of antipathy toward the Iraqi regime than out of sympathy for Iran's war aims [redacted] although Libya wants the ouster of Iraqi President Saddam Husayn, it does not share Iran's goal of imposing a Shia Islamic regime on Baghdad. [redacted]

We estimate that Libya has provided Iran with \$300-500 million in military equipment since the start of the war [redacted]

[redacted]

Still, the common antipathy toward Saddam Husayn and the United States and both states' hardline positions on the Arab-Israeli conflict will continue to push the two together. As Iran's sense of isolation has grown and as the war with Iraq has gone from bad to worse over the past year [redacted]

that regime pragmatists have sought to increase Iranian relations with Libya. Iran, for example, quickly and publicly came to Qadhafi's support following the attack by Libyan dissidents on his barracks in May 1984. They also have pushed for more high-level visits, and Tripoli was the second stop on President Khamenci's first official trip abroad in September 1984. We believe Libya has provided limited numbers of Scud-B missiles since late 1984 [redacted]

Although Libya has praised the use of terrorism against the United States in Lebanon, we have no evidence that Iran and Libya have ever conducted a joint terrorist operation. There have been times in which the two have been involved in subversive activity in the same country—Lebanon, for example—but even here there is no evidence of coordination [redacted]



*North Korea.* We believe that Iranian-North Korean relations are based more on economic realities than on any sense of common struggle against "imperialism." Though a shared antipathy toward the United States probably helped nurture the relationship, each country's national interest played a far more important role. When the war with Iraq began, Iranian pragmatists recognized that Iran desperately needed a secure supplier of arms and was willing to buy them from any source—including Israel. North Korea wanted cheap oil. As a result, P'yongyang has been Iran's largest source of military materiel since the start of the war. It delivered an estimated \$860 million worth of equipment between 1980 and 1983, more than double the amount of Iran's next largest supplier, Libya. We have seen no other joint activity aside from standard condemnations of "world imperialism" in communiques issued following visits to discuss arms sales. [redacted]

We do not believe that Iran's arms relationship with North Korea is a point of factual disagreement in Tehran. Nor has there been any reporting to suggest that anyone in Tehran is seeking to upgrade the relationship. [redacted]

*Nicaragua and Cuba.* We believe that Iran is seeking to create the impression of improved relations with Nicaragua and Cuba as part of its effort to end its international isolation. Prime Minister Musavi visited the two countries earlier this year in a tour that also included Turkey, Spain, and Venezuela. [redacted]

Iranian radicals have given the Sandinistas strong rhetorical support since they took power in 1979, stressing their common anti-US attitudes, but ties remained at a relatively low level through 1982. Once pragmatists began to feel the need to lessen Iran's isolation, however, some increase in relations began to occur. According to press reports [redacted] [redacted] Tehran in 1983 supplied Managua with two shipments of oil, financed by a \$60 million credit arrangement. Managua resold the oil and has since supplied Iran with sugar and beef as partial repayment. [redacted]

[redacted]

Relations with Cuba have been similarly low-key. Havana has supported international efforts to mediate an end to the Iran-Iraq war, much to the displeasure of Tehran, according to Iranian regime spokesmen. Cuban Foreign Minister Malmierca was a member of the Nonaligned Movement's mediation team that was active in the early days of the war. Tehran and Havana have agreed to set up a joint economic committee. [redacted]

There is no evidence that Iran is participating with either Cuba or Nicaragua in sponsoring subversion in Latin America. [redacted]

[redacted]

*The Superpowers.* We believe all factions wish to avoid Iranian dependence on either superpower. All oppose Communism as antithetical to Islam. Islamic radicals are most vehemently opposed to the United

States, and Islamic conservatives appear most anti-Soviet. The pragmatists are willing to consider improving relations with Moscow but also wish to avoid close relations. [redacted]

*United States.* Opposition to the United States is more strongly stated, more universally parroted, and more emotively symbolic than any other aspect of Iranian foreign policy. Even those conservatives who favor lowering the level of hostility toward the United States recognize that saying so publicly is still politically risky. [redacted]

Islamic radicals in the Khomeini regime view the US presence in the Middle East as the major impediment to successful export of the revolution, according to their own words and writings. [redacted]

[redacted]

*USSR.* Although officially the number-two "Great Satan," Iran's attitude toward the USSR is qualitatively different than toward the United States. [redacted]

[redacted]

We do not believe that there is a sizable group in Iran's leadership—or generally among the clergy—that supports improved relations with Moscow out of ideological conviction. The clerics view Communism as an atheistic philosophy antithetical to Islam. [redacted]

Islamic radicals who favor such measures as land reform and the nationalization of industry have been labeled Communists by their opponents. Analysis of

their speeches and writings indicates that they are committed Muslims who derive their social philosophy from their understanding of Islam—not Marxism. Many of them have publicly condemned the Soviet invasion of Afghanistan and supported the Islamic struggle there against the Soviets. We believe they would attempt to export the Islamic revolution to the USSR's Muslim population if given the opportunity. [redacted]

[redacted]

*Other Developed and Communist Countries.* The pragmatists' reinterpretation of "Neither East nor West" has allowed Tehran to pursue expanded relations with these states as a way to secure the economic and military goods essential for regime stability and continuation of the war with Iraq. Despite the limitations imposed by Iran on its relations with the two superpowers, relations with allies of each are generally flourishing. Iran's largest trading partners are Japan and West Germany, and about two-thirds of its trade is with OECD countries. Senior Iranian pragmatists, including Rafsanjani and Velayati, have sought to convince Western visitors of their moderation and have even refrained from strong criticism of the United States on some occasions, according to these visitors. [redacted]

[redacted]



# Song Of Songs

## AMERICA, AMERICA, SHAME ON YOU, THE FOUL FIEND

8 OVERTURE

si la re sol song La? re re? si

si re si La si sol re

re fa sol ai La sol re sol

sol ai La si re sol re si

re ai re ai song re sol re

re ai La sol re

re sol re ai re ai re ai La si

re fa sol ai

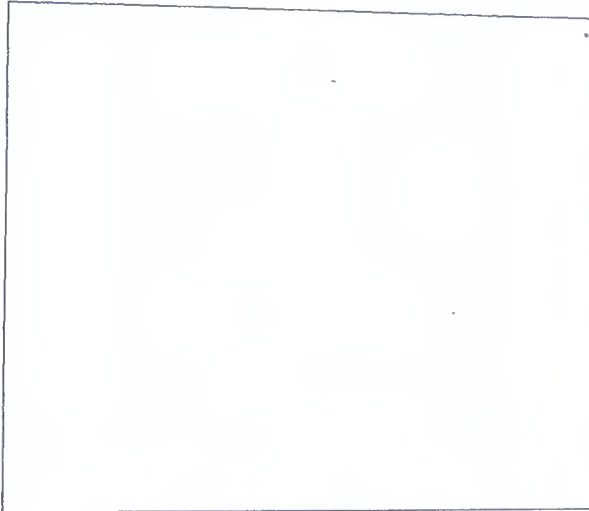
fin.

America, America, shame on you, the foul fiend,  
From your evil claws, the blood of our youngsters drips.(2)  
The ferocious flames of your fetid deeds,  
Aflame have set the entire world.  
The global safety and security,  
Upset have been by your fraudulent tricks.  
Every corner of the world, far and nigh,  
Bears the cruel tint of your cantankerous crimes.  
Your hoarded riches, superfluous as they are.  
Upon the pains of the world deprived have been built.  
The daggers of your hatred deep,  
Many a brave breast apart have torn.  
A world-devouring pilferer of low descent,  
A truculent, savage ghoul you are.  
A lethal, venomous-natured scorpion,  
A cool-hearted, cunning fox you are.  
Replete with treachery, pure perfidy,  
Deplete of compassion and love you are.  
Of devilry and dread your being reeks,  
Vainly void of the elixir of good you are.  
Through the entire history of man,

Surpassed you have all in desperate diablery.  
Entangled in every net of conspiracy you are.  
No token of love in your hate-laden heart.  
America, America, shame on you, the foul fiend.(4)  
In every corner of the whole wide world,  
Your fickle flames of frenzy fly.  
Nauseated to death, the whole wide world,  
Weeps in agony by your so-called "Human Rights"  
An index of satanic brutality indeed.  
An indelible stain of shame you are.  
A devil incarnate, a crime-ridden imp,  
Rebellion seethes in your polluted blood.  
In mind, you only nurture the notion how  
To lay waste the globe entire.  
Befogged, benighted by your ruses dark,  
The whole wide world does mourn and cry.  
You, the enemy of every nation  
You, the cause of every abjection  
You, the shade of every shame  
You, the disrupter of every heart

Taken from an official Iranian Journal





as the key threat to Islam and believe Western support for Tehran's enemies is a major obstacle to the successful export of the revolution. French and US installations in the region have been the major Western targets. Pragmatists have been willing to go along with radical attacks against French installations because France is host to numerous Iranian exiles and because it supports Iraq. The pragmatists may also believe that terrorist attacks on the French will put pressure on Paris to improve its relations with Iran. Lebanon, Kuwait, and Bahrain have been the sites of major Iranian terrorist acts in the Middle East. Nearly all Iranian attempts against Baghdad have been suppressed because of the ruthlessness of the Iraqi security services and because of Baghdad's threats to execute relatives of prominent Iraqi Shias exiled in Iran. [redacted]

Relations with East European countries are also on the rise. Since Iraq began attacking tankers in the Persian Gulf in the spring of 1984, Foreign Minister Velayati has traveled to Romania and Hungary, and a deputy foreign minister has discussed trade in East Germany and Czechoslovakia. The Minister of Heavy Industries visited several East European countries in early 1985. One result has been a sharp increase in Iranian weapons purchases from Eastern Europe. In 1984 these amounted to roughly \$285 million, double the value in 1983, and about 25 percent of Iran's weapons purchases. Most sales involve small arms, ammunition, and spare parts, but we believe Iran hopes these purchases will lead to the acquisition of tanks and aircraft it needs to reduce Iraq's military advantages. [redacted]

**Terrorism and Subversion.** Although the radicals continue to exercise some freedom of action to initiate terrorism and subversion, pragmatists have sometimes joined conservatives—who vigorously oppose these tactics—to curb radical excesses. We do not believe, however, that the pragmatists will gain total control over the activities of the radicals for the foreseeable future. [redacted]

Iran's foreign terrorism has been directed primarily against three targets—Iranian exiles opposed to the Khomeini regime, Gulf Arab states supporting Iraq, and the US and French presence in the Middle East. Iranian-backed terrorism retains a heavily anti-Western focus because Islamic radicals view the West



[redacted] Iranian-inspired attacks increased by some 30 percent in 1984 over the previous year. [redacted]

The radicals' ideological aims are often abetted by the pragmatists. We believe that the pragmatists view Iranian involvement in Lebanon as a relatively cheap

way to maintain revolutionary fervor and to expand Iranian influence in the Islamic world, especially against moderate Arab regimes that are standing on the sidelines in the fight against the "opponents of Islam." Pragmatists recognize as well that, should the Shias in Lebanon succeed in establishing an Islamic republic subservient to Tehran, Iran's influence throughout the region would increase. Similarly, the pragmatists have gone along with efforts to build Iran's subversive capabilities in the Gulf states, but we believe more as a way to intimidate those states than to export the revolution. [redacted]



**Prospects**

Iranian foreign policy continues to be influenced by the struggle for power in anticipation of Khomeini's death and is a focus of that struggle. Although we believe the pragmatic trend is on the ascendancy, key pragmatists, including Majles Speaker Rafsanjani and President Khamenei, are rivals for power. Thus,

their cooperation in foreign affairs may be temporary. We believe, moreover, that Islamic radicals will continue to press for actions—or initiate them—that will increase the difficulties for any one faction to consolidate its control over foreign policy. [redacted]


Nevertheless, we believe that certain elements of Iranian foreign policy are likely to remain in effect for the foreseeable future. Iranian relations with the United States will be hostile long after Khomeini dies. Official Iranian media reveal that Khomeini has written a 60-page sealed will that almost certainly condemns the United States and explicitly rules out relations until Washington "becomes human." That legacy will be difficult to overturn, even if conservatives could wrest full control of the government. [redacted]

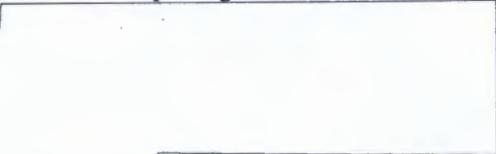
US interests in the Persian Gulf and elsewhere in the Middle East are likely to continue to push Iran and the United States apart. Iran's goal of hegemony in the Gulf runs counter to US support for moderate Arab regimes. Many in Tehran, including both radicals and pragmatists, view US aid to those regimes as directed against Iran. US support for Israel will also ensure continuing Iranian hostility toward Washington. [redacted]


We believe Islamic radicals will encourage further terrorist actions against the United States as part of their strategy to retain influence in foreign affairs. We also believe that pragmatists would go along with—or initiate—such actions if they perceived a growing threat from the United States. Pragmatists have openly threatened to use terrorism against the United States, in part to deter US retaliation for previous terrorist actions. [redacted]


The need to sell oil, import consumer goods, and generate economic development, however, is likely to impel Iran to foster relatively good economic relations with most OECD nations, Eastern Europe, and neighboring Turkey and Pakistan. Both the pragmatists




and conservatives favor such a course. Ultimately, Iran's dealings with these states could lead to reduced hostility toward the United States, but that probably is far in the future. None of the several US allies who are currently well positioned in Iran—Japan, West Germany, Pakistan, and Turkey—appear willing to jeopardize their good relations to press Tehran strongly over this issue. 

Over the near term, we believe that Iran is much more willing to consider improving relations with the USSR. 

 We believe that continuing problems in the war, the economy, and growing labor unrest at home are likely to strengthen Iran's desire to improve relations with Moscow. 

Any improvement, however, is likely to be tactical. The USSR's military support for Iraq, the Soviet occupation of Afghanistan, its ties to the Tudeh party, and the near universal Iranian suspicion of Moscow's intentions limit prospects for substantially better ties. The Soviets apparently recognize Iran's limitations as well but may be willing to supply some military equipment to Iran as a way to keep open the prospect for better relations. 

None of the foreign policy factions will want to be seen as dominated by either superpower. "Neither East nor West" is, in our judgment, a generally popular slogan in Iran, and regardless of which faction becomes dominant, Tehran is likely to adhere to its own brand of nonalignment. 



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FILE

BY AW NARA DATE 12/9/17

BUREAU OF INTELLIGENCE AND RESEARCH - ANALYSIS - APRIL 11, 1985

1. USSR/IRAN: [REDACTED]

156

13526  
E.O. 12958  
As Amended  
Sec. 3.3 b(1)

[REDACTED]

[REDACTED]

[REDACTED] a TASS statement that disassociated the USSR from the continued Iraqi attacks against Iranian civilian targets.

[REDACTED]

[REDACTED]

~~TOP SECRET~~ [REDACTED]



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NESEA

मि. जॉक कुव / दक्षिण एशिया विश्लेषण कार्यालय  
ادارة التحليل لشؤون الشرق الاوسط وجنوب آسيا  
הכחלקה לניתוח המזרח התיכון ודרום אסיה  
اداره تجزیه و تحلیل خاور میانه و جنوب آسیا  
Office of Near Eastern and South Asian Analysis  
Directorate of Intelligence

~~SECRET~~

28 March 1985

Mr. Jock Covey  
Special Assistant to the President  
for National Security Affairs  
National Security Council

Jock,

The attached memorandum addresses the near-term prospects for instability in Iran, and I thought you would find it of interest. A number of forces are coalescing that could result in serious political instability even before Khomeini dies. We believe the regime would attempt new policy initiatives to regain support if seriously threatened.

[Redacted Signature]

Chief, Persian Gulf Division

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BY fw DATE 12/4/17  
#127864



Washington, D. C. 20505

*File  
Iran*

DIRECTORATE OF INTELLIGENCE

28 March 1985

Iran: Prospects for Near-Term Instability (U)

Summary

Dwindling oil income, increasing domestic unrest, and the recent battlefield defeat in a seemingly unending war are confronting the Khomeini regime with its greatest challenges since consolidating power three years ago. Leadership problems are emerging as Ayatollah Khomeini's physical and mental health are faltering. As a result, Tehran is losing its margin for error--both political and economic--in meeting popular expectations. We now believe that serious political instability could occur in Iran before Khomeini dies--rather than after his death as was concluded late last year in a Special National Intelligence Estimate. If the clerics believe their control is seriously threatened, they would attempt to survive by initiating radical changes in oil sales policies, war strategy, terrorism, and relations with the USSR that would have major implications for the West. [REDACTED]

\* \* \* \* \*

[REDACTED] Iran probably would be relatively stable immediately after Ayatollah Khomeini's death, but that factional rivalries and consequent instability would likely increase over [REDACTED]

[REDACTED]

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time. We now believe that most of the major economic, political, military, and social trends are working against the Khomeini regime and that instability could increase significantly in Iran before the Ayatollah dies. This would make the period after Khomeini's death less smooth than we anticipated late last year, and probably would advance the timeframe of the power struggle within the regime that the Estimate concluded might produce civil war before the emergence of another strong leader [REDACTED]

Latest Defeat. Iran's latest offensive was a dismal failure despite months of preparation. Iran gained no territory and suffered at least 30,000 casualties, including a minimum of 15,000 killed. Unlike the aftermath of past Iranian attacks, Baghdad this time is not allowing the Iranians time to regroup and is launching small ground attacks along the front, bombing Iranian cities, and continuing its attacks against tankers carrying Iranian oil. Although the regime will try to limit news of the defeat through control of the media, the heavy casualties eventually will become known and further depress those already tired of the unending war. [REDACTED]

The Iraqi air raids on Iranian cities have shaken the Khomeini regime, are lowering morale, and disrupting the economy. [REDACTED]

The greatest impact of these developments likely will be felt within the regime itself. Senior leaders undoubtedly are aware of the dimensions of Iran's defeat. They already are split over the question of continuing the fight, and their differences now are likely to become more bitter. This dissension will in turn sharpen the controversy over other issues such as the succession question and how to deal with Iran's economic problems. [REDACTED]

Economic Downturn. The regime's economic troubles stem in large part from sharply reduced oil income. The soft oil market and Iraqi attacks against oil tankers have reduced Iranian oil receipts by about 30 percent since August 1984. As a result, the government can no longer rely on oil-financed imports to maintain consumption levels and provide materials for domestic industry. [REDACTED]

Iran has tapped foreign currency reserves in the past year to maintain imports, but this option is rapidly disappearing. Readily accessible reserves are now down to about \$3 billion--the lowest level since the revolution--compared with \$8 billion a year ago. This level--less than three months of import coverage--is far below what Tehran considers necessary to cover an emergency. Moreover, Iran has little access to long-term foreign credit. As a result, Tehran has reimposed strict foreign currency controls and has been forced to slash imports. [REDACTED]

Lower oil revenues also have caused spending cuts. With receipts about \$5 billion below budget projections, Tehran cut spending by 5 percent




during the recent budget year that ended on 21 March. In late February, the Consultative Assembly passed budget guidelines for the new fiscal year that called for a further 10 percent cut in spending, a 30 percent rise in taxes, and higher heating oil and gasoline prices. [REDACTED]

Emerging Opposition. Economic austerity is adding to domestic unrest and regime spokesmen are warning publicly that the populace must lower its expectations. This is in sharp contrast to the regime's earlier advice that the present hardships would lead to better times in the future. Increased shortages, inflation, and unemployment have already triggered strikes and antigovernment demonstrations. [REDACTED] recent economic troubles have hit hard the lower class--the base of the clerics' political support--and that these people are now more willing to show their dissatisfaction openly. We also believe that critics of the regime probably have gained support among poor urban migrants and war refugees who have flocked to the cities and are overloading public services. [REDACTED]

There are tentative signs of coordinated opposition among industrial workers. A variety of sources have reported that strikers in several Iranian cities recently timed their actions to support each other. The government probably is particularly concerned about labor unrest in Esfahan, Iran's second largest city and an industrial center, where there is long-standing leftist strength. According to the Iranian exile press, a secret Iranian labor organization--the Solidarity Committee of Iranian Workers--has claimed responsibility for the strikes. [REDACTED]

Political Ferment. Infighting among factions within the regime is on the increase--partly because leading Iranians realize that Khomeini may not live much longer--and is complicating regime efforts to deal with its problems. Radicals are trying to win Khomeini's endorsement of their views, hoping to silence their rivals' call for more moderate policies. The radicals want to use an aggressive foreign policy to keep Iran isolated and revolutionary. [REDACTED]




Adding to factional disputes, the Hojatieh--an ultraconservative faction that has strong support among merchants and the armed forces--recently announced its support for a senior cleric in Mashhad--Ayatollah Qomi--after he publicly declared that concepts used to justify Khomeini's position as supreme political-religious leader were unIslamic. Qomi has long articulated popular frustration with the regime, but he is now emerging as a spokesman for those who oppose radical efforts to promote Ayatollah Montazeri as Khomeini's successor. In February, Qomi also declared that the continuation of the war with Iraq was unIslamic just

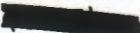
after Khomeini delivered a major speech calling for Iranians to fight on until the Iraqi government is toppled. At about the same time, Ayatollah Khoi--the most senior Shia cleric, long time foe of Khomeini, and predominant spiritual leader of the Hojatieh--broke six years of self-imposed silence toward the Khomeini regime to condemn the war as unIslamic. [REDACTED]

Splits in the Revolutionary Guard. Although never cohesive, the Revolutionary Guard has become even less unified as the commitment of young men to the regime has decreased. Experienced Guard officers are especially disillusioned. [REDACTED]

Moreover, factional political infighting recently has spilled over into the Guard. All factions in the regime recognize the Guard as crucial to maintaining clerical control and want to line up support within the force. [REDACTED]






Khomeini's insistence on continuing the war has been the main obstacle to a more flexible Iranian position. His remarks on war policy on 21 March--after the latest defeat--are open to various interpretations, one being that he is softening his position. Khomeini said that God would not punish Iran for failing to defeat an enemy if Iran had tried its best to fulfill God's command to fight "oppression." His remarks could mean there is no shame in defeat and the struggle should continue, but they also could be interpreted as meaning there is no shame if Iran ends the war. 

#### Regime Strengths

The Khomeini regime still possesses several assets that it can use to help it survive the current pressures as well as the death of the Ayatollah:

- The Iranian people are unlikely to shift their allegiance completely until another strong individual emerges who can enunciate and embody a compelling alternative to Khomeinism.
- No group or individual capable of exploiting popular dissatisfaction with the Khomeini regime has emerged. Anti-regime exiles are factionalized and have little following in-country.
- The Iranian populace retains a powerful desire for a government guided by Islamic principles and independent of both the superpowers.
- Tehran has recently removed some individuals who abused their positions, such as Asadollah Lajvardi, the infamous Tehran Revolutionary Court Prosecutor and warden of Evin Prison.
- Despite problems in the Guard, Tehran maintains means of repression that cannot be matched by any of its Iranian opponents and the regime does not hesitate to use them. Even influential moderates fear that if they press their views too aggressively they will be eliminated by security forces or thugs controlled by their radical rivals.
- The regime controls the media tightly, and is able to disseminate its own interpretation of events or suppress information it does not want known. 



Perhaps most importantly, the clerics and their secular allies appear to understand the consequences of unbridled competition among themselves. Khomeini's withdrawal has encouraged negotiations among faction leaders over how to cope with Iran's problems without Khomeini. Assembly Speaker Rafsanjani--whom we believe is second only to Khomeini in power--noted in early February, for example, that factional disagreements over the management of foreign trade had been overcome and that legislation striking a compromise between central control of the economy and a dominant role for the private sector would soon be passed. [REDACTED]

### Iranian Options

Despite these strengths, the Khomeini regime is now facing the most serious challenges to its control since it crushed the armed Islamic Marxist Mujahedin-e Khalq in mid-1981. The absence of any near-term prospect for a reversal of the trends against the regime means that Tehran's margin of error has narrowed to the point that it can ill-afford policy errors, intensification of existing problems, or additional troubles. If the clerical regime concludes that its control is seriously threatened, it may look for ways to save itself by initiating radical policy shifts on the war, oil sales, terrorism, or relations with the USSR that would have major implications for the West. [REDACTED]

Ending the War: Negotiate. Iran could reverse its position and seek to end the fighting. In September 1980, when Iran faced similar challenges, Khomeini suddenly announced guidelines for resolution of the US hostage crisis through the Consultative Assembly. Prior to that statement, he had seemed as adamantly opposed to negotiating with the United States as he has been about dealing with Iraq. The Iranian constitution also allows for a popular referendum on "very important problems" at the request of two-thirds of the Assembly. A negotiated end to the conflict, however, probably would provide the regime only a brief respite because popular morale is likely to fall again unless the regime reverses the economic slide. Ending the war would free some economic resources, but would not improve the oil market, which would be further weakened if Iran and Iraq increased oil exports. [REDACTED]

Ending the War: Attack. Iran could attempt another "last ditch" military offensive, hoping to eliminate Iraqi President Saddam Husayn and set the stage for resolution of the conflict. Tehran still has large forces intact, but probably would need some time to prepare another large ground attack. Many Iranian moderates probably have supported this option--promoted by radicals--because a successful effort would put Iran in a stronger position, while failure would discredit the radicals and might trigger Khomeini's agreement to pursue peace. Although we still believe Iran is unlikely to achieve its political aims against Iraq with military force, should such a victory occur, the influence of Iranian radicals would be dramatically strengthened and the confidence of regional governments in the United States seriously undermined. [REDACTED]

Boost Oil Production. Tehran could sharply increase oil production and discount prices to try to generate greater revenues. In late 1981, Tehran reversed its oil pricing policies and dramatically lowered prices in

line with the rest of OPEC to restore Iran's finances. [REDACTED]

[REDACTED] Iran has been one of the few OPEC countries to remain within its production quota since last summer because its professional oil industry managers fear a disastrous collapse of prices. Iran--the second largest OPEC oil producer--could cause strong downward pressure on prices if it tried to undersell its competitors. Given the soft oil market, however, such a move would risk discounts by other OPEC members that would more than offset whatever revenue gain for Iran that additional oil sales might bring. [REDACTED]

Deal with Moscow. The Khomeini regime could mute its strong anti-Sovietism in order to help ease external pressures. During the hostage crisis, Tehran apparently felt it bought some protection by reducing anti-Soviet propaganda and playing down its anger over the invasion of Afghanistan. Moscow is now publicly demanding progress on these issues before relations can improve. Tehran has made recent overtures toward Moscow because of Baghdad's improved ties with the United States and Iranian concern that the United States may be preparing to retaliate for Tehran's involvement with Muslim terrorists. Even moderates could go along with radical proposals for closer ties with Moscow if the regime believed US action against Iran was imminent. [REDACTED]

Terrorist Spectacular. Iran has adopted terrorism as a state policy to advance its foreign and domestic goals and could increase significantly its efforts in this field. Iranian moderates have become increasingly skeptical of the usefulness of terrorism, especially when innocent bystanders are hurt, but the radicals consider terrorism a primary means of protecting Iran's revolutionary image abroad and undercutting their rivals at home. Both factions might agree on a broad program of strikes against US interests in the region and in Western Europe, however, to rally the populace against perceived threats by the United States. [REDACTED]



127866

→ NETA (17)  
Mr. Raphael

~~SECRET/SENSITIVE~~

MEMORANDUM

TO: NEA: R. W. Murphy  
 INR: M. Abramowitz

THROUGH: NEA: J.A. Placke  
 INR: N. Bellocchi  
 NEA/IRN: J.M. Ealum  
 INR/NESA: G. Harris

FROM: INR/NESA: Stephen Grummon  
 NEA/IRN: Peter Lydon

File  
Iran

SUBJECT: Six Third-Country Views on Iran

SUMMARY AND CONCLUSIONS

We visited Britain, France, West Germany, Holland, Turkey and Israel from March 4 to 15 to discuss Iran with working level MFA officials, and in some cases intelligence and academic figures. Based on numerous conversations, we reached the following conclusions:

--All of the countries visited consider the Iranian revolution irreversible. Coinciding with USG judgments, no interlocutor gave any future political importance to Iranian exiles, and no one expected that the war with Iraq could be ended before the death of Khomeini or even necessarily immediately thereafter.

--There was a general belief that moderating trends in Iran would continue to gain force. However, all recognized that in the post-Khomeini power struggles such trends could be reversed. Most interlocutors argued that at best external countries could marginally encourage and steer this process through their political and economic relations with Iran..

--The European countries, including surprisingly France, want to improve relations the present Iranian regime. Economic motivation is an important driving force.

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--In all cases it was recognized by our interlocutors that the United States, as the established focus of the Iranians' nationalistic xenophobia and anti-modern reaction, was in a different position from their own. Nonetheless, our interlocutors saw no clear-cut action that the United States could take to make Iran take a more sober view of us. Patience was seen as the best course for the United States, while time did its work of bringing Iran back from the extremes of its revolution.

--A majority, though not all those we spoke to, tended to discount or ignore GOI terrorist behavior. None had information going beyond our own on the situation of the US and Saudi hostages in Lebanon, nor did any appear to have grappled with the problems the hostages present for us, or have suggestions to offer on how their safe return could be achieved. (We saw the British before the two Britons were seized last week.)

--A primary conclusion to be drawn from these consultations is that the countries visited (including surprisingly France, and even Israel to a greater degree than expected) do not share our intensity of feeling concerning Iran. Although the contingency of harm to the American hostages in Lebanon was not explicitly raised, the reaction of these countries (except Israel) to a sharp American move on anti-terrorist grounds against Iran, (unless it is dazzlingly precise and successful) is likely to be irritation and embarrassment. With only a little individual variation, what support we are able to obtain from these allies in the aftermath of a riposte against Iran will have to be a drawdown on our political credit balances with them, rather than support flowing from any unanimity of feeling or interests within our own community concerning the Islamic Republic.

--With the possible exception of Israel, none of these countries has a volume of detailed information on internal developments in Iran equal to our own. ✓

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EVOLUTION OF THESE COUNTRIES' POLICIES TOWARD IRAN

Turkey is proud of achieving even-handed and good relations with both Iran and Iraq. It regards this success as a major positive factor for the stability of its own regional situation. Ankara will not easily be driven off its desire to look optimistically on the Iranian regime, which it regards as solidly in place and as becoming progressively less extreme. MFA Director for Middle Eastern Affairs Fazli Kesmir downplayed the rivalry we believe exists between GOI FM Velayati and Sheikh-al-Islam, and gave no indication that the GOT desired to go beyond its periodic advice to Iran that Iran would do better to end the war and drop terrorism.

While the concerned West German economic official, Volker Hahn, pointed out that FRG trade with Iran dropped somewhat in '84 from its high in '83 of DM 7.7 billion, the German example has clearly prevailed on the British and is exercising a strong pull on the French. The UK's Stephen Day opened the conversation on March 4 by saying with emphasis that while the British ministerial level still looked on Iran with distaste, the primary two points for the professional foreign affairs establishment were that Iran was a very important country and that Britain should "get alongside" her. In the week of March 10, the Council of British Industries held a seminar entitled, "How to do business with Iran".

Our Dutch MFA interlocutor had just accompanied his Agriculture Minister to Iran and the Netherland's Trade Minister will go in April. The Dutch appear to be proceeding in a gingerly way with an Iran they do not pretend to understand, but they are being persistently importuned by the GOI and are willing to advance further step by step toward cooperation.

Our strong impression from conversations in Israel was that the Jewish community of Iran is being protected by the Iranian government from widespread popular anti-semitism. We suspect that this is the result of a quid pro quo from the government of Israel. While the Israelis are very troubled indeed by the upsurge of Shiite political fundamentalism in South Lebanon and see Iranian efforts as contributing to it, Uri Lubrani, a very senior confidential advisor to the Defense Ministry, gave no indication that Israel, always pre-occupied with Iraq, believed that this problem could be attacked in

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Iran. Lubrani, clearly an influential figure, surprised us by saying that he believed on the contrary that Iran and Israel both had to deal with Arab hostility, and that sooner or later, this commonality of interest would reassert itself in Israeli cooperation with Islamic Iran similar to that with the Shah.

In France, MFA Middle East Director Demarest baldly said that France was preparing itself to patch up matters with Iran. Foreign Minister Dumas' replacement of Cheysson probably had something to do with this, and although Demarest indignantly denied it, the German trade example may have influenced this shift even more. The French indicated that Iran may now be willing to accept a continuation of French military supply to Iraq, and to give up hope for the release from long sentences of Iranian agents convicted of a 1980 assassination attempt on Shapour Bakhtiar in France; France for its part will apparently settle the over-\$1 billion Iranian claim arising from the pre-revolutionary capitalizing of a diffusion-method nuclear fuel reprocessing plant (Eurodiff). At Iranian insistence, France is also muzzling the Iranian exiles in France, notably Rajavi's Mujahidin. Demarest indicated that the GOF has long sought reliable signs of a moderating trend in Iran. The present policy shift, however, is not based on finding such evidence, but rather on a fresh analysis that the moderation/extremism trend is irrelevant, and that France should be ready to accept a rapprochement with Tehran in either case.

#### OBSERVATIONS ON EXTREMISM AND MODERATION IN IRANIAN DOMESTIC POLITICS

All those we spoke to saw moderating trends in present Iranian domestic policy and political developments; many expressed the belief, admittedly mixed with hope, that this trend would continue at a faster pace after Khomeini's death. Nobody claimed certainty that this would be the case, and all recognized that the major directions would be decided by the play of domestic Iranian social forces, and be only marginally influenced by foreign actions. It was recognized that moderating Iranian policies at home, such as liberalization of the economy, could advance in the opposite direction from external policies. That is, that government-sponsored radicalism and "export of the revolution" by terrorist and political (as opposed to purely cultural) means could continue simultaneously with domestic cooling down of the revolution.

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Discussion of the Iranian role in the radicalization of many South Lebanese Shias was understandably most vigorous in Israel. The Israelis believed that Nabih Barri has cards to play, but that the effort by radicals to leave him behind could succeed. Success in South Lebanon, it was believed, could strengthen and stimulate the Iranian radicals who favor exporting the revolution. It would then, however, amount to an Iranian challenge to Syria and bring heavy stresses into the important and not entirely comfortable Iranian-Syrian relationship. Should Khomeinism continue its rise in Lebanon, Syria would not be able to deal with it as it had with fundamentalism at Hama, Lubrani thought, in part because Israel could not tolerate a Syrian clampdown close to Israel's northern border.

PRESCRIPTIONS

Most interlocutors, when asked what would be the best policy for the United States, essentially offered something between a shrug of the shoulders and a counsel of patience, of maintaining sang-froid, and, as feasible, resuming normal non-military economic exchanges. The single apparent exception to this "bottom line" was offered by an impressive Israeli academic, Joseph Alpher, who we understand was formerly the Mossad analyst for Iran. Alpher volunteered that one must decide whether one is dealing with extremists or with normal leaders. With extremists, since they are only stimulated to greater action by what they can interpret as success, policies that communicate lack of resolve or strength on the side of their adversaries must be avoided. Alpher was not willing to draw concrete action advice in the present context from this general principle, (indeed he suggested we look upon the present status quo as more satisfactory than we usually view it) and on balance he himself saw patience and taking the longer view as the only course now open to the United States.

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Central Intelligence Agency



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DIRECTORATE OF INTELLIGENCE

1 April 1985

IRAN: STATUS OF OPPOSITION GROUPS

Summary

The Khomeini regime is facing its greatest challenges since securing control of Iran. Factionalism within the regime, dwindling oil income, and the recent military setbacks are causing increased domestic unrest. Nonetheless, organized opponents of the regime--both within and outside Iran--appear to lack sufficient strength to exploit the regime's problems. Opposition groups inside Iran remain on the defensive because of harsh government repression. Regime opponents in exile have little support in Iran and continue to bicker among themselves. Rather than opposition groups, we believe factions within the regime have a better chance of gaining control and altering Iranian policies. Iran's mounting economic problems and war weariness, however, are creating conditions that could permit a non-clerical coalition to coalesce and gain popular support. [redacted]

\* \* \*

Long-running power struggles within the Khomeini regime are intensifying, both because of the Ayatollah's failing health and because the regime faces serious problems with the economy and in the war with Iraq.

This paper was prepared by [redacted] Office of Near Eastern and South Asian Analysis, Persian Gulf Division. Comments and queries are welcome and may be directed to the Chief, Persian Gulf Division, [redacted]

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- Lower oil revenues and low foreign exchange reserves prevent the government from relying on imports to maintain current consumption levels and to provide materials for domestic industry.
- Economic austerity is adding to domestic unrest and regime spokesmen are urging the public to lower its expectations.
- Iran's latest offensive was a dismal failure despite months of preparation.
- Iraq appears determined to maintain a heightened level of economic and military pressure on Iran to force it to the negotiating table. [ ]

The regime's efforts to deal with these problems are being complicated by factional infighting. Moderates believe that the best way to preserve an Islamic regime in Iran is to adopt a less aggressive foreign policy and to adjust domestic policies in an effort to deal with economic difficulties. Radicals believe that any relaxation of revolutionary policies will lead Iran back into subservience to the West--and also end their political careers. Khomeini, whose support is still critical for any faction's success, recently seems to have been tilting away from the radicals. [ ]

Groups opposed to the Khomeini regime--both inside Iran and abroad--have been unable to exploit the government's problems, and we believe they are unlikely to wield significant influence in Iran even after the Ayatollah dies.

- No leader capable of challenging Khomeini's personal appeal or that of the Islamic government he symbolizes has emerged within any opposition group. The role of a strong personality to galvanize popular opposition--as Khomeini did against the Shah--is considered crucial by most experts on Iran.
- Prominent exiles engage in endless bickering and posturing. Although some maintain limited contacts inside Iran, there is little evidence of popular support for any of them.
- Opposition groups active within Iran are subject to repression and continuous surveillance by the regime. These groups remain an irritant rather than a significant threat. [ ]

Nonetheless, Iran's economic downturn and popular war weariness are issues that eventually could unite disparate elements in the population against clerical rule. War policy already is debated within the regime in terms of how the day-to-day well-being of the regime's lower class supporters will be affected. Iranian leaders also appear to recognize that economic problems can cause a broad segment of the populace to turn against the regime. The government has moved to placate conservative bazaaris and has beaten and arrested dozens of striking workers in hopes of preventing a unified opposition labor movement. Although there is little information about the organization of strikes, one new group--the Solidarity Committee of Iranian Workers, based in Esfahan where Communist influences have been strong among workers--claims it coordinated strike actions in several cities late last year, according to the exile press. [ ]



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### Opposition Groups in Iran

There are several groups inside Iran in open opposition to the Khomeini regime. Although all cooperated in the anti-Shah movement and hoped to play influential roles in the revolutionary government, they have been excluded by the clerics and have turned against the regime. Recognizing that these groups pose a threat, Tehran has brutally suppressed them. [ ]

Mujahedin-e Khalq. This Islamic-Marxist nationalist group assassinated several US advisors in Iran during the revolution. Led by exiled Masud Rajavi, it posed the most serious challenge to the Khomeini regime until it was suppressed in 1981. Rajavi fled to France in 1981 and the status of current Mujahedin leadership in Iran is unknown. The group had a committed cadre of around 10,000 educated urban youths at its peak in early 1981 and had penetrated the government and the Revolutionary Guard. It still claims to have several thousand cadre, although we suspect this figure is exaggerated. [ ]

The Mujahedin-e Khalq has an active propaganda program outside Iran and has been involved in the recent resurgence of scattered terrorist actions in Iran and abroad. The group maintains an uneasy alliance through the National Resistance Council with former President Bani-Sadr and the Kurdish Democratic Party. [ ]

Paykar. This group is a leftist offshoot of the Mujahedin-e Khalq. It has always been small and its members are regular targets of regime repression. [ ]

Tudeh Communist Party. The pro-Soviet Tudeh had about 5,000 members before its leaders were arrested for treason and the party was repressed in 1983. Tudeh had cooperated with the Khomeini regime, but it also had penetrated both the government and military. Some senior members associated with the military were executed following the crackdown in 1983. Civilian leaders have not yet been tried. An underground organization may still function in Iran, but the new party leadership is in exile in Europe. [ ]

Fedayen-e Khalq. This small radical leftist group carries out scattered terrorist activity in Iran and abroad. It split in 1979, one part merging with the Tudeh Party and the other remaining active in northwestern Iran along with dissident Kurds. It has been repressed by the Khomeini regime and its leadership is unknown. [ ]

Kurdish Democratic Party. Abdol Rahman Qasemlu, its leader, claims that the party has 10,000 members, but it probably has far fewer than that under arms. Repeated regime offensives since 1979 have forced the Kurdish guerrillas into the mountains, where they continue hit-and-run operations. Iraq and European socialist groups provide some aid and the Party remains in an uneasy alliance with the Mujahedin-e Khalq. [ ]

Solidarity Committee of Iranian Workers. According to the Iranian exile press, this group emerged in late 1984 during a period of apparently coordinated strikes in major urban centers. The exile press claims the group is modeled on the Polish Solidarity Union. No details are available on its [ ]



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leadership, but it may be the nucleus of a coordinated labor movement. If it exists, this would be the first internal group to challenge the regime since the suppression of the Mujahedin-e Khalq and it could attract popular support because of economic austerity and war weariness. [ ]

### The Opposition Outside Iran

Iranian exiles have been unable either to unite or to maintain strong links into Iran. Bickering among the groups and competition for resources have diverted their energies. Exiled oppositionists and their supporters can be divided into two groups--those who were part of the revolutionary coalition, but later ran afoul of the Khomeini regime, and those who opposed the revolution. Prominent among the former are:

- Former Defense Minister Admiral Ahmad Madani, 56 years old. Madani fled Iran in 1980 after antagonizing pro-Khomeini radicals. He seems to retain a positive reputation in Iran, but has only limited influence among some moderate clerics and laymen as well as among some military elements. Madani may be the only exile leader with sufficient support to have a chance of returning to an official position in an Islamic post-Khomeini regime.
- Former President Abol Hasan Bani-Sadr, 52 years old. He fled Iran with Mujahedin-e Khalq leader Rajavi in 1981 and retains none of the popularity he enjoyed when Khomeini seemed to endorse him. A Paris-educated radical economist, he has no personal appeal to Islamic radicals or moderates.
- Mujahedin-e Khalq leader Masud Rajavi, in his late 30s. He was a charismatic leader of the Mujahedin-e Khalq, but lost much of his credibility when he fled Iran in 1981, leaving behind his militant wife who was subsequently killed by regime security forces. He remains an articulate spokesman for the Mujahedin's Islamic-Marxist doctrine which appeals to educated urban youths, but is suspect among older, less upwardly-mobile Iranians.
- Tudeh remnants scattered throughout Europe, the USSR, and Afghanistan after the government cracked down on the Party in 1983. Considered an appendage of the USSR, its leaders have little personal following in Iran. [ ]

Exiled leaders who opposed the Islamic Revolution from the start have little support inside Iran.

- Former Prime Minister Shapur Bakhtiar, in his early 70s, probably retains a weak following among the Westernized urban population remaining in Iran, perhaps including some older military men. He may also be able to run limited anti-Khomeini operations inside Iran. He has no Islamic appeal, however, and cultivates an image more French than Iranian--a professional exile par excellence.
- Reza Pahlavi, the late Shah's 24-year-old elder son, benefits from a nostalgic popular hindsight triggered by the current hardships in Iran. Although some elements of the population taunt regime members



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by shouting pro-Pahlavi slogans during demonstrations, the royal family retains little support in Iran. Royalists may, however, be able to stage limited operations inside Iran. The "young Shah" has no well-defined political personality or program, although he recently named a committee to consider forming a government-in-exile.

#### Opposition Factions Within the Regime and Other Interest Groups

The following groups accept, in varying degrees, the principal of clerical influence in the government. They disagree, however, with some aspects of the current regime and are attempting to reshape clerical rule. We believe these groups will play key roles in the struggle for control after Khomeini and are attempting to exploit current difficulties for their own advantage. (A list of key regime members and their affiliations is attached to this memorandum.)

Moderates within the Regime. These clerics, laymen, bazaaris, and government technocrats believe that Iran's interests--and their own--lie in reducing clerical involvement in government. They would like to scrap radical proposals for central control of economic activity, land reform, prolonging the war with Iraq, and limiting foreign contacts to other revolutionary regimes. We believe the moderates probably are strong enough in the newly elected Consultative Assembly to sidetrack radical programs. Moreover, they recently have been strengthened by support from Khomeini in his statements on domestic legislation and foreign policy.

Conservatives Outside the Regime. This faction is dominated by elderly senior Shia clerics who are strongly opposed to close identification of the clergy with the government. They would like to reduce the day-to-day political role of clerics and rescind radical foreign and domestic policies. Of the four senior clerics who have most strongly criticized the regime, two recently died. Two other senior clerics sometimes cooperate with Tehran because they hope--along with their moderate allies--to affect the succession to Khomeini.

Military. The regime has repeatedly uncovered coup plots and urged the armed forces, but still suspects their loyalty. The ubiquity of clerical advisors and informers reduces the possibility of effective independent political activity by the military or action on behalf of an exile leader. Moderate and conservative clerics have cultivated contacts within the regular and paramilitary forces and would attempt to use these links to gain military support if the power struggle among regime factions becomes violent.

Revolutionary Guard Officers and Radical Lay Technocrats. Both groups play an important role in the Khomeini regime. Regime concern about the influence of the Guard is reflected in Khomeini's admonitions that it stay out of politics. Despite these warnings, factions within the regime have sought support among Revolutionary Guard units in anticipation of future strife. Many Guard officers and radical lay technocrats are opportunists who are not deeply Islamic and probably resent the prominence of the clerics. These elements probably hope eventually to oust the clerics in favor of a government dominated by "progressive" lay groups.



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The Guard--never a cohesive organization--presently appears to be even less unified than in the past. Experienced Guard officers are disillusioned and several sources have reported that the Guard is losing men at all levels. These trends probably will be strengthened by Iran's latest defeat. Nearly all the forces committed to the attack were Revolutionary Guards and we believe they comprised over 90 percent of the casualties. There is an alternative, although less likely, possibility that the recent losses and other government actions limiting Guard prerogatives could spur Guard unity against a "common" enemy--the clerical regime. If elements of the Guard unite, they would become a key player in the Iranian power struggle. Should the Guard help overthrow clerical rule, it would be unlikely to support moderate policies that would be more favorable to US interests. [redacted]

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## Personalities in the Khomeini Regime

### Prominent Leaders Not Tied to Any Faction

These individuals are sometimes referred to as the pragmatists because they align with various factions depending on the issue and their own political stakes.

- Ayatollah Montazeri, Khomeini's heir apparent, is a senior cleric in his 60s who has increasingly taken on duties delegated by Khomeini. Labeled a radical in the early years of the regime, he has more recently become a leading spokesman for more moderate policies.
- Majles Speaker Rafsanjani, a junior cleric in his 40s, is a skilled politician, second only to Khomeini in power. A firm believer in tight clerical control, he has been associated with both radicals and moderates. He is probably more willing than Montazeri or President Khomeini to deal with the USSR.
- President Khomeini, a junior cleric in his 40s, is less politically adept than Rafsanjani, but is known as an excellent speaker. He also has been associated with both radicals and moderates. Khomeini opposes Montazeri as Khomeini's sole heir. He probably will win for re-election this fall.

### Moderates

We believe the following Iranian leaders are moderates who generally favor more normal ties with the West.

- Ayatollah Mahdavi-Kani, a senior cleric in his 50s, has longstanding ties to Khomeini. He leads an important moderate clerical association based in Tehran and has strong links to the Revolutionary Guard. He may be a candidate in the presidential election this fall.
- Majles Deputy Speakers Yazdi and Rabani-Amlashi are mid-level clerics in their late 40s or early 50s. They have spoken out strongly against radical proposals for extensive clerical involvement in government, far-reaching economic and social changes, and an intransigent foreign policy. Instead, they favor a government focused on the Assembly and led by capable laymen under general clerical guidance.
- Foreign Minister Velayati, a Western trained physician in his 40s, is typical of the technocrats who are working to create a less radical Islamic regime. He probably hopes to become Prime Minister.

### Conservative Clerics

- Grand Ayatollahs Marashi-Najafi, Golpayegani, Shariat-Madar, and Tabatabai-Qomi, top level clerics in their 80s and 90s, are theoretically Khomeini's spiritual peers. All have used their wide popular influence to encourage opposition to many of the regime's radical programs. Shariat-Madar and Qomi are under house arrest.



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(Two other Grand Ayatollahs opposed to the Khomeini regime have died of natural causes since last fall.) [redacted]

### Radicals

The following prominent radicals are typical of those who are not pro-Soviet, but whom we believe are willing to cooperate with the USSR, especially if they felt Iran was under increased threat from the US.

- Deputy Foreign Minister for Political Affairs Sheikholeslam, a layman in his 30s, was a leader of the hostage-takers at the US Embassy. He is a strong advocate of radical foreign policy positions and has been closely linked to terrorist activities.
- Revolutionary Guard Commander Rezaei and Guard Minister Rafiqvost, laymen in their 30s, who have longstanding links to influential radical clerics and radical Arab states and groups.
- Heavy Industries Minister Nabavi, a layman in his 40s, has been labelled a leftist [redacted]. According to Rafsanjani, Nabavi is an excellent manager. Nabavi has ties to an armed paramilitary group whose sympathizers hold other influential positions.
- Hojat ol-Eslam Khoiniha, a junior cleric in his 40s, was the spiritual advisor of the hostage-takers and a deputy speaker of the Assembly until mid-1984. Close to Khomeini's son, Ahmad, Khoiniha now holds a shadowy position as a personal advisor to the Ayatollah and hopes to win his endorsement for the presidential election later this year. He has been closely linked to Iranian terrorist activity. [redacted]